

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

STARRED QUESTION NO:75

ANSWERED ON:24.11.2009

SUGARCANE PRICING NORMS

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba

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

- (a) whether the Government has introduced changes in the sugarcane pricing norms under 'Fair and Remunerative Price (FRP)';
- (b) if so, the details thereof alongwith the benefits likely to accrue therefrom;
- (c) whether the farmers have raised objections in this regard;
- (d) if so, the details thereof indicating the objections raised by the farmers; and
- (e) the remedial steps taken/proposed to be taken by the Government in this regard?

Answer

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

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO.75 DUE FOR ANSWER ON 24.11.2009 IN THE LOK SABHA.

(a)to(b): The Central Government had been fixing the Statutory Minimum Price(SMP) of sugarcane under the provisions of the Clause 3 of Sugarcane (Control) Order, 1966 (SCO) having regard to different criteria.The Sugarcane (Control) Order, 1966 has been further amended on 22nd October 2009 by inserting clause (g) which provided for giving reasonable margins to the growers of sugarcane on account of risk and profits. Powers were given to the Central Government to fix a fair and remunerative price (FRP). Accordingly, the FRP payable by sugar mills for 2009-10 sugar season has been fixed 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 Rs. 0.1 percentage point increase in recovery above that level. The FRP fixed at Rs.129.84 per quintal for 2009-10 sugar season is about 51% higher than the SMP of sugarcane of 2008-09 calculated at 9.5% basic recovery rate.

(c) to (e): There is only one representation from farmers' association in this regard. According to the representation and the media reports that there is misapprehension amongst a section of farmers that the FRP is the maximum price of sugarcane above which they are not entitled to get a price for their cane from the mills. The Government has informed the farmers through clarifications in the press that FRP is a bench-mark price and the price payable will be a negotiated price between the farmers and the mills and will have to be equal to or above the FRP. The same has been conveyed to sugar mills.

It has also been represented that the powers of the State Governments to fix a State Advised Price (SAP) for sugarcane may be allowed to continue and that a 50% margin over the costs to the farmers may be given.

The Central Government proposes to delete the clause 3B in the Sugarcane (Control) Order, 1966. The FRP for 2009-10 sugar season already includes a margin of about 50% over the costs to the farmers.