

# Niti panel suggests linking cane prices to sugar rates

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A NITI AAYOG task force has recommended linking sugarcane prices to sugar rates to keep the industry in sound financial health.

It has also pitched for a one-time increase in minimum sugar price to ₹33 per kilo to help sugar mills cover the cost of production.

The report of the panel on 'Sugarcane and Sugar Industry', headed by Niti Aayog Member (Agriculture) Ramesh Chand, was finalised in March 2020. It was posted on the government think-tank's website on Thursday.

The task force also recommended shifting of some areas under sugarcane cultivation to less water-intensive crops by providing suitable incentive to farmers.

"The task force feels that to prevent the problem of arrears for sugarcane farmers and to keep the sugar industry in sound financial health, sugar



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cane prices must be linked to sugar prices.

"The Revenue Sharing Formula (RSF) needs to be introduced, with a Price Stabilisation Fund to protect farmers from receiving prices below the Fair and Remunerative Price (FRP). While the scientific formula suggested by the Ran-

garajan Committee could be considered, the prices of sugarcane may need to be adjusted slightly upwards keeping in view the improvement in recovery rates in the last few years," the report said.

The task force recommended a one-time increase in minimum sugar price to ₹33 per kilo, saying it would help sugar mills to cover the cost of production, including interest and maintenance costs.

"Keeping in view the emerging developments, the MSP for sugar should be reviewed after six months of the notification," it said.

The task force further said the government should target moving about 3 lakh hectares area under sugarcane, which yields about 20 lakh tonnes of the crop, to other crops.

"The task force feels that a compensation of ₹6,000 per hectare could be given as additional incentive to farmers for alternate cultivation patterns that are less water intensive than sugarcane," it said.