

GoM recommends hike in sugar MSP to ₹33/kg; asks Food Min to move cabinet note

OUR CORRESPONDENT

NEW DELHI: A group of ministers, headed by Home Minister Amit Shah, on Wednesday recommended increasing the minimum selling price (MSP) of sugar by Rs 2 to 33 per kg to ensure mills clear the pending cane arrears of around Rs 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 Rs 20,000 crore so far in the cur-



rent 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 NitiAayog, the

sources said.

The government will consider other options if an increase in MSP of sugar does not help in reducing substantial cane arrears to farmers, the sources added.

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

Last year, the government had increased the price at which mills sell sugar to bulk buyers by Rs 2/kg to Rs 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 Rs 72,000 crore from farmers during 2019-20 season (October-September). Of that, around Rs 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.