

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:4582

ANSWERED ON:07.12.2010

SMP FOR SUGARCANE

M.Thambidurai Dr. ;Singh Shri Brij Bhushan Sharan

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether there has been any increase in the Statutory Minimum Price (SMP)/ Fair and Remunerative Price (FRP) of sugarcane during the last three years;

(b) if so, the details thereof;

(c) whether the Government proposes to further increase the SMP/FRP of sugarcane in view of increasing input costs and rising prices; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) and (b): In order to provide remunerative price for sugarcane to the farmers, Sugarcane (Control) Order 1966 was further amended on 22nd October, 2009 by which reasonable margins to the growers of sugarcane on account of risk and profits are also to be considered in the price of sugarcane to be fixed by the Central government. Powers were given to the Central Government to fix a fair and remunerative price (FRP) after giving margins for profit and risk on cost of production and transportation of sugarcane upfront. Accordingly, the FRP payable by sugar mills for 2009-10 sugar season was fixed at Rs.129.84 per quintal, linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.37 for every 0.1 percentage point increase in recovery above 9.5%. The FRP for 2009-10 sugar season was 50.5% higher than the all India weighted average cost of production and transportation of Rs.86.27 per quintal at 9% and therefore gives adequate margin to the farmers. It was also about 51% higher than the SMP for sugarcane at Rs.81.18 per quintal for 2008-09 sugar season at 9.0% basic recovery rate projected for 9.5% recovery.

SMP/FRP fixed during the last three years is as under:

Sugar Season SMP/FRP Linked to basic
 recovery rate

2008-08 (SMP)	81.18	9%
2009-10 (FRP)	129.84	9.5%
2010-11 (FRP)	139.12	9.5%

(c) and (d) : The Government, after careful consideration, on the recommendations of Commission for Agricultural Costs and Prices (CACP) will fix FRP for the year 2011-12 sugar season keeping in view the following:

i) the cost of production; ii) Need for ensuring availability of sugar to consumers at a fair price; and iii) To obviate any disproportionate diversion of area from foodgrains to sugarcane that may affect the food security of the country.