NEWS FLASH – 30th December, 2016

SUGAR

Assam Gov set up at least five sugar factories through private investment

Assam State Government has decided to develop Assam as sugarcane belt in the country. Integrated project is being taken up for promoting scientific cultivation of sugar cane and setting up of at least five sugar factories through private investment in the State. These sugarcane industries will not only produce sugar but also generate power and ethanol. The central and lower Assam is being focused as the centres of sugar industry.

(Source-http://sugarnews.in/asasm-gov-set-up-at-least-five-sugar-factories-through-private-investment/, published on 29th December, 2016)

TN: SAP a letdown, say cane farmers

Farmers in Erode district have questioned the rationale behind the government fixing the State Advisory Price (SAP) for the current cutting season when mills have been refusing to comply with it for quite some time.

The State government's retention of last year's SAP of Rs. 550 per tonne, inclusive of transport cost of Rs. 100, in addition to the Centre's Fair and Remunerative Price (FRP) of Rs. 2,300, they say, was a blow to the cultivators reeling under drought conditions.

This year, sugarcane fields had dried up in several hundred acres due to the failure of the monsoon, and in many places, farmers had incurred heavy expenditure arranging for water to salvage crops. Against this backdrop, farmers have accused the State government of leniency towards the mills while being harsh on the cultivators.

Since 2013 when the Rangarajan Committee Recommendations were released, mills have been of the opinion that the Central government intends to do away with the SAP.

One of the recommendations of the committee was to scrap the SAP at the first stage and share 70 per cent of the combined sold value of sugar, molasses, bagasse and press mud at the second stage. But, the mills had chosen to keep the second stage requirement under wraps while studiously refusing to pay the SAP, a representative of a farmers' association said.

At a time when sugar is sold in excess of Rs. 40 per kg in the open market, the decision to keep the procurement cost stagnant was ridiculous, according to K.V. Ponnaiyan, president of Tamil Nadu Swadeshi Farmers' Movement.

The government's silence over the Rs. 1,500-crore payment backlog on account of SAP arrears (to be paid by mills to farmers) over the last three years was intriguing, Mr. Ponnaiyan said.

However, Palani G. Periasamy, president of South India Sugar Mills' Association, said the private sugar mills in the State had incurred loss to the tune of Rs. 13,500 crore in the last three years and were finding it difficult to pay even the FRP. The sugar prices were up only for the last three or four months and this would not address the fundamental problems faced by the industry. "We are asking the government to convene a tripartite meeting and bring in a revenue-sharing model. Cane availability is poor this year and sugar production is expected to decline by 33 per cent. Under these circumstances, we appeal to the government to introduce and implement a revenue-sharing system," he said.

(Source-http://sugarnews.in/tn-sap-a-letdown-say-cane-farmers/, published on 29th December, 2016)

Sugar prices may remain firm in first quarter of 2017

Sugar prices are likely to stay firm in the first quarter of 2017, say traders and companies, as cost of production increases in Uttar Pradesh and mills in Maharashtra plan to shut early.

At Kolhapur in Maharashtra's sugar belt, the sweetener is quoting Rs 34-35.68 a kg, depending on quality. Taking a cue from lower cane crop and the possibility of a fall in sugar production, the NCDEX March sugar prices traded 0.16 per cent higher at Rs 3,730 a quintal on Wednesday with open interest of 5,020 lots.

"The cost of production in Uttar Pradesh has gone up by 10 per cent owing to the government increasing the state advisory price (for cane). Hence sugar prices ahead would follow bit of the cost rise by 3-4 per cent which should be acceptable to all concerned," said Vivek Saraogi, managing director of Balrampur Chini.

Had demonetisation not happened, sugar prices would have remained stable, he said. "The volatility has evened out now after prices fell by Rs 2 a kg, and (prices have) now increased," he added.

An executive from a multinational trading company said he expects prices to be in a positive trajectory for some time unless there is a government intervention. "In the past week, price have rallied across markets. In Kolhapur, it is Rs 36 a kg from Rs 35 (a week ago), and in Kolkata from Rs 38.50 a kg to Rs 39.50," he added.

Condition of the sugarcane crop was very poor in Maharashtra, the top producer, and already 15 mills have closed crushing after running for 30-40 days, he said. "More mills are likely to close in 15 days. Same condition prevails in Karnataka and it seem that production would be almost half of last year," he said.

Usually, these mills operate until March-April.

The Indian Sugar Mills Association has pegged Maharashtra's 2016-17 sugar production at 6.27 million tonne, while the sugar commissionerate of the state has put it at 5.03 million tonne.

"Current volatility is due to differences in production numbers … Sugar prices generally behave according to estimates and stabilise once the production number is frozen by around February 20," said Rahil Shaikh, managing director of ED&F Man Commodities India.

Prices have been very stable for seven months and the demonetisation effect seen last month too has stabilised now, he said. Post demonetisation, prices fell Rs 2 a kg, as people spent less.

(Source-http://sugarnews.in/sugar-prices-may-remain-firm-in-first-quarter-of-2017/, published on 29th December, 2016)

Power sector sees 6% fall in coal supply from Coal India

CIL accounts for over 80 per cent of the domestic coal production

The supply of coal to the power sector by state-owned CIL saw a fall of 6 per cent at 33.7 million tonnes last month, even as the government claimed in October that the demand for fossil fuel has started picking up.

The dispatch of dry fuel by Coal India Ltd (CIL) to the power sector in November last year stood at 35.9 million tonnes (MT), according to government data said.

The supply of coal by CIL in April-November period of the ongoing fiscal also dropped by 4 per cent to 250.7 MT, over 261.4 MT in the corresponding quarter last fiscal.

The supply of coal by Singareni Collieries Company (SCCL) during the April-November period was almost flat at 31.3 MT against 31.1 MT in the year-ago period.

SCCL is a government coal mining company jointly owned by Telangana and the Centre on a 51:49 equity basis.

The government, in October, had said that there were no plans to cut down coal production as the demand had already picked up.

In October, the demand started picking up for both coal and power sectors, it had said.

CIL, which accounts for over 80 per cent of the domestic coal production, is eyeing 598 MT production in 2016-17. CIL has a target to produce 1 billion tonnes of fossil fuel by 2020.

(Source- http://www.business-standard.com/article/economy-policy/power-sector-sees-6-fall-in-coal-supply-from-coal-india-116122900578_1.html, published on 29th December, 2016)

Solar power, green corridor blip on energy radar for 2017

Green seems to be the catchword for the government heading into the next year as it gears up to achieve 175 gigawatt of clean energy by 2022 through auction of 1,000 MW of rooftop solar power, Rs 13,000 crore investment in solar parks and a Rs 21,000-crore package to boost local manufacturing of panels.

By all yardsticks, 2016 remains a watershed year when solar tariff slumped to Rs 4 per unit and wind projects received a major thrust. The government is set to switch gears in 2017 to make India a hub for one of the largest installations of clean energy sources by 2022.

Minister for New and Renewable Energy Piyush Goyal offered a glimpse of things to come while speaking to PTI. Scaling up of rooftop solar programme, scheme to encourage domestic manufacturing of solar panels and making wind power affordable through auction of sites all fill up a packed 2017.

His ministry has in its sight Rs 1 lakh crore investment for the sector and is looking at 20 GW of power generation from non-conventional sources in 2017-18.

Beginning with speeding up the tempo for solar panel installation at homes, schools and hospitals through subsidies in 2016, plans are afoot to expand the rooftop programme to government buildings by providing target-based incentives.

In the November auction of 500 MW, subsidies for installation of as much as 432.7 MW of rooftop solar capacity were lapped up by 122 developers. A fresh tender for one gigawatt (1,000 MW) is now in the works.

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The Prime Minister Narendra Modi-led government is eyeing generation of 100 GW from solar power alone by 2022. Rooftop solar capacity almost doubled to 1,000 MW in 2016 and the aim is to take this to 40 GW.

Also on the table is a green corridor to transmit 2,000 MW of power from 34 solar panels across 21 states.

For good measure, Goyal said, a scheme to promote domestic manufacturing of solar panels will become a reality in 2017. The Rs 21,000-crore module aims to create 5 GW of photovoltaic manufacturing capacity by 2019 and 20 GW by 2026.

India's renewable energy generation capacity stands at 45 GW.

According to Goyal, wind power is up next after successful reduction in solar tariff through transparent auction of sites. A mobility scheme is on the anvil to achieve 100 per cent electric vehicle-based transportation for India by 2030, he said without giving out specifics.

Early next year, the ministry will organise Global RE- Invest 2017 India-ISA Partnership, the second edition of the bi-ennial Renewable Energy Investors Meet and Expo to bring in investors. The event will build on RE-Invest 2015 and explore the advances to help meet India's ultimate target of adding 175 GW renewable energy capacity by 2022.

The ministry is keen on fostering competition among players, particularly in the wind energy space, to bring down tariff and make it a viable source of electricity for consumers.

The Global Renewable Energy Investors meet is the world's largest renewable energy investors gathering to be organised in 2017, Goyal said.

He spoke of launching renewable energy fund under the National Investment and Infrastructure Fund (NIIF). The ministry has been working on this USD 2-billion fund to make private players invest in the sector.

In 2017-18, the government is eyeing 20,450 MW power capacity addition from renewables, including 15,000 (solar), 4,600 MW (wind), 750 MW (biomass) and 100 MW from small hydro power (of up to 25 MW). \

A total of 7,518 MW of grid-connected power generation capacity from renewable sources has been added this year (January to October 2016).

In 2016-17, a total of 1,502 MW capacity has come on board till October-end this year, making a cumulative realisation of 28,279 MW. Now, in terms of wind power installed capacity, India is placed at the 4th rank after China, the US and Germany.

As for solar power, a total of 1,750 MW capacity has been added till October-end this year, making it a cumulative 8,728 MW.

After bringing solar tariff to a record low of Rs 3 per unit, the minister indicated making wind power affordable.

He said, "There will be a wind auction to transparently reduce the tariff."

The government has planned solar energy from every roof in the country and there will be expansion of rooftop solar programmes next year. It has envisaged 40 GW of solar power from rooftop alone out of the total 100 GW planned to be added by 2022.

This flows from the need to push rooftop solar in a big way against the backdrop of a target of 40 GW grid connected solar rooftops by 2022. So far, about 500 MW of rooftop solar has been installed and about 3,000 MW has been sanctioned for installation.

All major sectors like the Railways, airport, hospitals, educational institutions, government buildings of central, state and PSUs are being targeted, besides the private sector.

A massive Grid Connected Solar Rooftop Programme will be launched with 40 GW target. State Electricity Regulatory Commissions of 30 states/UTs notified regulations for net-metering and feed-in-tariff mechanism. Besides, funding of Rs 5,000 crore was approved for solar rooftops.

A total sanction of USD 1,300 million has been received from the World Bank, KFW, ADB and NDB which will enable SBI, PNB, Canara Bank and IREDA to fund such projects at an interest rate of less than 10 per cent.

The ministry has tied up with ISRO for geo-tagging of all the rooftop plants using ISRO's VEDAS portal.

To reduce import of solar equipment from other countries, particularly from China, the ministry is keen to encourage domestic production to meet the huge power demand.

The minister said there will be focus on Make in India for solar power next year and a scheme to this effect may be launched. The government has also planned launch of founding conference of International Solar Alliance.

About use of renewable in farm sector, he said, "We will focus on Prosperous Farmer -- Pollution Free India. There will be scheme for Bio-mass like rice husk utilisation next year."

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The increased use of indigenous renewable resources is expected to reduce India's dependence on expensive imported fossil fuel.

(Source-http://economictimes.indiatimes.com/industry/energy/power/solar-power-green-corridor-blip-on-energy-radar-for-2017/articleshow/56232543.cms)

Quote of the day

'The best way to predict the future is to create it.'- Peter Drucker