



PHD Research Bureau
PHD Chamber of Commerce and Industry



Decisions taken by the Union Cabinet

- **Cabinet approves Memorandum of Understanding between Institute of Chartered Accountants of India (ICAI) and Institute of Professional Accountants of Russia (IPAR)**

The Union Cabinet, chaired by the Hon'ble Prime Minister, Shri Narendra Modi, has approved the signing Memorandum of Understanding between Institute of Chartered Accountants of India (ICAI) and Institute of Professional Accountants of Russia (IPAR).

Details:

Approval for signing Memorandum of Understanding between the Institute of Chartered Accountants of India (ICAI) and the Institute of Professional Accountants of Russia (IPAR) would help in establishing mutual cooperation in the areas of Professional Accountancy Training, Professional Ethics, Technical Research, Advancement of Accounting Knowledge, Professional and Intellectual Development.

Implementation Strategy and Targets:

The proposed MoU aims to strengthen cooperation in matters of accountancy profession through exchange of views, information in respect of Professional Accountancy Training, Professional Ethics, Technical Research, Professional Development of Accountants. It is also intended to promote mutual cooperation through seminars, conferences and joint activities mutually beneficial to both the parties and provide updates on the development of the accountancy profession in India and Russia to promote the profession in the world. The parties will also create a linkage to each other's websites as a means of information support.

Major impact:

The MoU between ICAI and IPAR, Russia, is expected to provide an additional impetus to prospects of the ICAI Members to get professional opportunities in Russia in short to long term future. The aim of MoU is to work together to develop a mutually beneficial relationship for the best interest of ICAI members and the two respective organizations. With MoU, ICAI would be able to help strengthen the partnership with Russia by providing the Export of Services in Accountancy profession.

Benefits:

ICAI members are holding middle to top level positions in various organisations across the countries and can influence the decision/policy making strategies of respective organisations of a country. ICAI through its vast network of Chapters and Representative Offices in 68 cities of 45 countries of the world is committed to play an important role by sharing the prevalent practices in their respective countries so that the Government of India can adopt the best practices being followed by them to attract foreign investment and to encourage them to establish their setup in India, This MoU will benefit Ministry of Corporate Affairs, Institute of Chartered Accountants of India and Institute of Professional Accountants of Russia.

Background:

The Institute of Chartered Accountants of India (ICAI) is a statutory body established under the Chartered Accountants Act, 1949 for the regulation of the profession of Chartered Accountants in India. ICAI has contributed immensely in the field of education, professional development, maintenance of high accounting, auditing and ethical standards in furtherance of the profession of Chartered accountants, which is recognized globally. The Institute of Professional Accountants of Russia (IPAR) is the largest non-profit association of accountants in Russia.

- **Cabinet approves determination of Fair and Remunerative Price of sugarcane payable by Sugar Mills for sugar season 2021-22**

Keeping in view interest of sugarcane farmers (GannaKisan), the Cabinet Committee on Economic Affairs chaired by Hon'ble Prime Minister Shri Narendra Modi has approved Fair and Remunerative Price (FRP) of sugarcane for sugar season 2021-22 (October - September) at Rs. 290/- per quintal for a basic recovery rate of 10%, providing a premium of Rs. 2.90/qrtl for each 0.1% increase in recovery over and above 10%, & reduction in FRP by Rs. 2.90/qrtl for every 0.1% decrease in recovery. The Government's proactive approach to protect interest of farmers is also seen in the decision of no deduction in case of sugar mills where recovery is below 9.5%. Such farmers will get Rs. 275.50 per quintal for sugarcane in ensuing sugar season 2021-22 in place of Rs. 270.75/qrtl in current sugar season 2020-21.

The cost of production of sugarcane for the sugar season 2021-22 is Rs. 155 per quintal. This FRP of Rs. 290 per quintal at a recovery rate of 10% is higher by 87.1% over production cost, thereby giving the farmers a return of much more than 50% over their cost.

In the current sugar season 2020-21, about 2,976 lakh tons of sugarcane of worth Rs. 91,000 cr was purchased by sugar mills, which is at all time high level & is the second highest next to the procurement of paddy crop at Minimum Support Price. Keeping the expected increase in the production of sugarcane in the ensuing sugar season 2021-22, about 3,088 lakh tons of sugarcane is likely to be purchased by sugar mills. The total remittance to the sugarcane farmers will be about Rs. 1,00,000 crore. The Government

through its pro-farmer measures will ensure that sugarcane farmers get their dues in time.

The FRP approved shall be applicable for purchase of sugarcane from the farmers in the sugar season 2021-22 (starting w.e.f. 1st October, 2021) by sugar mills. The sugar sector is an important agro-based sector that impacts the livelihood of about 5 sugarcane farmers and their dependents and around 5 lakh workers directly employed in sugar mills, apart from those employed in various ancillary activities including farm labour and transportation.

Background:

The FRP has been determined on the basis of recommendations of Commission for Agricultural Costs and Prices (CACP) and after consultation with State Governments and other stake-holders.

In last 3 sugar seasons 2017-18, 2018-19 & 2019-20, about 6.2 Lakh Metric Tonne (LMT), 38 LMT & 59.60 LMT of sugar has been exported. In the current sugar season 2020-21 (Oct – Sept.), against the export target of 60 LMT, contracts of about 70 LMT have been signed & more than 55 LMT has been physically exported from the country, as on 23.8.2021. Export of sugar has improved liquidity of sugar mills enabling them to clear cane price dues of farmers.

Government is also encouraging sugar mills to 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. In last 2 sugar seasons 2018-19 & 2019-20, about 3.37 LMT & 9.26 LMT of sugar has been diverted to ethanol. In current sugar season 2020-21, more than 20 LMT is likely to be diverted. In the ensuing sugar season 2021-22, about 35 LMT of sugar is estimated to be diverted & by 2024-25 about 60 LMT of sugar is targeted to be diverted to ethanol, which would address the problem of excess sugarcane as well as delayed payment issue because farmers would get timely payment.

In past 3 sugar seasons about Rs. 22,000 crore revenue was generated by sugar mills/distilleries from sale of ethanol to Oil Marketing Companies (OMCs). In the current sugar season 2020-21, about Rs. 15,000 cr revenue is being generated by sugar mills from sale of ethanol to OMCs at 8.5%. This is expected to significantly increase in the next 3 years as we go upto 20% blending by 2025.

In the previous sugar season 2019-20, about Rs. 75,845 crores cane dues were payable, out of which Rs. 75,703 crore has been paid & only Rs. 142 crore arrears are pending. Even, in the current sugar season 2020-21, out of cane dues payable of Rs. 90,959 crores, Rs. 86,238 crores cane dues have already been paid to farmers. Increase in export & diversion of sugarcane to ethanol is ensuring timely cane price payments to farmers.

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Warm Regards,

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