

ISMA urges PMO to immediately hike sugar MSP

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WITH THE NEW sugar season round the corner, the Indian Sugar Mills Association (ISMA) has written to the Prime Minister's Office (PMO) to immediately increase the minimum sale price (MSP) of sugar from ₹31 per kg to ₹35 per kg to prevent shortage of liquidity with mills and the resultant high cane price arrears in the next season.

In a letter to the principal secretary to the prime minister, ISMA president Niraj Shirgaokar said the MSP for sugar was last revised in February 2019, after

which the fair and remunerative price (FRP) of sugarcane has been increased twice, amounting to a total increase of ₹15 per quintal of sugarcane. Besides, there has been a 10-15% increase in the cost of inputs, raw material, salary and wages, and maintenance costs, making it difficult for sugar mills to clear sugarcane payments.

"The sugar sector feels that the government is not being fair to the sugar producers by not announcing an increase in the MSP for over 30 months, even after continuously increasing the price of sugarcane (which contributes 70-75% of our

the time of issuing an order regarding price of sugar for sale, take into consideration the fair and remunerative price of sugarcane, conversion costs for production of sugar from sugarcane, realisation of profit from by-products generated in the process of sugar production and such other costs as it may consider relevant.

"Therefore, it is very fair and reasonable for the sugar industry to hope and expect that whenever there is any increase in the FRP of sugarcane along with any other increase in other costs, including in the conversion cost of cane to sugar, the



costs). It is but natural that our revenue realisation will not be adequate any more to enable us to pay the cane price to the farmers, as fixed by the government, and repay the loans of the banks on time," Shirgaokar said.

The letter said the Sugar Price (Control) Order, 2018, says the central government shall, at

central government would immediately also announce an increase in the MSP of sugar," Shirgaokar said.

He said various institutions have recommended an increase in the MSP to ₹33 per kg, including the committee of secretaries, the group of ministers under the chairmanship of home minister Amit Shah, the governments of Uttar Pradesh, Maharashtra, Karnataka and Bihar, and the two apex bodies representing the sugar industry, ISMA and NFCSE. Even Niti Aayog and CACP have recommended rationalisation of the sugarcane pricing policy.

