

CCEA approves increase in sugarcane FRP by ₹10 to ₹285/quintal for 2020-21

NEW DELHI: The Centre on Wednesday decided to increase the minimum price sugar mills pay to sugarcane growers by Rs 10 to Rs 285 per quintal for the next marketing year starting October 2020, according to official sources.

A decision to increase the Fair and Remunerative Price (FRP) of sugarcane for 2020-21 marketing year (October-September) was taken in the meeting of the Cabinet Committee on Economic Affairs (CCEA) held here.

According to the sources, the CCEA has approved the Food Ministry's proposal on increasing the sugarcane FRP by Rs 10 per quintal from the existing Rs 275 per quintal.

It is in line with the recommendation of the Commission of Agricultural Costs and Prices (CACAP), a statutory body that advises the government on the



pricing policy for major farm produce, they added.

The FRP, which is determined under Sugarcane (Control) Order, 1966, is the minimum price that sugar mills have to pay to sugarcane farmers. Major sugarcane producing states such as Uttar Pradesh, Punjab and Haryana fix their own sugarcane price called 'state advisory prices' (SAPs), which are usually higher than the Centre's FRP.

The government estimates the country's total sugar production to be 28-29 million tonne in the current year ending next

month, compared to 33.1 million tonnes during 2018-19 due to sharp fall in cane acreage in Maharashtra and Karnataka.

Moreover, Sugar offtake is likely to remain flat in the current sugar season (October 2019-September 2020) despite the COVID-19 disruptions as buoyant exports are expected to make up for the shortfall in domestic consumption, according to a report.

Industrial demand for sugar, which accounts for 60 per cent of the total domestic consumption, is expected to fall 8-9 per cent in this sugar season (SS) due to hotels, restaurants and cafes remaining shut and people avoiding crowded places, Crisil Research said in its report.

Household consumption, which accounts for the remaining 40 per cent, however, is expected to slip just 2-3 per cent as prolonged confine-

ment at home has seen a surge in appetite for biscuits and bakery products, it added.

Also, consumers are likely to prefer packaged sweet products, such as chocolates and cookies over loose sweets in the upcoming festive season for fear of contamination.

However, the shortfall in overall domestic demand will be more than made up by exports, which are expected to spurt more than 30 per cent to 5 million tonnes in SS 2020, Crisil said.

This is mainly because of lower production in Thailand, which has turned its key importers Indonesia, Kenya, Bangladesh, Afghanistan and Iran towards India, it added.

Sugar production is estimated to be at 305 lakh tonnes during the sugar year ending 2021, and 272 lakh tonnes in SS 2020 ending September. **PI**