

Dual pricing policy for sugar sought

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The Commission for Agricultural Costs and Prices (CACP) has recommended that the government frame a dual pricing policy for sugar trade for the benefit of farmers.

"It is high time the government considered dual pricing of sugar with a reasonable price for kitchen consumers and high prices for industrial users, depending upon the cost of production and availability," said Vijay Paul Sharma, chairman of the CACP, while speaking at the Sugar Conclave 2020.

Sugar prices have jumped marginally by ₹1-2 a kg in the wholesale

markets due to lower production estimates in India and improving prospects for exports. With this increase, sugar M at the factory gate in Uttar Pradesh is quoted between ₹33-34.50 a kg, while sugar S in Maharashtra is traded at around ₹32 a kg. The government has set the minimum selling price of sugar at ₹31 a kg across the country.

According to industry sources, corporate or bulk consumers, including cold drink and sweets makers, in addition to other bulk users, account for about 60 per cent of India's sugar consumption of an estimated 26 million tonnes (mt) annually. Most importantly, industrial consumption of sugar is

increasing while kitchen use is decreasing because of lower direct sugar intake.

"High prices for corporate consumers would help sugar mills increase their incomes, which would translate into fast clearance of cane dues. With this, farmers would be encouraged to grow more cane, which has yielded higher income than most other agricultural products," said Suresh Rana, sugar-cane minister of Uttar Pradesh.

ICRA in a study estimated sugar mills' profitability to improve in the near term on the back of ₹2 per kg increase of average sugar prices to ₹32.5-33 a kg for the nine-month period ended December.

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