AIR Spotlight - Cabinet's Approval on Incentive for Cotton, Jute, and Sugarcane Farmers

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in IAS exam preparation. In this article, the topic of discussion is the recent initiatives taken by the government for the benefit of cotton, jute and sugarcane farmers.

Participants:

- Dr. Nilay Ranjan, Agricultural Expert
- Sanjeev Mukherjee, Journalist

Context:

The Cabinet has approved three big moves recently. All the three decisions taken by the government will be discussed in this article.

Introduction:

The Cabinet Committee on Economic Affairs (CCEA) has approved a slew of measures that will support farmers growing sugar, cotton, and jute. Following are the major decisions:

Ethanol:

- The CCEA increased the price of ethanol extracted from sugarcane juice for blending in petrol to ₹63.45 a litre in the coming sugar marketing season starting December.
- Ethanol blending with petrol is expected to reach 10% next year and 20% by 2025.
- Oil marketing companies buy ethanol from sugar mills and distilleries at the rate set by the government.
- By reducing the sugar surplus and increasing mills' liquidity, the rate hike is expected to reduce their pending arrears in payment to sugar cane farmers.
- Blending ethanol in petrol is a form of additional incentive to the sugar industry. The cash flows of the sugar industry will improve and there will be a constant flow of raw materials to the farmers. Hence, this move provides a new life to the sugar industry that was dying ten years ago and it's expected that the industry will boom.
- It will help the industry to move from being a seasonal industry to a cyclic industry because right now most of the sugarcane industries are season-based. Hence, increasing the ethanol blending is a wonderful step.

Also read: **Ethanol Blended Petrol Programme**

Cotton:

- The CCEA also approved committed price support of ₹17,408.85 crores to the Cotton Corporation of India (CCI) as reimbursement for its losses in procuring crops from farmers at minimum support prices over the last seven years.

- In order to safeguard the interests of the cotton farmers, it was expedient to conduct price support operations in cotton years 2014-15 to 2020-21 as prices touched MSP.
- Price support operations help stabilise the prices and alleviate farmer's distress," said the statement, adding that around 58 lakh farmers and more than 400 people engaged in processing and trade were dependent on cotton for their livelihood.
- The input cost is very high in the production of cotton and so if the crop fails, the farmers go back to below the poverty line. But, if there is some institution to back the farmers, then it will be a boost to the farmers engaged in cotton cultivation.
- The CCI is mandated to procure all Fair Average Quality grade cotton from farmers without any quantitative ceiling, as and when prices fall below the MSP rates set by the Centre, in a bid to protect farmers from distress sales.

Jute:

- In another decision, the CCEA approved reservation norms for the mandatory use of jute in packaging this year, stipulating that 100% of food grains and 20% of sugar must compulsorily be packed in jute bags.
- As the Centre itself purchases jute sacking bags worth approximately ₹8,000 crores a year to pack grains, it also ensures a guaranteed market for the produce of 40 lakh jute farmers, mostly in eastern India, and supports 3.7 lakh jute mill workers, largely in West Bengal.
- This move has the double benefit of providing direct incentives to the farmers especially during the pandemic period when a lot of people lost their jobs as well as conserving the environment.

Second generation crops:

- There are multiple second-generation crops that are used across the country for ethanol blending.
- Adding more second-generation crops will increase the cost of loose production (that farmers are producing basically for self-consumption) but, if the second-generation crops are used more for ethanol blending purposes then, the increased cost will also benefit the farmers.
- The scope of the industry will also increase because petrol prices are market-driven and if the prices increase, there will be no control of the government in standardizing the prices.
- But, once the oil marketing companies buy second-generation crops for blending, it will help them to fulfil the target of 20% ethanol blending in petrol by 2025.
- It will also help in incentivizing the agriculture sector because then the sector would be able to use its byproducts to derive income out of them.
- Hence, this has two benefits, one is saving the environment and the other is providing double incentives to the farmers.

Way Forward:

- The government is introducing new incentives every quarter to protect the interests of the farmers.
- These kinds of incentives help the farmers to get the right price for their products and also encourage them to produce more.
- These steps show that the farmers are the top priority for the government.

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