

# CACP wants sugarcane farmers' dues to be paid in instalments

FE BUREAU

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**THE COMMISSION OF** Agricultural Cost and Price (CACP) has recommended that sugar mills be allowed to pay the fair and remunerative price (FRP) of sugarcane to farmers in instalments, in its *'Price policy for sugarcane report'* for 2021-22.

NitiAayog, in its March 2020 report, had recommended payment of FRP in three instalments: 60% within 14 days of sugarcane delivery, 20% within next two weeks, and the rest within another one month or upon sale of sugar, whichever is earlier.

As per the provisions of the Sugarcane (Control) Order, 1966, sugar mills have to pay farmers within 14 days of the date of delivery of sugarcane. However, most mills are unable to pay within 14 days because the realisation from sugar sales is staggered throughout the year. Mills take loans from banks to pay farmers, which puts a huge interest burden on them, the CACP report said.

Payments to farmers in instalments was in practice in Maharashtra, Karnataka and is still implemented in Gujarat. The industry has been demanding that the practice be permitted on



the lines of Gujarat. The commission has suggested that the Sugarcane (Control) Order, 1966, be amended to allow part payment and that the interest cost, which the mills will save because of staggered payments, be shared with sugarcane growers in the form of additional cane price.

BB Thombare, chairman of Western India Sugar Mills Association, who is on the sub-committees of Niti Aayog, said although sugarcane is crushed to during a period of four months, the sale of sugar is regulated by the government and staggered over the entire year through sales quotas. This makes it difficult for mills to pay farmers within 14 days.

Payment of FRP is mandatory, and though sugar prices had collapsed in the last two to three years, mills had to pay the FRP, he said. So, several mills in Maharashtra have entered into agreements with farmers at the start of the crushing season to pay them in instalments.

