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

STARRED QUESTION NO:170
ANSWERED ON:01.12.2009
FRP FOR SUGAR
Singh Shri Bhola;Singh Shri Rajnath

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

(a) whether the Government has fixed a Uniform 'Fixed and Remunerative Price' (FRP) for sugarcane during the ensuing season;

(b) if so, the details thereof indicating the number of farmers likely to be covered thereunder;

(c) the criteria followed for fixation of the FRP; and

(d) the steps taken to compensate the farmers in the areas where productivity is low and input cost high under the new FRP regime?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c) & (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO.170 DUE FOR ANSWER ON 01.12.2009 IN THE LOK SABHA.

(a)&(b): Yes Sir. As recommended by the Commission on Agricultural Costs and Prices (CACP), the Central Government has fixed a uniform Fair and Remunerative Price (FRP) for sugarcane payable by sugar mills for 2009-10 sugar season at Rs.129.84 per quintal, linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.37 per quintal for every 0.1 percentage point increase in recovery above 9.5%. All the sugarcane farmers in the country will be covered thereunder.

(c) As per Clause 3(1) of the Sugarcane (Control) Order,1966, the following 7 criteria are required to be considered in the fixation of FRP:-

a) cost of production of sugarcane;
b) return to the growers from alternative crops and the general trend of prices of agricultural commodities;
c) availability of sugar to consumers at a fair price;
d) price at which sugar produced from sugarcane is sold by sugar producers;
e) recovery of sugar from sugarcane;
f) realization made from sale of by-products viz. molasses, bagasse and press-mud or their imputed value; and
g) reasonable margins for the growers of sugarcane on account of risk and profits.

(d): The FRP payable is the rate fixed for each quintal of sugarcane and is not be linked to the productivity of the farm. The FRP for 2009-10 sugar season is 50.5% higher than the all India weighted average cost of production and transportation of Rs. 86.27 per quintal, and therefore gives adequate margin to the farmers. Further, in order to assist the farmers to improve their productivity and to ensure that concessional loans are provided to the sugarcane farmers, the Central Government has decided in July 2009 to give a one time short term loan, repayable in 4 years, to sugar mills for the purpose of purchase of seed, fertilizer and pesticide. The scheme requires that the mills should pass on the loans to the farmers in cash or kind, at an interest rate of 4% per annum.