

INDUSTRY BODY SEEKS GOVT HELP TO PROTECT SUGAR INDUSTRY

NEW DELHI: **The National Federation of Co-operative Sugar Factories (NFCSF)** on Friday warned of an impending crisis in the sugar sector and urged the government to take immediate steps to prevent its collapse.

In a letter addressed to the Union Food Secretary, the federation has highlighted the sector's severe financial stress due to mounting sugar stocks and escalating production costs.

According to **NFCSF**, opening stocks for the 2024-25 season (October-September) stand at 80 lakh tonnes, with projected production of 325 lakh tonnes, excluding ethanol diversion. With domestic consumption estimated at 290 lakh tonnes, around 115 lakh tonnes of sugar will remain in godowns of 535 factories nationwide.

The federation pointed out that while the government has increased the Fair and Remunerative Price (FRP) by 8 per cent to Rs 3,400 per tonne for 2024-25, the industry's Minimum Selling Price (MSP) has remained stagnant at Rs 31 per kg since 2018-19, despite production costs rising to Rs 41.66 per kg.

"The sugar industry will have to spend Rs 1.5 lakh crore to continue its operations, with 75 per cent allocated for farmer payments and the remainder for factory operations," the **NFCSF** said.

The industry body has also raised concerns about ethanol pricing and allocation.

The sector's contribution to the Ethanol Blending Programme has significantly dropped from 83 per cent in 2021-22 to 37 per cent currently, following government restrictions imposed in December 2023.

For the Ethanol Supply Year 2024-25, against a requirement of 940 crore litres, oil marketing companies have allocated 837 crore litres, with the sugar industry contributing 317 crore litres, involving diversion of approximately 40 lakh tonnes of sugar.

Despite the increased FRP, the price of ethanol from B-Heavy molasses and sugarcane juice has not been adjusted for more than a year thereby reducing economic viability of the sector.

The federation has demanded revision of ethanol prices to Rs 73.14 per litre for sugarcane juice-based and Rs 67.70 per litre for B-heavy molasses-based ethanol to maintain the sector's viability.

The **NFCSF** has urged the government to take prompt action to address these challenges and ensure the sector's stability.

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