

Sugar sector demands increase in minimum sale price by ₹7/kg

SANJEEB MUKHERJEE & AGENCIES
New Delhi, 5 September

Facing an unprecedented crisis of surplus production, the Indian sugar industry has asked the government to hike the minimum sale price (MSP) of sugar to ₹36 a kilo (kg) from current ₹29, and mandatorily fix a quota of export of 7 million tonnes (mt) for the 2018-19 season that starts from October.

The increase in the MSP by ₹7 a kg would immediately push up the retail price of sugar by ₹4-5 per kg, but industry players said it would still be lower than the rate at which sugar was selling in the open markets last year.

"Somebody has to pay. Either the consumer pays or the government. Else sugarcane dues accruing to farmers will climb to dangerous levels by March 31, 2019," Abinash Verma, director-general (D-G) of Indian Sugar Mills Association (Isma), said. He was talking to reporters on the sidelines of an International Sugar Conference in the Capital on

Wednesday.

A few months back, the Centre had fixed a MSP of sugar, below which mills are not allowed to sell. However, with sugar exports looking unviable due to global market plunge, the industry is demanding an increase in the benchmark price.

Verma said alongside raising the MSP, the government should immediately do away with the monthly quota mechanism or else mills would not be able to take advantage of the export window.

With India's mounting sugar surplus threatening to climb to 19 mt by end of the 2018-19 crop, the country's surplus situation and ways to deal with it dominated the opening day of the two-day global conference.

Even though the government has announced a new ethanol blending policy which for the first time has fixed a purchase price for ethanol produced directly from sugarcane juice and B-heavy molasses, industry players said unless pricing is corrected, things won't move much.

Business Standard
06-09-18.

