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Karachi Imposes Government-Mandated Sugar Price Controls

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The Karachi Commissioner's Office has implemented strict price controls on sugar, setting wholesale rates at 170 Pakistani rupees (PKR) per kilogram and retail at PKR 173 per kilogram. Commissioner Syed Hassan Naqvi warned of legal consequences for businesses violating the new pricing regime, marking the latest intervention in Pakistan's ongoing battle against food inflation.

This heavy-handed regulatory approach follows months of volatile sugar prices that have strained household budgets across Sindh province. While officials claim the measure will stabilize markets, economic analysts question whether price ceilings address the root causes of scarcity. "Artificial price controls often backfire by encouraging black markets and discouraging production," cautioned Dr. Farid Alam, an economist at Karachi's Institute of Business Administration. Historical precedent supports these concerns – similar interventions in 2020 led to widespread sugar shortages as mills withheld stocks.

The notification requires all sellers to prominently display the government-mandated rates, with Commissioner Naqvi authorizing raids and fines against non-compliant businesses. However, market realities may undermine enforcement. Production costs for Pakistani sugar mills currently exceed PKR 165/kg due to rising energy and transportation expenses, leaving minimal profit margins that could deter investment. The Pakistan Sugar Mills Association (PSMA) has repeatedly warned that unsustainable pricing jeopardizes the industry's 1.5 million jobs.

Rather than addressing systemic issues like crop yields, supply chain inefficiencies, or hoarding behaviors, this policy exemplifies the pitfalls of centralized economic management. Price controls create temporary political wins but ultimately distort markets and reduce availability. As Karachi's 20 million residents prepare for Ramadan – when sugar demand typically surges 40% – the government would better serve citizens by dismantling regulatory bottlenecks and incentivizing productivity gains instead of resorting to punitive measures that historically fail.