

Sugar co-ops meet Shah, seek higher MSP

FE BUREAU
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REPRESENTATIVES OF THE National Federation of Cooperative Sugar Factories (NFCSF) met Amit Shah, Union Minister of Cooperation, on Tuesday to seek a higher minimum support price (MSP) for sugar. In their representation, federation chairman Jayprakash Dandegaonkar said sugar MSP should invariably be linked with sugarcane fair and remunerative price (FRP).

"The current average production cost of sugar is ₹36 per kg. The recommendation of revenue sharing formula by the committee headed by Dr C Ran-

garajan has been accepted by the Centre, according to which if 70% and 75% of revenue is to be paid as cane price, the sugar MSP logically cannot be below ₹37.50 per kg," he said.

In 2019, the MSP was raised from ₹29 per kg to ₹31 per kg in line with upward revision in FRP. But for the last two-and-a-half years, MSP has not been revised despite rise in FRP, he pointed out. Declaring uniform

MSP for all grades of sugar has totally disturbed the market and hence, differential grade-wise pricing is requested to remove the current anomaly, Dandegaonkar said.

There is a market premium of ₹1.5 / kg for bigger grain sugar. The upward revision in MSP will immediately raise the valuation of sugar stock in godowns, helping cash liquidity of ailing sugar mills, which will

help them clear sugarcane arrears of farmers, he said.

The federation also pointed out that the Tripartite Agreement [TPA] among ethanol suppliers, OMC's and banks has not been beneficial for cooperative sugar distilleries due to their unhealthy balance sheets. As a result, only 88 out of 422 proposals have been funded by banks in which share of cooperatives is negligible.