Ex-Mill Sugar Prices Decline by Around 20%; Retail Prices Begin Downward Movement

Government Measures Improve Market Availability and Ensure Faster Movement of Sugar

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The Government has taken a series of proactive measures to ensure adequate availability of sugar and prevent artificial tightening of supplies in the domestic market. Ex-mill sugar prices have declined by around 20% in recent days, while retail sugar prices have also started coming down. Given the normal transmission of changes through the supply chain, retail prices are expected to follow the downward movement in ex-mill prices shortly.

The Government has been closely monitoring sugar prices, stocks and movement across the country and has taken a series of proactive measures to ensure that the benefit of adequate availability reaches consumers. The downward trend in ex-mill and retail prices reflects that the sharp spike in prices witnessed recently was primarily on account of hoarding and speculation although the country carries adequate stocks of sugar.

Physical Verification Confirms Adequate Sugar Stocks

A nationwide drive for physical verification of sugar stocks at mills has reaffirmed the comfortable availability position. In several cases, sugar mills were found to be holding stocks higher than those declared in their monthly returns submitted to the Government. The verification exercise has established that there is no shortage of sugar in the country and there is no justification for panic buying or excessive stocking. In some cases, sugar mills were also found to be resorting to **short selling**, i.e. selling less sugar than the quantity allocated to them under the monthly quota. Such practices tend to unnecessarily constrain market supplies despite adequate physical stocks.

Fortnightly Sugar Quota System from September

The Government has also observed that, in certain cases, sugar sold by mills at the beginning of the month was being dispatched or lifted by buyers only towards the end of the month. This practice contributed to artificial scarcity in the market. To address such issues and ensure that sugar reaches the market in a timely manner, Government has decided to introduce a **fortnightly sugar allocation system from**

September, replacing the existing monthly quota system. Under the fortnightly quota, mills will be required to sell at least 40% of the allocation in the first week and remaining quantity in the succeeding week.

The fortnightly system will enable the Government to:

- Closely monitor demand and supply
- Respond quickly to changes in market conditions
- Prevent artificial tightening of supplies
- Release additional quota whenever required to maintain adequate market availability.

This flexible mechanism will ensure that sugar supply remains aligned with actual domestic demand.

Sugar to be Dispatched within Seven Days of Sale

Sugar mills have already been directed to ensure that sugar sold is dispatched from the mill **within seven days of sale**. The combination of fortnightly quota allocation and mandatory dispatch within seven days will significantly improve the movement of sugar through the supply chain. It will ensure that sugar moves quickly from mills to dealers and ultimately to consumers, while discouraging unnecessary accumulation and speculative holding of stocks. Bulk consumers of sugar have also been advised not to accumulate stocks in excess of their operational requirements.

New Sugar Season to Further Strengthen Availability

Sugarcane crushing for the new season will commence from 15th October. It is expected that more than 10 LMT of sugar will be produced during the month. The Government has also permitted sugar mills to sell sugar produced during October without restriction, ensuring that new-season production becomes available in the domestic market at the earliest. Sugar production is expected to be around **45 LMT in November**, providing substantial additional supplies for domestic consumption.

Government Assures Consumers of Adequate Sugar Availability

The Government once again assures consumers that there **is no shortage of sugar in the country** and that all necessary measures will be taken to ensure adequate and continuous availability of sugar at reasonable prices across the country, particularly during the forthcoming festive season.

Key Highlights

- Ex-mill sugar prices have declined by around 20% in recent days, and retail prices have also started declining from yesterday. Retail prices are expected to follow the downward trend in ex-mill prices shortly.

- Government stock verification confirms adequate availability of sugar. In Multiple cases, sugar mills were found to have stocks higher than those declared in their monthly returns.

- Fortnightly sugar quota allocation from September will replace the monthly quota system, enabling the Government to monitor the market on a near real-time basis and release additional quota whenever required.

- Sugar sold by mills must be dispatched within seven days, ensuring faster movement of sugar from mills to dealers and the domestic market and preventing unnecessary stock accumulation.

- Early crushing and new-season production will significantly strengthen availability: operational mills in Karnataka and Maharashtra are expected to add around 2 LMT during September, while more than 10 LMT is expected to be produced in October and around 45 LMT in November.

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