Indian Economy · GS - III

Examine the role of Fair and Remunerative Price (FRP) in protecting sugarcane farmers. Discuss the challenges associated with sugarcane pricing and suggest measures to ensure a sustainable sugarcane economy.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 06/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

FRP mechanism, statutory price assurance, role of CACP and Central Government, State Advised Price (SAP), sugar mill payment delays, rising input costs, water-intensive cultivation, sugar industry viability, crop diversification, ethanol blending, timely payments and sustainable agriculture.

Model Answer

Introduction

Fair and Remunerative Price (FRP) is the minimum price that sugar mills must legally pay sugarcane farmers. It seeks to protect farmers against price uncertainty and ensure remunerative returns.

Role of FRP

FRP provides a statutory price floor, improves farmers' bargaining position and offers a degree of income security. It is determined by the Central Government on the basis of recommendations from the Commission for Agricultural Costs and Prices.

Major Challenges

Sugar mills often face financial stress, resulting in delayed payments to farmers. Rising input costs, regional differences in State Advised Prices and fluctuations in sugar prices create additional difficulties. Excessive

dependence on sugarcane also raises concerns about groundwater depletion.

Way Forward

Timely payment enforcement, modernisation of sugar mills and improved irrigation efficiency are essential. Ethanol production can diversify revenue streams for mills. Crop diversification and region-specific pricing policies can reduce ecological and economic risks.

Conclusion

FRP is an important instrument of agricultural price protection. However, a sustainable sugarcane economy requires a balance between farmers' income security, industrial viability and environmental conservation.

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