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Market Watch

# Minimum selling price for sugar may be hiked by up to ₹2 a kg

BY RITURAJ TIWARI, ET BUREAU | UPDATED: JUN 05, 2020, 06.47 AM IST

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NEW DELHI: The government may increase the [minimum selling price](#) of [sugar](#) by up to ₹2 a kg to help millers clear cane dues that have crossed ₹22,000 crore. Last year, the government had increased the price at which mills sell sugar to bulk buyers by ₹2 a kg to ₹31 a kg.

"We are examining the proposals received from various sections of industry. They are demanding a raise between ₹3 and ₹5 a kg. But the increase may not be more than ₹2 a kg," said a senior food ministry official.

A task force constituted by [Niti Aayog](#) on [sugarcane](#) and [sugar industry](#) has recommended a one-time increase of ₹2. The increase is also likely because the Commission for Agricultural Costs and Prices has recommended raising the 'fair and remunerative price' (FRP) of sugarcane by ₹10 a quintal to ₹285 for 2020-21.

"The minimum selling price of sugar has been fixed taking into account the components of FRP and minimum conversion cost of the most efficient mills. Last year, it was increased by ₹2 a kg but FRP of sugarcane was not increased. This year, both [MSP](#) and FRP would go up," the official said.

Sugar industry argues that the raise in MSP would not affect public much as 65% of the sweetener is being used by the bulk consumers like food products and soft drink manufacturers.



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"Raising prices by ₹5-6 a kg would not pinch general public much," said a sugar miller. "On the other hand, it will help industry to have extra liquidity of ₹500-600 per quintal on sugar sale. It can generate an estimated additional revenue of ₹20,000 crore from current stock and further production, which can be used to clear cane farmers' dues, which are increasing by the day."

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