

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

UNSTARRED QUESTION NO:2777

ANSWERED ON:11.12.2012

PRICING OF SUGARCANE

Dhruvanarayana Shri R. ;Kateel Shri Nalin Kumar;Owaisi Shri Asaduddin;Ponnam Shri Prabhakar;Shivanagouda Shri Shivaramagouda;Siricilla Shri Rajaiah

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

- (a) whether the Union and the State Governments have fixed any price for purchase of sugarcane by sugar mills during 2012-13;
- (b) if so, the details thereof and criteria adopted therefor;
- (c) whether the farmers in several States have been agitating and demanding a new pricing formula ensuring a higher price for their produce along with a share in the proceeds from the sale of by products of sugarcane; and
- (d) if so, the details thereof and the reaction of the Government thereto along with the remedial steps taken to resolve these issues?

Answer

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

(a) & (b): Yes, Madam. The Central Government fixes the Fair and Remunerative Price (FRP) of sugarcane having regard to the factors mentioned in clause 3(1) of the Sugarcane (Control) Order, 1966 viz., cost of production of sugarcane; return to the growers from alternative crops and the general trend of prices of agricultural commodities; availability of sugar to consumers at a fair price; price at which sugar produced from sugarcane is sold by sugar producers; recovery of sugar from sugarcane; realization made from sale of by-products viz. molasses, bagasse and press-mud or their imputed values; and reasonable margins for the growers of sugarcane on account of risk and profits. The FRP is fixed based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultations with State Governments and other stakeholders. The FRP is a benchmark guaranteed price of sugarcane determined by the Central Government below which no sugar mill can purchase sugarcane from cane growers. For 2012-13 sugar season, the FRP has been fixed at Rs. 170/- per quintal linked to a basic recovery rate of 9.5%, subject to a premium of Rs. 1.79 per quintal for every 0.1 percentage point increase in recovery above that level. However, State Governments of many sugar producing States are announcing State Advised Price (SAP), which is generally higher than FRP fixed by the Government of India. For the sugar season 2012-13, SAP is reported to have been declared by the State Governments of Tamil Nadu, Punjab, Haryana and Uttar Pradesh as per details annexed.

(c)&(d): As per information received from major sugar producing States, sugarcane farmers have been demanding higher cane price in some States. The Central Government had constituted a Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council (EAC) to Prime Minister to look into all the issues of deregulation of sugar sector. The Committee has submitted its report to the Government on 5th October, 2012. The Committee has, interalia, recommended rationalization of sugarcane pricing. The recommendations of the Committee are under consideration of the Government.