Sugar (Control) Order, 2025

Prelims *- Governance, Economic Development*

Why in the News?

The Government of India has undertaken a comprehensive review of the Sugar (Control) Order, 1966, leading to the formulation of the Sugar (Control) Order, 2025.

- **Aim** - To simplify and streamline the regulatory framework governing the sugar sector in line with current industry dynamics and technological advancements.
- **Objective** - Building a more efficient, transparent, and accountable sugar ecosystem, fostering both domestic stability and global competitiveness.

Key Highlights of the Sugar (Control) Order, 2025

- **Data integration and sharing** - Department of Food and Public Distribution (DFPD) portal will be integrated with sugar mills Enterprise Resource Planning (ERP)/ Systems, Applications, and Products (SAPAs).
- The process is already going on and more than 450 sugar mills are already integrated with the portal.
- Further, GSTN data related to sale of sugar-by-sugar mills is also integrated with the portal.
- **Regulation of sugar price** - Currently various provisions related to regulation of price of sugar have been mentioned in the Sugar Price (Control) Order, 2018.
- Now clause related to Sugar Price (Control) has been incorporated in the sugar control order, hence there will be no separate Sugar Price (Control) Order.
- **Inclusion of raw sugar** – Raw sugar is added in the control order and it will be considered in the total stock of sugar across the country.
- Currently, raw sugar is being sold by the name of khandsari/Organic; therefore, the change shall put a stop to misleading names of this product.
- **Inclusion of khandsari sugar and khandsari sugar factory** - Khandsari units having crushing capacity more than 500 TCD has been included in the Sugar Control Order, 2025.
- Inclusion will ensure payment of FRP to the farmers by Khandsari sugar factories & will help in the accurate estimation of sugar production.

  A total of 373 No. of khandsari units (with total capacity of about 95000 TCD) are working in the country. Out of which, 66 (with total capacity of about 55200 TCD) are more than 500 TCD.

- **Inclusion of various by-products** - Different kinds of by-products as given below

affecting sugar production from sugarcane included in the order.
    - Cane bagasse, cane molasses, press mud cake or any other alternative product
    - Including ethanol (produced from cane molasses, sugarcane juice, sugar syrup, sugar)
- Government will be able to regulate the diversion of sugar to ensure sufficient availability of sugar for domestic consumption.
- **Inclusion of various definitions** - Definitions for below items are updated to match with Food Safety Standard Authority of India (FSSAI) definitions to ensure uniformity.
    - Sugar, Plantation White Sugar, Refined Sugar, Khandsari Sugar, Gur or Jaggery, Bura Sugar, Cube Sugar, Icing Sugar.

Sugar Industry Regulations

- **Essential Commodities Act, 1955**, - It confers the Directorate of Sugar & Vegetable Oils, Department of Food and Public Distribution to monitor the production, sale, export and stock availability of sugar in the country to ensure sufficient availability of sugar for domestic consumption at stable prices.
- Directorate is also the nodal Office to ensure sufficient capacity creation and production of ethanol in the country to meet target of 20% ethanol blending with petrol by 2025 in India.



- **Cane Price Payment to Sugarcane Farmers** - Fair & Remunerative Price (FRP) is the minimum price that sugar mills are supposed to pay to the farmers for purchase of sugarcane.
- However, some States determine their own State Advised Price (SAP) which is generally higher than FRP and it is announced by key sugarcane producing States namely Uttar Pradesh, Punjab, Haryana &Uttarakhand.

Fair and Remunerative Price(FRP)	State Advised Price (SAP)
• FRP of sugarcane is fixed before commencement of Sugar Season to ensure guaranteed price to sugarcane growers. • FRP is decided on recommendations of the Commission for Agricultural Costs and Prices (CACP) in consultation with the State Governments & other stakeholders • FRP is linked to a basic recovery rate of sugar, with a premium payable to farmers for higher recoveries, to ensure that higher sugar recoveries are adequately rewarded,	• 4 States viz. Punjab, Haryana, Uttar Pradesh (UP) & Uttarakhand (UK) announce SAP which is normally higher than FRP. • In UP and UK, responsibility of cane payment at SAP is on sugar mills. Therefore, SAP puts additional burden on sugar mills of these States. • In Punjab, State Govt. pays SAP which is 100% in case of co-operative sugar mills and 2/3 (66.6%) in case of private sugar mills of differential amount exceeding FRP. • In Haryana, State Govt. provides subsidy to sugar mills based on recovery % to meet the gap between SAP and FRP.

References

1. PIB | Sugar (Control) Order, 2025
2. DFPD | Directorate of Sugar

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