

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

STARRED QUESTION NO:207

ANSWERED ON:16.08.2011

RETURNS TO FARMERS

Patil Shri C. R. ;Siddeswara Shri Gowdar Mallikarjunappa

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

- (a) whether the farmers are not getting corresponding returns in the agro-based commodities including sugar from the upward movement of prices in the market;
- (b) if so, the details thereof and the reasons therefor indicating the price of sugar in the market and the procurement price of sugarcane paid to the farmers during each of the last three years and the current year, State-wise; and
- (c) the corrective steps taken to check involvement of middlemen and to ensure that such returns reach the farmers?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (c): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO. 207 DUE FOR ANSWER ON 16.08.2011 IN THE LOK SABHA.

(a) and (b):- Government's price policy seeks to ensure remunerative prices to the farmers for their produce with a view to encourage higher investment and production and to safeguard the interest of the consumers by making available supplies at reasonable prices. The price policy also seeks to evolve a balanced and integrated price structure in the perspective of overall needs of the economy. Towards this end, the Government fixes the Minimum Support Price (MSP) for major agricultural commodities viz. paddy, jowar, bajra, maize, ragi, arhar (tur), moong, urad, cotton, groundnut-in-shell, sunflowerseed, soyabean, sesamum, nigerseed, wheat, barley, gram, masur (lentil), rapeseed/mustard, safflower, copra and Jute and Fair and Remunerative Price (FRP) for sugarcane, taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries as well as other concerned stake holders.

MSP is in the nature of a minimum guaranteed price for the farmers offered by the Government for their produce in case the market prices fall below that level. If the market offers higher price than MSP, the farmers are free to sell their produce at that price. The concept of FRP in case of sugarcane, introduced from 2009-10 sugar season, in place of Statutory Minimum Price (SMP) is in fact a big step forward as it ensures upfront payment towards margins on account of profit and risk to sugarcane farmers on the cost of production and transportation of sugarcane. Moreover, there is a system of State Advisory Prices (SAP) in some States, which are generally higher than the FRP.

The Government does not procure sugarcane and it only fixes the FRP of sugarcane which is the floor price below which no sugar factory can purchase sugarcane from farmers. The available information with the Central Government with regards to market prices of sugar and the SMP/FRP of sugarcane for the last three years and the current year is given in the Annexure-I and II, respectively.

(c):- Various measures taken by the Government to reduce involvement of middlemen include direct procurement operations through agencies like Food Corporation of India, Jute Corporation of India, etc. and promotion of direct payments to farmers. Similarly, sugarcane is generally purchased by the sugar mills directly from the farmers and the cane payments are statutorily enforced with a time frame by the State Governments.