

# ■ May impact prices, but will help cash-starved mills **Govt hikes import duty on sugar by 10%**

PRESS TRUST OF INDIA  
NEW DELHI, AUGUST 22

**I**N a move that could lead to increase in sugar prices, the government on Friday hiked the import duty on both raw and refined sugar to 25 per cent from the existing 15 per cent.

The increase in duty would make imports unviable and may lead to some jump in domestic sugar prices that could cause burden on consumers but would help revive the business of cash-starved mills who owe farmers around Rs 6,800 crore. India has been importing sugar in small quantities taking advantage of lower global prices.

According to the notification issued by the Central Board of Excise and Customs, import duty has been raised to 25 per cent on raw sugar and refined or white sugar.

The food ministry had recommended increase in import duty on sugar to 40 per cent. "However, the finance ministry has hiked the duty marginally, considering inflationary concerns and to give some relief to domestic millers," a senior food ministry official said.

Currently, domestic sugar prices are ruling stable in the range of Rs 34-40 per kg in view of surplus stocks, as per

the data maintained by the consumer affairs ministry.

Sugar mills are facing a cash crunch as domestic prices have slipped below the cost of production, hurting their profits. Mills in Uttar Pradesh are selling sugar at Rs 30.50 per kg, while the cost of production remains at Rs 37 per kg. Similarly, mills in Maharashtra are selling the commodity at Rs 28.50 per kg as against the cost of production of Rs 31. Industries

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## **Sugar firms' stocks surge up to 8%**

**MUMBAI:** Stocks of sugar companies gained as much as 8 per cent after the government on Thursday hiked import duty on sugar. Shares of Dwarikesh Sugar Industries rallied 7.83 per cent, while Bajaj

Hindustan surged 5.32 per cent on the BSE. Oudh Sugar Mills gained 4.64 per cent, Shree Renuka Sugars (4.44 per cent), Triveni Engineering (3.05 per cent) and Balrampur Chini Mills (2.21 per cent). PTI

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trybody Indian Sugar Mills Association (ISMA) hailed the decision saying this will improve cash-flow of millers and help clear cane arrears.

The government has announced several measures to improve liquidity of millers. Earlier this year, the government had rolled out a scheme of Rs 6,600 crore interest-free loan to mills for making cane payments to growers. It is also giving export subsidy.