

# Industry, farmers raise concerns as sugar exports banned until Sep 30

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New Delhi, 14 May

The sugar industry reacted with shock and awe to the government's decision to ban exports until September 30, barely weeks after it permitted an additional export of 500,000 tonnes over and above the earlier allowed 1.5 million tonnes (mt).

While some said the exports had been banned to check the surge in domestic prices and ensure availability in the coming months, others termed the move a knee-jerk reaction that could hurt farmers in the long run.

Some industry players also felt the move might not help the government meet its objective of reining in ex-mill sugar prices, which have risen from around ₹ 35-36 per kg to almost ₹ 38-40 per kg in recent weeks amid expectations of lower closing stocks and a drop in production.

"The overall pipeline is weak as sugar production in the 2025-26 season (October to September) is expected to be around 27.95 mt against the earlier projected 29 mt, while closing stocks are estimated at 3.8-3.9 mt, significantly lower than last year's 5 mt," a senior industry official said. He added that the export ban would at best help the government retain around 200,000 mt of sugar.

Farmer leader Raju Shetti described the Central government's decision as "unwise", saying it would hurt both mills and farmers

through mounting dues.

The Indian Sugar & Bio-energy Manufacturers Association (Isma), while acknowledging the rationale behind the government's move, said the abrupt nature of the restriction could create practical difficulties for mills that had entered into binding commitments with foreign buyers. It urged the government to allow execution of already concluded export contracts, even after the ban on overseas sugar shipments came into effect from May 13 until September 30. "Permitting execution of already concluded contracts may help facilitate orderly trade settlement and support the credibility of Indian suppliers in the global market," Isma Director General Deepak Ballani said.

For the current sugar season 2025-26, the food ministry had initially permitted exports of 1.5 mt and subsequently opened an additional 500,000 tonne export window, of which only 87,587 tonnes received approval. Informal reports indicate that nearly 650,000 tonnes have been exported, with an estimated 40,000-60,000 tonnes still in the pipeline.

Isma noted that exports were originally cleared in November 2025 on the basis of optimistic production estimates. However, output in key cane-growing states fell short of projections due to lower-than-expected yields and adverse weather conditions.



Rating agency Icra said the export ban would help arrest any sharp rise in domestic prices while safeguarding availability, given expectations of tighter closing inventories.

India's net sugar production for 2025-26, after accounting for ethanol diversion, is likely to come in at around 28 mt, below earlier forecasts.