

Voluntary Report – Voluntary - Public Distribution

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Report Name: Government of India Announces Market Year 2020-21
Subsidy for Sugar Exports

Country: India

Post: New Delhi

Report Category: Sugar, Agriculture in the News, Agricultural Situation, SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports, Trade Policy Monitoring

Prepared By: Ankit Chandra, Agricultural Specialist

Approved By: Mark Rosmann

Report Highlights:

On December 16, 2020, the Government of India's (GOI) Cabinet Committee on Economic Affairs (CCEA), chaired by Prime Minister Narendra Modi announced a subsidy of \$475.8 million to facilitate sugar exports of six million metric tons for market year 2020/21 (October-September).

Background

On December 16, 2020, the Cabinet Committee on Economic Affairs (CCEA) approved its marketing year (MY) 2020/21 sugar subsidy, totaling USD \$475.8 million (INR 3500 crores) to export six million metric tons (MMT) under its Maximum Admissible Export Quota (MAEQ) program that facilitates sugar exports and subsidizes any related additional production costs. An additional \$728.8 million (INR 5361 crores) budgetary provision has been made to clear preceding years' outstanding sums which will be directly transferred to sugarcane farmers.

This subsidy outlay results in an export assistance of \$78.60/MT (INR 5833/MT), a steep decrease of 44 percent over the MY 2019/20 export assistance of \$140.8/MT (INR 10,448/MT). The subsidy typically covers marketing expenditures, such as handling, quality upgrading, debagging, and other processing costs; internal transportation and freight charges including loading, unloading, and distribution services; and ocean freight (shipment from Indian ports to destination ports).

This comes in light of India's surplus sugar stocks while production forecasts are estimated at 31 MMT (refined; 33.7 MMT raw sugar), pending arrears (\$2.1 billion), steady global sugar prices; the ongoing WTO dispute on sugar trade, and the GOI's growing emphasis on diversion of surplus sugar toward ethanol to meet its E10 blend target. India's domestic consumption of refined sugar fluctuates between 25-26 MMT, and exports remain critical for India's sugar industry (See: [GAIN: IN2020-0160](#)).

Attachments:

[PIB1681050.pdf](#)