

Purchase price of sugarcane from farmers increased

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The Union Cabinet on Wednesday approved a proposal to hike ₹25 per quintal in the fair and remunerative price (FRP) for sugarcane to ₹255 for 2017-18 season beginning October. The sugarcane FRP for the ongoing 2016-17 season has been kept unchanged at ₹230 per quintal. This is in line with the recommendations of the Commission for Agricultural Costs and Prices (CACP), a statutory body that advises the government on the pricing policy for major farm produce.

Sources said the Union Food Ministry has proposed a sugarcane FRP of ₹255 per quintal for the 2017-18 season. The FRP is the minimum price that sugarcane farmers are legally guaranteed. However, state governments are free to fix their own State advised price (SAP) and millers can offer



any price above the FRP.

“Sugar mills situation has improved. For 2017-18, sugarcane FRP of ₹255 per quintal has been approved, which is 10.6 per cent higher than the current level,” Finance Minister Arun Jaitley briefed reporters after the meeting.

The approved FRP reflects an increase of 10.87 percent 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.

The cane price is linked to a basic recovery rate of 9.5 per cent, subject to a premium of ₹2.68 per quintal for every 0.1 per cent point increase in recovery above that level.

The higher rate has been fixed for 2017-18 taking into account the rise in cost of production and millers’ capacity to pay the rate in view of better sugar prices. Asked whether some States fix higher price than FRP, Jaitley said that the situation continues as the matter is pending in the Supreme Court.

Sugarcane output in the current year declined by over 12 per cent to 306.03 million tonnes due to drought in key growing States of Maharashtra and Karnataka. However, the prospects in 2017-18 seem to be bright as the Met Department has forecast normal monsoon.