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EDITORIAL ANALYSIS

From Plate to Plough: When the Fuel Tank Bids Against the Kitchen

📰 INDIAN EXPRESS

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CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

From Plate to Plough: When the Fuel Tank Bids Against the Kitchen

📰 **The Indian Express** 31 August 2026 GS3

INTERVIEW ANGLE

"India met its E20 blending target five years early and is now debating E27. If the same cane sweetener can go to a fuel tank or a kitchen, who should decide the split, and on what principle?"

Source: Original editorial ↗ The Indian Express

Every fact web-verified against primary sources

THE LIFT LINE

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

Food-versus-fuel is one of those debates candidates know exists and almost always write badly, because they treat it as a slogan rather than as a mechanism. The usual answer asserts that ethanol raises food prices and moves on.

This piece is useful precisely because it forces the harder version. Ethanol did not cause the crop failure: output collapsed for agronomic reasons, and the government’s rebuttal on that point is factually correct. What the authors show is different: diversion of 2.75 million tonnes to fuel **continued even in the tight year**, stacking a third pressure on top of thin opening stocks and a failed crop, and a standing annual fuel commitment **removes the buffer** that a food market needs in a bad year. A candidate who writes “ethanol caused the sugar price rise” is wrong; one who writes “the ethanol commitment did not flex when supply did” is precise. Learning to state that distinction is worth more than the topic itself, because the same move works on any resource-allocation question in GS3.

BACKGROUND AND CONTEXT

The price move. The all-India **modal retail price** of sugar rose from about **Rs 45 a kg on July 24, 2026** to about **Rs 65 a kg by August 24**, a rise of roughly **44 per cent** in a month.

> *Business Standard recorded the retail price rising from* **Rs 48.18 a kg on July 20** *to* **Rs 55.70 on August 20**, *about* **16 per cent**. *The two differ because one tracks a* **modal** *price and the other an average, over slightly different windows. Cite the series you are using, with its source, and never split the difference.*

The crop, in the column's own figures. The sugar year opened with stocks of about **5 million tonnes against 8 million a year earlier**. Gross production for **2025-26** was revised down from an initial estimate near **34.3 million tonnes to an official 30.6 million**, with damage from **red rot** and **top-borer**; about **27.35 million tonnes had been produced by June**, and since July-to-September output has averaged only about 0.38 million tonnes over the previous six seasons, the authors expect a **further downward revision to 28 to 29 million tonnes**. About **2.75 million tonnes** of sugar went to ethanol even in the tight year. Industry-side reporting elsewhere put the revision at 343.5 to 309.5 lakh tonnes; the direction and scale agree even where the decimals do not.

The policy backdrop. The **National Policy on Biofuels, 2018**, amended in **2022**, advanced the **E20** target. India **achieved E20 in 2025**, five years ahead of the original 2030 date, and is now preparing for **E25, E27 and E30**, with the **Bureau of Indian Standards** directed to develop the **E27** standard and **ARAI** studying engine modification. Blending targets recommended by the inter-ministerial committee run from **ESY 2026-27**, beginning **November 1, 2026**.

The government's response to the spike. Duty-free import of up to **1 million tonnes of raw sugar** with the window to **October 31**, terms revised on **August 25, 2026** to allow two months for refining and sale; **stock limits** on mills and traders under the **Essential Commodities Act, 1955**; and an **export ban to September 30, 2026**.

THE ANALYSIS

The specific recommendation. Gulati and Adhikari call the 1 million tonne raw sugar window **"too little, too late"** and argue for importing **at least 3 to 4 million tonnes of refined sugar** before and during the festive season, cutting the **refined sugar import duty**, currently **100 per cent**, to between **0 and 5 per cent temporarily**.

Why refined rather than raw, and why this is the sharp point. The existing government window is for **raw** sugar, which must be **refined before it can be sold**, and the revised terms give importers **two months** to do it. Refined sugar reaches the shelf immediately. When the problem is a festive-season spike with a defined end date, the instrument that acts in weeks is materially different from the one that acts in months. That is a technical observation about **policy latency**, and it is the kind of detail that lifts an answer above the general.

The feedstock argument, worked through. The authors' framing is that the blending programme should be examined **feedstock by feedstock**, with **food kept as the higher-order priority**, because no substitute is free of food consequences. **Surplus FCI rice** can replace sugar in the short run, but FCI must charge ethanol plants **at least the procurement price of rice**, if not its full economic cost. **Maize** is the best feedstock on water use and is already a primary ethanol input, but Indian yields hover near **3.5 tonnes a hectare against about 11 in the United States**, so expanding maize ethanol without a productivity jump transmits the pressure to **poultry, eggs and milk**, where maize is the main feed. The authors even pose the uncomfortable question directly: would India allow **GM maize**, which drives American yields? **A single verdict on "ethanol" is therefore not available**, and an answer that delivers one has skipped the analysis.

The safety valves. Two further instruments sit in the column: **importing ethanol** itself when domestic supply is pressing on food prices, and **temporarily reducing the blend from 20 to about 15 per cent**. Both treat the blending rate as an adjustable dial rather than a ratchet, which is the deepest break with current policy in the piece.

The mechanism, stated exactly. A blending obligation is a **quantity commitment that does not flex with the harvest**. In a good year it absorbs surplus, which is genuinely useful and was part of the original policy case. In a bad year the obligation stands while output falls, so the **entire adjustment lands on the food market**. That asymmetry is the structural fault, and it is invisible until a bad year arrives.

The price signal underneath it all. The **Fair and Remunerative Price** for cane is **Rs 355 per quintal** for 2025-26. The **minimum selling price of sugar** has been **Rs 31 per kg since February 2019**, against an industry-estimated production cost near **Rs 40**. ISMA has sought about **Rs 41.66**. Ethanol procurement prices are administered separately. A mill reading those numbers is being paid to prefer fuel. No amount of policy language about food security changes what the spread is telling the mill to do.

DATA AND INSTITUTIONS VAULT

PRELIMS-GRADE FACTS:

THE PRICE EPISODE:

The modal retail price of sugar rose from about Rs 45 a kg on July 24, 2026 to about Rs 65 by August 24.

Business Standard’s series recorded Rs 48.18 a kg on July 20, 2026 rising to Rs 55.70 on August 20.

Gross sugar production for 2025-26 was revised from about 34.3 million tonnes to an official 30.6 million.

Gulati and Adhikari expect a further downward revision to 28 to 29 million tonnes.

Sugar-year opening stocks were about 5 million tonnes, against 8 million a year earlier.

About 2.75 million tonnes of sugar went to ethanol in 2025-26 despite the tight supply.

Waterlogging hit the crop in Maharashtra and Karnataka; red rot and top-borer hit Uttar Pradesh.

Indian maize yields are about 3.5 tonnes a hectare, against about 11 in the United States.

Red rot of sugarcane is caused by the fungus Colletotrichum falcatum.

THE POLICY RESPONSE:

The Centre allowed duty-free import of up to 1 million tonnes of raw sugar, window to October 31.

Import terms were revised on August 25, 2026, allowing importers two months to refine and sell.

Sugar exports were banned until September 30, 2026.

Stock limits on mills and traders rest on the Essential Commodities Act, 1955.

The refined sugar import duty stands at 100 per cent.

THE PRICING ARCHITECTURE:

The Fair and Remunerative Price for cane is Rs 355 per quintal for 2025-26, up from Rs 340.

FRP is set by the Centre on CACP advice under the Sugarcane (Control) Order, 1966.

The State Advised Price is set by state governments and sits above the FRP.

The minimum selling price of sugar is Rs 31 per kg, unchanged since February 2019.

ISMA has sought a revision of the sugar minimum selling price to about Rs 41.66 per kg.

THE ETHANOL PROGRAMME:

The National Policy on Biofuels was adopted in 2018 and amended in 2022.

India achieved the E20 blending target in 2025, five years ahead of the original 2030 deadline.

BIS was directed to develop the E27 standard; ARAI was tasked with engine modification studies.

The Ethanol Supply Year runs November to October; the next target cycle begins November 1, 2026.

Ashok Gulati and Tanmoy Adhikari are at ICRIER, the Indian Council for Research on International Economic Relations.

The **minimum selling price of sugar** *is a* **floor below which mills may not sell**. *It is not the* **Minimum Support Price** *of foodgrains, which is a* **procurement** *price paid to farmers. The abbreviation is identical and the economics run in opposite directions. Writing that the government "procures sugar at MSP" is wrong.*

THE DEBATE

Ethanol is implicated. A standing fuel claim on a food crop removes the buffer. The price signal created by a frozen sugar MSP against a rising FRP pushes mills toward fuel. And a country debating E27 while importing sugar at a 100 per cent duty is running two policies that have not been reconciled.

Ethanol is not implicated. The production data is unambiguous: gross output collapsed for weather and pest reasons, and ethanol's share **fell**. The government, ISMA and the distillers' association all say domestic consumption is the first claim on cane. Prices **eased** once imports and stock limits were announced, which is the signature of a supply shock and hoarding, not of structural diversion. The blending programme also delivered a genuine public good: it absorbed surplus in glut years, cut crude imports and paid cane arrears.

Where the truth likely sits. Ethanol did not cause the 2026 crop shortfall, and the critics do not claim it did; what Gulati and Adhikari document is that the fuel claim **kept drawing on cane while the crop was failing**, one of three supply pressures alongside thin opening stocks and the failed harvest. The episode shows that India built an energy obligation on a food crop **without building the buffer that makes such an obligation safe in a bad year**. That is a design gap, not a scandal, and it has a technical fix: a protected sugar reserve the blending programme cannot touch, plus a migration of marginal obligation to non-food feedstocks.

HOW TO THINK ABOUT THIS

When two policy objectives bid for the same physical resource, ask four questions in order.

Is the claim fixed or flexible? A blending obligation expressed as a percentage of petrol consumption is fixed against the harvest. That is the root of the asymmetry.

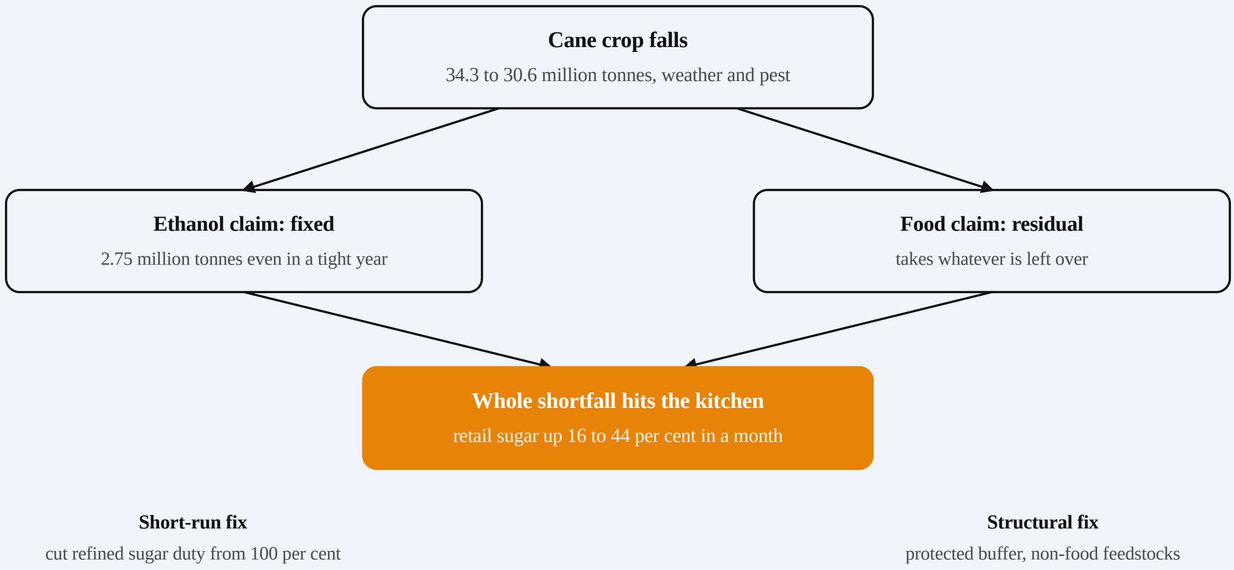
Who absorbs the shortfall when supply falls? Whichever claimant lacks a floor. Here, the food market.

What does the administered price spread instruct producers to do? Follow the money, not the policy statement. FRP up, sugar MSP frozen since 2019, ethanol price separate and moving.

Is there a substitute input that breaks the competition? Second-generation and residue-based feedstocks. If yes, the trade-off is a transitional problem rather than a permanent one, and the answer should say so.

That four-step scaffold transfers directly to land for solar against agriculture, water for industry against irrigation, and grain for ethanol against the public distribution system.

DIAGRAM-IN-WORDS



The shortfall was agronomic, not ethanolic. What the fixed fuel claim did was decide who paid for it. Making the ethanol claim flexible, or the food claim protected, is the whole of the reform.

TAKEAWAY BOX

When one crop can become food or fuel, the price gap decides which, and right now the gap points at the fuel tank.

Modal retail sugar about Rs 45 a kg on July 24, 2026 to about Rs 65 by August 24; production revised from about 34.3 to an official 30.6 million tonnes, with 2.75 million tonnes to ethanol and opening stocks of 5 against 8 million tonnes; duty-free raw sugar import of up to 1 million tonnes to October 31, terms revised August 25; refined sugar duty at 100 per cent; FRP Rs 355 per quintal for 2025-26; sugar minimum selling price Rs 31 per kg since February 2019; E20 achieved 2025; Ethanol Supply Year runs November to October; Indian maize yields about 3.5 tonnes a hectare against about 11 in the United States.

Distinguish causation from cushion. Ethanol did not cause the shortfall; a fixed annual ethanol claim removed the buffer that would have absorbed it. Correctives: temporary refined-sugar duty cut now, then a protected sugar reserve, migration of marginal blending to non-food and residue feedstocks, and alignment of the sugar minimum selling price with cane cost.

India met E20 five years early and is now designing E27. If the same sweetener can fuel a car or sweeten a kitchen, who should decide the split, and on what stated principle?

Sources: The Indian Express, Business Standard, PIB

Source: From Plate to Plough: When the Fuel Tank Bids Against the Kitchen — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

KEY ARGUMENTS AT A GLANCE

Writing in the Indian Express, Ashok Gulati and Tanmoy Adhikari of ICRIER argue that the 44 per cent rise in the modal retail price of sugar within a single month in August 2026 exposes structural faults in India’s ethanol programme, in which energy policy has come to compete directly with food markets, and that food must be treated as the higher-order priority when the two bid for the same crop.

✓ SUPPORTING

- The all-India modal retail price of sugar rose from about Rs 45 a kg on July 24, 2026 to about Rs 65 a kg by August 24, a rise of roughly 44 per cent in a month, which is a speed of adjustment that market fundamentals alone struggle to explain.
- Three supply-side pressures created a perfect storm: opening stocks of about 5 million tonnes against 8 million a year earlier, production revised down from about 34.3 to 30.6 million tonnes with a further cut to 28 to 29 million likely on the authors’ arithmetic, and the diversion of about 2.75 million tonnes of sugar to ethanol even when supplies were tight.
- The government’s 1 million tonne duty-free raw sugar window is too little and too late, because raw sugar needs refining time; the authors want at least 3 to 4 million tonnes of refined sugar imported before and during the festive season, with the 100 per cent refined sugar duty slashed to between 0 and 5 per cent.
- Feedstocks are not interchangeable in their food consequences: FCI’s surplus rice can substitute only if priced at least at procurement cost, and maize, the best feedstock on water use, yields about 3.5 tonnes a hectare in India against about 11 in the United States, so more maize ethanol without a productivity jump moves the pressure to poultry, eggs and milk.

⚠ COUNTER

The government, supported by the Indian Sugar and Bio-energy Manufacturers Association and the All India Distillers’ Association, holds that ethanol diversion did not cause this spike. Gross production for 2025-26 fell from an initial estimate near 34.3 million tonnes to a revised official figure of about 30.6 million because of waterlogging in Maharashtra and Karnataka and red rot and top-borer in Uttar Pradesh, while ethanol’s share of the crop actually declined. On this reading the cause is a crop failure compounded by festive demand and hoarding, and the price eased once duty-free imports and stock limits were announced, which is what a supply-and-expectations shock looks like rather than a structural diversion.

→ WAY FORWARD

Import enough refined sugar, 3 to 4 million tonnes on the authors' arithmetic, before and during the festive season, with the duty cut to near zero. Temporarily shift ethanol away from sugar toward surplus FCI rice and maize, with FCI charging ethanol plants at least the procurement price of rice.

Retain imported ethanol, or a temporary reduction of blending from 20 to about 15 per cent, as safety valves. In the longer run, give oil marketing companies flexibility to choose the most economical feedstock subject to food-security, farmer and environmental safeguards, invest in raising maize productivity, and have the government hold strategic buffers rather than manage every feedstock allocation.

✍️ **MAINS ANSWER FRAMEWORK**

QUESTION

India's biofuel programme has achieved its blending targets ahead of schedule while creating new trade-offs with food markets. Critically examine the design choices that produced this tension and suggest correctives. (250 words)

INTRODUCTION

India achieved 20 per cent ethanol blending in petrol in 2025, five years ahead of the target set in the National Policy on Biofuels, 2018, and is preparing standards for higher blends. That achievement rests substantially on sugarcane and its derivatives, which means a single crop now serves an energy obligation and a food staple simultaneously.

The sugar price episode of August 2026 is the first serious stress test of that arrangement.

BODY

Three design choices produced the tension. First, feedstock concentration.

The blending programme leaned on cane juice, B-heavy molasses and C-heavy molasses because the distillation capacity and the cane supply chain already existed, which made the target achievable but tied fuel policy to the weather over a single crop. Second, an administered price gap.

The Fair and Remunerative Price for cane has risen to Rs 355 per quintal for 2025-26, while the minimum selling price of sugar has stood at Rs 31 per kg since February 2019 against a production cost estimated near Rs 40. Ethanol procurement prices are set separately and have moved.

A mill facing that spread is being told by the price signal to make fuel, whatever the policy documents say about food coming first. Third, the absence of a protected buffer.

A standing annual commitment of cane sweetener to ethanol, about 27.5 lakh tonnes in 2025-26, is a claim that does not shrink when the crop does, so a production shortfall approaching 37 lakh tonnes on the revised official estimate transmits almost entirely into the food market. That is the mechanism worth stating precisely: the criticism is not that ethanol caused the shortfall, which the production data does not support, but that the ethanol commitment removed the cushion that would have absorbed it.

The government's rebuttal, that ethanol's share fell while gross output collapsed on account of waterlogging in the western belt and red rot and top-borer in Uttar Pradesh, is factually correct and does not meet this argument, because the two are answering different questions.

CONCLUSION

The correctives follow from the diagnosis rather than from a verdict on biofuels. In the short run, restore supply through a temporary reduction in the refined sugar import duty alongside the raw sugar window and stock limits under the Essential Commodities Act, 1955.

In the medium run, decouple the two markets: move marginal blending obligations to non-food and residue-based feedstocks, fund second-generation ethanol capacity, hold an explicit sugar buffer that blending cannot draw on, and align the sugar minimum selling price with cane cost so that the price signal stops instructing mills to prefer the fuel tank. Energy security and food security are both legitimate national objectives; the failure lies in leaving the trade-off between them to be settled by an administered price gap rather than by a stated policy rule.

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CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

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