

5.2 The JTC recommends that the committee continues follow up consultations and discussions with relevant stakeholders to address those unfinished businesses.

6.0 PART 5: ECONOMIC AND FINANCIAL IMPLICATIONS OF THE MEASURES

6.1 With the implementation of the above recommended measures, it is expected that the cane industry would generate on average an annual net revenue of some Rs7.45 Bn as summarised in Table 9 below:

Table 9: Expected Net Revenue of the Industry

| Average Annual Estimated Proceeds | Rs (Bn) |
|---|---------------|
| Sale of sugars (net) ¹ | 6.00 |
| Energy (i.e. 350 GWh @ Rs6.80 / kWh) | 2.30 |
| Value addition on molasses | 0.43 |
| Sub Total | 8.73 |
| Less cost of measures recommended by JTC | (1.28) |
| Net revenue to the industry | 7.45 |

Note 1: Based on an average revenue for the last 5 years.

A status-quo approach, i.e. business as usual, will result in a general disinterest of producers in the development of the sector thus leading to the irreversible abandonment of cane land and the decrease in cane supplies to the mill. This will result in the dwindling and erosion of the industry's revenue of Rs 8.73 Bn, with far reaching consequence on the economy. In the absence of these bold measures estimated at around Rs1.28Bn for Crop 2018, the JTC fears that the collapse of the industry might well occur before the end of the 5 years' visibility period.

6.2 The package of Rs1.28 Bn for Crop 2018 can be summarised in Table10 below.