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INDIA'S SUGAR PRICE SURGE: CAUSES, GOVERNMENT RESPONSE, AND THE ETHANOL DEBATE

Retail sugar prices in India rose sharply from Rs 48.18/kg on July 20 to Rs 55.70/kg on August 20, 2026 — with the all-India modal price reportedly touching Rs 65/kg by late August.

The government has rejected claims linking the surge to ethanol diversion, attributing it instead to a combination of production, demand, and market factors.

Government's Five Reasons for the Price Rise

- The Ministry of Consumer Affairs, Food & Public Distribution cited five factors, explicitly rejecting the ethanol-diversion theory:
  - **Lower domestic production:** Sugar output for the current season is estimated at ~30.6 million tonnes, below the initial estimate of 34.3 million tonnes, due to **Red Rot and Top Borer diseases** and waterlogging from excess rainfall.
  - **Festive-season demand:** Rising demand ahead of Dussehra (October 20) and Diwali (November 8) has added pressure on prices.
  - **Weather-related crop damage:** Excess rainfall and waterlogging hit sugarcane output directly.
  - **Tighter global supplies:** International sugar prices rose over 16% (from $474/tonne on June 30 to $552/tonne on August 20), with a projected global sugar deficit of **3.3 million tonnes in 2026-27**.
  - **Speculation and hoarding:** Certain industry sections were flagged for contributing to artificial price pressure.

Why the Government Says Ethanol Is Not to Blame?

- The share of sugar diverted for ethanol has actually declined — from about 12% in 2022-23 to around 9% in 2025-26.
- Nearly three-fourths of India's ethanol now comes from grains (mainly maize), not sugarcane.

The Real Story: Production Shortfall and Nine-Year-Low Stocks

- Industry estimates show **gross sugar production** for 2025-26 at just 309 lakh tonnes, against an initial projection of 343.5 lakh tonnes — a shortfall of over 30 lakh tonnes.
- **Root cause**: Excess rainfall and delayed monsoon withdrawal in Maharashtra, Karnataka, and Gujarat during September-October 2025 waterlogged fields, reducing cane growth and sucrose accumulation.
    - Uttar Pradesh's dominant Co-0238 cane variety was also hit by red rot disease and top shoot borer pests.

Government Measures to Control Prices

- **Stock limits:** A cap of 400 tonnes on sugar dealers nationwide until November 30; bulk consumers barred from holding more than 15 days' consumption stock from September 1.
- **Duty-free imports**: Approval for import of up to 10 lakh tonnes (with the news report separately citing 1 million tonnes) of raw sugar at zero duty till October 31, against the standard 100% tariff.
- **Export ban:** All sugar exports banned till September 30, 2026 as a precautionary measure.
- **Stock verification**: Joint central-state teams ordered to physically verify mill stocks to check hoarding and artificial scarcity.
- **Bulk consumer tracking**: Mills directed to furnish details of large buyers (soft drink/confectionery makers, sweetmeat sellers) who purchased 500+ tonnes annually.
- **Boosting supply:** States and mills advised to begin crushing from October 15, with October output expected to exceed 1 million tonnes (against the usual 3-4 lakh tonnes).
- Industry sources suggest the government may also direct mills to halt ethanol production from direct cane juice and B-molasses in 2026-27 to prioritise domestic sugar supply.

Conclusion

While the government attributes the sugar price surge to production shortfalls, weather damage, festive demand, and hoarding rather than ethanol diversion, data shows gross production itself fell sharply due to climatic and pest-related factors — with ethanol's share actually declining.

'POLITICAL CLEARANCE': WHY CHIEF MINISTERS NEED IT FOR FOREIGN TRIPS

Telangana Chief Minister A Revanth Reddy had to cancel the US leg of his 10-day UK-US tour after the Ministry of External Affairs (MEA) denied him "clearance from political angle." He will now return to Hyderabad from London instead of proceeding to Boston.

What Is Political Clearance?

- Political clearance is granted by the Ministry of External Affairs (MEA) and is mandatory for any government servant — not just public representatives — undertaking a foreign trip.
- The MEA receives hundreds of clearance requests every month from ministries, secretaries, bureaucrats, and other officials.
- **Factors** influencing the decision include the nature of the event, the level of participation from other countries, the type of invitation extended, and India's diplomatic relations with the host country.

What Clearances Do Chief Ministers Need?

- Chief Ministers, state ministers, and Union Territory ministers must inform both the Cabinet Secretariat and the MEA about any foreign visit — official or private.
- As per a Cabinet Secretariat circular, prior political clearance and FCRA (Foreign Contribution Regulation Act) clearance are mandatory.
- They also require clearance from the Department of Economic Affairs (DEA), and a copy of the application must be sent to the DEA Secretary.
- Crucially, the DEA and concerned ministries will process an application only if MEA's political clearance is attached — without it, no public servant can travel abroad.

Past Instances of Denied Clearance

- Denial of political clearance is not unprecedented:
  - **2022:** Then Delhi CM Arvind Kejriwal had to cancel a Singapore visit after clearance was denied.

- **UPA era:** The MEA denied clearance to then Assam CM Tarun Gogoi's proposed trips to the **US** (citing that "direct correspondence by a diplomatic Mission with a State Government" was inappropriate) and to **Israel** (citing protocol difficulties). Then Jharkhand CM Arjun Munda was similarly denied clearance for a trip to **Thailand**.

Clearance Requirements for Other Officials

- **Union Ministers:** Political clearance from MEA, plus approval from the Prime Minister for both official and personal trips.
- **Lok Sabha MPs:** Clearance from the Speaker; Rajya Sabha MPs from the Chairperson (Vice President of India).
- **Officials up to Joint Secretary level**: Cleared by the concerned minister after MEA political clearance.
- **Officials above Joint Secretary level**: Require approval from a Screening Committee of Secretaries (ScoS).
- If foreign hospitality involves non-UN organisations, FCRA clearance from the Home Ministry is additionally required.
- Government employees, however, need approval for all foreign trips, official or personal.

Do Judges Need Clearance?

- For official travel, Supreme Court/High Court judges' proposals go through the Department of Justice (DoJ) after clearance from the Chief Justice of India, followed by MEA (and Home Ministry, if FCRA applies) clearance.

Conclusion

Political clearance remains a critical gatekeeping mechanism ensuring that India's foreign policy interests are safeguarded even in visits by state and central officials.

While the Revanth Reddy episode has reignited debate over the system's transparency and timing, its core rationale — protecting diplomatic sensitivities — continues to shape how Chief Ministers, ministers, MPs, officials, and even judges navigate foreign travel.

CENSUS 2027 QUESTIONNAIRE - NEW QUESTIONS, NPR LINK AND CONCERNS OVER DATA COLLECTION

- The Census of India is the country's largest exercise for collecting demographic, social and economic information about its population. It provides data required for public policy, planning, administration and allocation of resources.
- The Census is fundamentally a statistical exercise. Its information is used to understand population characteristics such as age, sex, literacy, education, occupation, housing conditions and other socio-economic indicators.
- The upcoming Census 2027 is significant because the population enumeration questionnaire contains 40 questions, of which 14 are new or modified compared with the 2011 Census.

Key New or Modified Questions in Census 2027

- The new or modified questions cover a relatively broad range of demographic, socio-economic and identification-related information.
- These cover spouse's name, nationality as declared, father's and mother's particulars, Scheduled Caste/Scheduled Tribe/caste, literacy and digital literacy, highest educational qualification and stream, place of Covid-19 vaccination, number of bank accounts, mobile number, Aadhaar, voter ID, passport, and driving licence.
- The inclusion of caste-related information is particularly significant because Census 2027 will collect caste data, unlike the population enumeration component of the 2011 Census, which did not collect comprehensive caste information beyond the SC and ST's.

National Population Register

- The National Population Register (NPR) is **a register of the country's usual residents**.
- A usual resident is a person who has lived in a particular local area for at least six months, or intends to live there for the next six months.
- Therefore, the NPR is not, by definition, a register exclusively of Indian citizens. A foreign national who satisfies the residence criterion can also fall within its scope.

- The NPR was first prepared in 2010, alongside the house-listing phase of the 2011 Census, and was subsequently updated through a door-to-door exercise in 2015.
- The proposed 2020 update of the NPR became politically contentious because of its relationship with debates surrounding citizenship.

Government's Position

- **Administrative and Policy Rationale**
    - A comprehensive database of residents can potentially assist governments in:
        - Formulating public policies.
        - Planning public services.
        - Identifying beneficiaries.
        - Improving delivery of welfare schemes.
        - Reducing duplication in government records.
        - Reconciling discrepancies across databases.
        - Reducing paperwork for citizens.

Privacy and Data Protection Concerns

- The debate surrounding the Census 2027 questionnaire raises a broader question about **government data collection and privacy**.
- The inclusion of information such as mobile numbers and identity documents potentially creates greater possibilities for linking Census information with other government databases.
    - Therefore, the central privacy question is not merely **how much information is collected**, but also: How the information is stored?
    - Who can access it?
    - How it can legally be used?
    - Whether it can be linked with other databases?
    - What safeguards exist against unauthorised access or misuse?
- These considerations are particularly important because Census data concerns virtually the entire population.

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KEEP UPI FREE - FUND IT FROM THE SAVINGS IT GENERATES

- When Unified Payments Interface (UPI) was introduced (by NPCI), the objective was to reduce dependence on cash by providing a simple, interoperable and low-cost payment system.
- UPI has since become the **backbone** of India's digital payments ecosystem. **For example**, it processed over 24,000 crore transactions in 2025-26, roughly 66 crore transactions a day, worth about **₹314 lakh crore**.
- It accounted for around **85%** of India's digital retail payments and nearly half of the world's real-time payments.
- A large proportion of transactions are **small-value payments**—around ₹1,300 on average, with 86% of merchant payments below ₹500.
- These include everyday payments to vegetable vendors, autorickshaw drivers, small shops and street businesses.
- Thus, UPI's significance lies not merely in transaction volumes but in its ability to formalise small-value economic activity and make digital payments accessible to **ordinary citizens**.

Why MDR is the Wrong Pricing Model?

- Merchant Discount Rate (**MDR**) originated in the card-payment ecosystem, where multiple intermediaries—issuer, acquirer and payment network—share costs and assume risks associated with physical infrastructure and credit.
- **UPI operates differently:**
  - It is based on interoperability, rather than closed payment networks.
  - Transactions move directly between bank accounts.
  - There is no physical card or terminal.
  - There is no comparable credit-default risk.
  - Settlement is almost instantaneous.
  - UPI is built on an open protocol and common infrastructure.

- Therefore, applying the traditional MDR model to UPI would amount to imposing an **inappropriate legacy pricing** mechanism on a fundamentally different digital public infrastructure.

The Cost of Zero-MDR UPI:

- Banks and payment providers nevertheless incur real costs in operating UPI. The government has attempted to bridge this gap through **incentives**.
- However, the projected expenditure on these incentives has increased sharply—from about ₹3,631 crore to nearly ₹**4,373 crore**.
- The solution should not be to recover these costs directly from merchants and consumers through MDR.

Way Forward:

- **Instead of imposing MDR:**
    - Fund UPI through savings generated by reduced cash dependence.
    - Develop transparent, formula-based support for payment infrastructure.
    - Ensure that any support is linked to value delivered, rather than transaction pricing.
    - Preserve affordability for small merchants and consumers.
    - Avoid policies that could encourage a return to cash.
- The debate illustrates the broader challenge of balancing financial sustainability with inclusive digital public infrastructure.
- India's UPI model demonstrates how interoperability, network effects and state-supported digital infrastructure can reduce transaction costs while promoting **financial inclusion**.

Conclusion:

- The central proposition is clear: UPI should remain free at the point of use.
- If digitalisation saves money for the government and banks, those savings should help finance UPI rather than recovering costs through MDR from merchants and consumers.
- Preserving **zero-cost UPI** is therefore presented not merely as a **payment-policy choice**, but as a means of protecting India's cash-light, inclusive and digitally enabled economy.

NATIONAL FINANCIAL REPORTING AUTHORITY

National Financial Reporting Authority

- It is an **independent regulatory body** established by the Government of India under Section 132(1) of the **Companies Act, 2013.**
- Its primary role is to **oversee and enforce compliance** with **accounting and auditing** standards to improve the credibility, quality, and transparency of financial reporting in India.
- It aims to **protect the interests of investors, stakeholders**, and the public by ensuring high standards in the financial reporting ecosystem.
- **Head Office:** New Delhi.
- **Composition**
    - The Companies Act requires the NFRA to **have a chairperson** who will be **appointed by the Central Government and a maximum of 15 members.**
        - All the members, including the chairperson, who are in full-time employment, **should not be associated with any audit firm** (including related consultancy firms) during their term of **office and 2 years after their term.**
    - **Powers**
        - It has the power to **investigate, either suo moto or on a reference made** to it by the Central Government, into the matters of professional or other misconduct committed by any member or firm of chartered accountants registered under the Chartered Accountants Act, 1949.
        - It has the **same powers as are vested in a civil court** under the Code of Civil Procedure, 1908, while trying a suit.
        - Any person who is not satisfied with the order of the NFRA can then make an appeal to the **Appellate Authority.**