



A Farmer Friendly Step Cabinet approves Fair and Remunerative Price payable by sugar mills for 2017-18 sugar season

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for fixing the Fair and Remunerative Price (FRP) of sugarcane at Rs. 255/- per quintal (qt) for sugar season 2017-18 linked to a basic recovery rate of 9.5% subject to a premium of Rs. 2.68 per qtl for every 0.1% point increase in recovery above that level. The approved FRP reflects an increase of 10.87% over the FRP of sugar season 2016-17. The FRP so approved shall be applicable for purchase of sugarcane from the farmers in the sugar season 2017-18 by the sugar mills. The move is a reflection of the Government's pro-farmer initiatives, keeping in mind the interest of sugarcane farmers and importance of the sugar industry.

Details

The sugar industry is an important agro-based industry that impacts the livelihood of about 50 million sugarcane farmers and around 5 lakh workers directly employed in sugar mills, apart from those employed in various ancillary activities including farm labour and transporters. This decision has been taken to provide appropriate price to the farmers for their cane.

FRP of sugarcane has been determined on the basis of recommendations of Commission for Agricultural Costs and Prices (CACP) and after consultation with State Governments and other stake-holders. Recommended FRP has been arrived at by taking into account various factors such as cost of production, overall demand-supply situation, domestic and international prices, inter-crop price parity, terms of trade prices of primary by-products, and likely impact of FRP on general price level and resource use efficiency.

During the last 3 years, in order to support the sugarcane farmers and to ensure that their dues are paid by the sugar mills, the Government of India introduced schemes such as SEFASU; Soft Loan, Incentive for Raw Sugar Export and Production Subsidy. Through these interventions, the funds made available to the mills were utilized for payment of the cane price arrears of the farmers. Direct credit into the farmers' bank accounts of their dues was also mandated.

As a consequence, clearance of cane price arrears of farmers reached 99.33% for 2014-15 sugar season and 98.5% for 2015-16 sugar season. Cane price arrears for the current sugar season 2016-17 is the lowest as compared to last five years of the corresponding period.

In order to address the current sugar season's shortfall in production and any possible adverse price sentiment, the Government has allowed import of only 5 lakh MT of raw sugar at zero duty. However, to protect the Indian farmers, import quantity has been restricted along with zonal restrictions so as to make it available only in actually deficient areas and safeguard the interest of cane farmers.

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