Government Acts to Curb Sugar Price Rise, Ensure Adequate Availability During Festive Season

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Sugar prices have increased in recent weeks, from ₹48.18 per kg on 20 July 2026 to ₹55.70 per kg on 20 August 2026. The Government is closely monitoring the situation and has taken a series of measures to ensure adequate availability of sugar and stable prices for consumers.

Rise in sugar prices cannot be attributed to ethanol

It is incorrect to attribute the recent increase in sugar prices to diversion of sugar for ethanol production.

In fact, the **share of sugar diverted for ethanol has declined from around 12% in 2022-23 to around 9% in 2025-26**. Moreover, nearly three-fourths of the ethanol produced in the country now comes from grains, particularly maize.

The present increase in sugar prices is due to a combination of factors, including lower-than-expected domestic production, increased demand ahead of the festive season, weather-related damage to the sugarcane crop, tightening global sugar supplies and speculation and hoarding by some sections of the industry.

Sugar production lower than initial estimates

Sugar production during the current season is expected to be around **306 LMT**, compared to the initial estimate of around **343 LMT** by sugarcane-growing States.

Production has been affected by Red Rot and Top Borer disease in sugarcane, as well as waterlogging caused by excess rainfall.

Despite the lower than estimated production, **adequate sugar stocks are available in the country to meet domestic demand until the new crushing season begins in October**.

Sugar prices are rising globally too

The tightening of sugar supplies is a global phenomenon and is not limited to India.

The global sugar deficit for 2026-27 is estimated at around **33 LMT**. Concerns over weather conditions have further affected the global outlook.

As a result, international sugar prices have risen sharply from **$474 per tonne on 30 June 2026 to $552 per tonne on 20 August 2026 — an increase of over 16% in less than two months**.

Ethanol programme has helped farmers and strengthened sugar mills

India normally produces around **320-340 LMT of sugar annually**, against domestic consumption of around **280-290 LMT**. In years of surplus production, excess stocks block the funds of sugar mills and can delay payments to sugarcane farmers.

Diversion of excess sugar towards ethanol has helped address this structural problem and improved the financial health of sugar mills.

The results are visible. **As on 20 August 2026, 97% of sugarcane dues for the 2025-26 sugar season have already been paid to farmers.**

The improved financial position of sugar mills has also reduced their dependence on Government support. While around ₹**14,600 crore of subsidy was provided to the sugar industry between 2014 and 2021, no such subsidy has been announced since 2021-22.**

At the same time, sugar prices for consumers have remained broadly stable over the longer term, increasing by only around **3% annually between August 2024 and July 2026**.

Government acting against hoarding and to increase supply

The Government has observed that speculation and hoarding by some sugar mills and traders have also contributed to the recent price increase. Several steps have therefore been taken:

1. A **stock limit of 400 tonnes** has been imposed on sugar dealers across the country from 1 August to 30 November 2026.
2. From 1 September, bulk consumers will not be permitted to hold sugar stocks exceeding **15 days of consumption**.
3. Joint teams of Central and State Government officials are carrying out **physical verification of sugar stocks at mills** to check hoarding and artificial scarcity.
4. As a precautionary measure, the Government has decided to permit **duty-free import of 10 LMT of raw sugar** to further augment domestic availability.
5. States and sugar mills have been advised to begin crushing from **15 October 2026**. This is expected to raise October sugar production from the usual 3-4 LMT to **more than 10 LMT**, further improving availability during the festive season.

The Government remains committed to protecting the interests of both consumers and sugarcane farmers. It will continue to closely monitor sugar stocks, prices and market practices and take all necessary measures to prevent hoarding and unwarranted price increases while ensuring timely payment of dues to farmers.

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