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News: Fair and Remunerative Price (FRP) of sugarcane

- Recently, the central government announced an 8% increase in the fair and remunerative price (FRP) of sugarcane. The revised FRP of Rs 340 per quintal is slated to be effective from 1st October, 2024 for the 2024-25 sugar seasons.

Fair and Remunerative Price (FRP)

- Fair and Remunerative Price (FRP) is the price declared by the government, which mills are legally bound to pay to farmers for the cane procured from them.
- Mills have the option of signing an agreement with farmers, which would allow them to pay the FRP in installments.
- Delays in payment can attract an interest up to 15% per annum, and the sugar commissioner can recover unpaid FRP as dues in revenue recovery by attaching properties of the mills.
- The payment of FRP across the country is governed by the Sugarcane Control order, 1966 issued under the Essential Commodities Act (ECA), 1955 which mandates payment within 14 days of the date of delivery of the cane.

- It has been determined on the recommendation of the Commission for Agricultural Costs and Prices (CACP) and announced by the Cabinet Committee on Economic Affairs (CCEA).
- CACP is an attached office of the Ministry of Agriculture and Farmers Welfare. It is an advisory body whose recommendations are not binding on the Government.
- CCEA is chaired by the Prime Minister of India.
- The FRP is based on the Rangarajan Committee report on reorganizing the sugarcane industry.

Sugarcane

- Sugarcane is a low-land tropical, plantation, and cash crop which are grown in the regions having high temperature and heavy rainfall.
- This crop is usually grown in regions that have monsoonal type of climate. Some major producers include India, Java, Formosa, Cuba, Jamaica, Trinidad, and Barbados.
- India is the top country with sugar cane production in the world beating Brazil in 2022. However, Brazil is the largest exporter of Sugar in the world. India is also the largest consumer of sugar in the world.

- India accounts for about 19 percent of the world's production of sugarcane. But it occupies only 2.4 percent of the total cropped area in the country.
- This industry provides employment for more than 4 lakh persons directly and many farmers indirectly.
- The sugar industry is a seasonal industry because of the seasonality of raw materials.
- The development of the industry on modern lines dates to 1903 when a sugar mill was started in Bihar. Subsequently, sugar mills were started in other parts of Bihar and Uttar Pradesh.
- In 1950-51, 139 factories were in operation. The number of sugar factories rose to 662 in 2010-11.
- Sugarcane is a weight-losing crop. The ratio of sugar to sugarcane varies between 9 to 12 percent depending on its variety.
- Its sucrose content begins to dry during haulage after it has been harvested from the field.
- Better recovery of sugar is dependent upon its being crushed within 24 hours of its harvesting.
- Sugar factories hence are located within the cane producing regions.
- Maharashtra has emerged as a leading sugar producer in the country and produces more than one-third of the total production of the sugar in the country.

- Uttar Pradesh is the second-largest producer of sugar. The sugar factories are concentrated in two belts – the Ganga-Yamuna doab and the Tarai region.
- The major sugar-producing centers in the Ganga -Yamuna doab are Saharanpur, Muzaffarnagar, Meerut, Ghaziabad, Baghpat, and Bulandshahr districts; while Kheri Lakhimpur, Basti, Gonda, Gorakhpur, Bahraich are important sugar-producing districts in the Tarai region.
- The crop yield is low in Northern India than in Southern India. Uttar Pradesh's yield is low, but in Maharashtra, Karnataka, and Tamil Nadu the yield is high.
- Area under sugarcane is expected to be almost 54.55 lakh hectare in 2021-2022 sugar season (October to September) or 3% higher than the current season's area, according to the Indian Sugar Mills' Association (ISMA). (15 – 07 – 2021)

Advantages of increasing Sugarcane production

- Sugar production generates several by-products, such as molasses, bagasse, and press mud, which can be used to produce other products such as ethanol, paper, and Bio-Fertilizers.
- Sugar mills can divert excess sugarcane to ethanol, which is blended with petrol, which not only serves as a green fuel but also saves foreign exchange on account of crude oil import.

- The government of India has fixed a target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025.
- India achieved its target of an average of 10% blending across the country five months ahead of the targeted timelines of November 2022.
- Cultivating sugarcane provides farmers with an opportunity to diversify their agricultural activities and increase their income.
- Sugarcane cultivation can be integrated with other crops such as vegetables, fruits, and spices to promote crop diversification. This can lead to better soil health, reduced pest and disease pressure, and improved crop yields.

Challenges Associated with Growing Sugarcane

Longer Duration to Harvest

- Sugarcane takes a long time to grow and be ready for harvest (around 10 to 12 months). Growing sugarcane is not an easy task as it requires the farmer to plant and harvest two more crops before they can finally harvest sugarcane.
- This means that growing sugarcane demands a lot of hard work over a period of about three years.

Higher Investment

- Growing sugarcane requires farmers to invest more money because they have to prepare the fields properly before planting. This involves tilling the soil to a greater depth, followed by harrowing, and leveling it to make it suitable for sugarcane.
- Moreover, buying sugarcane seedlings is expensive, and before planting, farmers need to add manure and fertilizers to the soil, which also comes at a high cost.

High Labor Cost

- The labour for cutting sugarcane costs huge and if the cutting season is dry without rain, it gravely affects the total weight of the cane and if it rains, there will be slush on the path resulting in lorries/trucks not being able to come near the field.
- Farmers must spend a lot to transport the sugarcane from their fields to the main road by employing labour.

Unviability Sugar Exports

- India is finding it difficult to export sugar as the cost of producing it is higher compared to the international market price, mainly due to the high cost of sugarcane.
- To help bridge this gap, the government has been providing export subsidies, but other countries have raised objections with the World Trade Organization (WTO).
- Although India is currently allowed to continue with these subsidies until December 2023, there is uncertainty about what will happen after that.