

प्रल्हाद जोशी  
PRALHAD JOSHI  
ಪ್ರಲ್ಹಾದ ಜೋಶಿ



सपभोक्ता मामले, खाद्य और सार्वजनिक वितरण तथा  
नवीन और नवीकरणीय ऊर्जा मंत्री  
भारत सरकार  
MINISTER OF CONSUMER AFFAIRS,  
FOOD & PUBLIC DISTRIBUTION AND  
NEW & RENEWABLE ENERGY  
GOVERNMENT OF INDIA

D.O. No. 3(1)/2024-SP (388159)

Dated 7<sup>th</sup> November, 2025

Dear Shri Siddaramaiah ji,

Please refer to your letter dated 6.11.2025, wherein several issues related to Karnataka Sugarcane farmers have been raised. I would like to place following facts in this regard:-

i. The Central Government fixes the Fair and Remunerative Price (FRP) of sugarcane for every sugar season (October-September) on the recommendations of the Commission for Agricultural Costs and Prices (CACP). The Commission for Agricultural Costs and Prices (CACP) considers various factors such as cost of production of sugarcane to market prices of sugar and by-products, sugar recovery rates, reasonable margins for farmers, returns from alternative crops, transportation cost etc.. The approved FRP of Rs 355/Qtl for 2025-26 covers the cost of production for all sugarcane producing States and gives a margin of 105.2 percent over the cost of production. With each increase of recovery by 0.1%, farmers will get additional Rs.3.46 per Qtl. At average recovery of 10.5% in Karnataka, FRP will be Rs. 363 per Qtl. There has been appreciable increase in FRP in the past decade which can be gauged from the fact that an FRP of Rs. 210 was announced in 2013-14 which gave a margin of 79.2 percent over the cost of production.

ii. The Fair & Remunerative Price of sugar has increased from Rs. 210 per quintal in sugar season 2013-14 to Rs. 355 per quintal for sugar season 2025-26, reflecting a strong upward trend during these years. The value of sugarcane procurement has increased by 80% during the period from 2013-14 to 2024-25 with a value of Rs 1,02,687 crore during last year. It is mandatory for the sugar factories to pay cost of sugarcane to the farmers at FRP fixed by the Central Government. The powers for enforcing the provisions of the Sugarcane Control (Order), 1966 to ensure timely payment to the farmers within 14 days have been delegated and vested with the State Governments. Karnataka Government may also announce State Advised Price (SAP) of sugarcane as being done by UP, Uttarakhand, Punjab and Haryana.

iii. Central Government has always been receptive to the issue of timely payment to cane farmers. The Central Government, under various Schemes, provided financial assistance of about Rs. 16,500 Cr during 2014-15 to 2020-21 to sugar mills to enable them to clear the cane dues of the farmers.



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iv. In order to address the problem of excess sugar, Government has been encouraging sugar mills to utilize excess sugarcane to ethanol. Till year 2013, supply of ethanol to OMCs was only 38 crore litres with blending levels of only 1.53 %, which now increased to about 1001 crore litres with 20% blending. For the purpose, the Union Government has provided financial assistance of Rs. 435.42 Cr under Ethanol Interest Subvention Scheme for setting up ethanol distilleries in Karnataka. Allocation of ethanol to distilleries in Karnataka has increased from 85 crore litres in ESY 2022-23 to 133 crore litres in ESY 2025-26. These measures have provided an alternative revenue stream to the sugar mills and helped improve their liquidity.

v. In January this year, when ex-mill prices were showing downward trend, Central Government permitted the sugar mills to export 10 LMT sugar to manage surplus sugar in the country. Ex-mill prices of sugar improved from about Rs. 3370 per quintal to Rs. 3700-3930 per quintal in Karnataka, after the decision on export. For the current Sugar Season also, Central Government has decided to allow export of 15 LMT of sugar and also 50% export duty on molasses has been removed.

vi. As a result of the above pro-farmer measures taken by the Central Government, the cane arrear payment position has improved significantly in the country including Karnataka. Prior to 2014, there were agitation by the farmers for cane payment, now cane payment are being paid on time. In Karnataka, cane arrear for the sugar season 2022-23 & 2023-24 is Nil and for 2024-25 sugar season only Rs. 50 Lakhs is pending as on 30.9.2025.

vii. The Government of India is committed to ensure the welfare of farmers by providing timely payments for their produce and maintaining the financial viability of Indian sugar mills. Through these efforts, the government aims to create a balanced and sustainable ecosystem that supports both farmers and the sugar industry, thereby promoting rural prosperity and economic growth.

With regards,

Yours sincerely,

(Pralhad Joshi)

Shri Siddaramaiah,  
Hon'ble Chief Minister of Karnataka,  
Vidhana Soudha,  
Bengaluru - 560 001



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