

GoM recommends hike in sugar MSP to ₹33/kg

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A GROUP OF ministers, headed by home minister Amit Shah, on Wednesday recommended increasing the minimum selling price (MSP) of sugar by ₹2 to ₹33 per kg to ensure mills clear the pending cane arrears of around ₹20,000 crore at the earliest, sources said.

Finance minister Nirmala Sitharaman, food minister Ram Vilas Paswan, agriculture minister Narendra Singh Tomar and commerce minister Piyush Goyal were present in the meeting.

Sources said the GoM took stock of the pending sugarcane dues to be paid by sugar mills which stand at around ₹20,000 crore so far in the current 2019-20 season (October-September) and ways to ensure mills clear this at the earliest.

One of the proposals discussed was to increase the minimum selling price (MSP) of sugar.

The GoM directed the food ministry to move a Cabinet note with a proposal to hike the MSP of sugar as recommended by the Niti Aayog, the sources said.

The government will consider other options if an increase in MSP of sugar does not help in reducing substan-



tial cane arrears to farmers, the sources added.

A task force constituted by Niti Aayog on sugarcane and sugar industry had also recommended a one-time increase of ₹2 per kg in MSP of sugar.

Last year, the government had increased the price at which mills sell sugar to bulk buyers by ₹2/kg to ₹31/kg.

The minimum selling price of sugar is fixed taking into account the components of FRP and minimum conversion cost of the most efficient mills.

According to the official data, mills have purchased sugarcane of around ₹72,000 crore from farmers during 2019-20 season (October-September). Of that, around ₹20,000 crore of arrears are yet to be paid to farmers.

Arrears comprise payments to be made on the basis of Fair and Remunerative Price (FRP) fixed by the Centre, and State Advisory Price (SAP) determined by the states.