

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

UNSTARRED QUESTION NO:6468
ANSWERED ON:07.05.2013
FRP OF SUGARCANE
Jakhar Shri Badri Ram

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

- (a) whether the Government takes various existing climatic/geographical/socioeconomic conditions of the States into consideration while determining/fixing the Fair and Remunerative Price (FRP) of sugarcane;
- (b) if so, the details in this regard;
- (c) the criteria laid down for determination of the FRP during the sugarcane crushing season 2012-13 along with the names of the institutions engaged in finalising these norms and determining the said FRP; and
- (d) the details of input cost of growing sugarcane and the figures used for determining the said price during the year 2012-13, State-wise?

Answer

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

(a)&(b) The Central Government determines the uniform Fair and Remunerative Price (FRP) of the sugarcane linked to recovery rate throughout the country. The variations in geographical, topographical and climatic conditions are accounted for in the procedure of collection and compilation of cost data under the Comprehensive Scheme (CS) of the Department of Agriculture and Cooperation. Under this scheme each State growing sugarcane, both in tropical and sub-tropical regions of the country, is stratified into the homogeneous agro-climatic zones according to soil type, and afterwards, cost data are collected from sample farm holdings in each of homogeneous agro-climatic zones to arrive at a representative cost of cultivation/ production of each State. An important aspect of FRP is that it is linked to 9.5 per cent basic recovery rate, with premium being granted linked to each 0.1 per cent increase in recovery rate over and above the basic recovery rate of 9.5 percent. Sugarcane price realization by farmers staggers over each increase of 0.1 per cent in recovery above the basic recovery rate. Since variations in agro-climatic conditions are associated with varying sucrose content and hence recovery, this is also taken care of in the premium over uniform FRP.

(c) The Central Government fixes 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 so fixed is based on the recommendations of the Commission for Agricultural Costs and Prices

(CACP) and after consultations with State Governments and other stakeholders. The FRP of sugarcane payable by sugar mills for 2012-13 sugar season 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 for every 0.1 percentage increase in recovery above that level. The CACP held consultations with the various stakeholders viz. State Governments, representatives of Kissan Unions, State Sugar Cooperative Federations, Sugarcane Research organisations etc. before recommending the FRP of sugarcane for the sugar season 2012-13.

(d) The State-wise estimates of costs of production of sugarcane used for determining the FRP of sugarcane for the sugar season 2012-13 are annexed.