

Voluntary Report – Voluntary - Public Distribution

Date: November 16, 2023

Report Number: IN2023-0083

Report Name: India Restricts Sugar Exports Beyond October 31 for Indefinite Period

Country: India

Post: New Delhi

Report Category: Sugar

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Approved By: Joanna Brown, Agricultural Attaché

Report Highlights:

On October 18, 2023, the Ministry of Commerce and Industry and the Directorate General of Foreign Trade (DGFT) amended the export restriction on sugar beyond October 31, 2023, to an indefinite period. The export of sugar under the CXL concession quota with the United Kingdom and the tariff-rate quota (TRQ) with the United States are unaffected.

DISCLAIMER: The information contained in this report is retrieved from Directorate General of Foreign Trade and the Ministry of Consumer Affairs, Food and Public Distribution. The Foreign Agricultural Service (FAS), Office of Agricultural Affairs at the U.S. Embassy in New Delhi, USDA and/or the U.S. government make no claim of accuracy or authenticity. The Government of India has not officially endorsed this report. Price changes of any product are subject to market trends, production, government price support and regulations as interpreted by Indian officials during the crop year. [Note: Use Google Chrome to access the links that do not open in Microsoft Edge. Indian government host sites will geo-block site access on a rolling basis].

GENERAL INFORMATION

On October 18, 2023, the Ministry of Commerce and Industry and the Directorate General of Foreign Trade (DGFT) issued Public Notice No. 36/2023 (notification attached). The notice states that Indian government amended their restriction on sugar exports beyond October 31, 2023, until an indefinite time. The export of raw, white, refined, and organic sugar under HS codes 17011490 and 17019990 will be restricted. However, the export of sugar to the United Kingdom and the United States under the tariff-rate quotas (TRQ) will not be impacted by this restriction and will continue as directed in the public notices last year. Under the TRQ for fiscal year 2024 (from October 1, 2023, to September 30, 2024), the United States Trade Representative (USTR) allocated 8,606 metric ton raw value (MTRV) of cane sugar to India.¹ The European Union allocated the export of 5,841 MT of sugar from India for the same time period.²

India's restriction is a continuation of the sugar export ban imposed between June 1 and October 31, 2022, which was subsequently extended to October 31, 2023. For the sugar marketing year (MY) 2022/23, India put the export cap at 6.1 million metric tons (MMT) of sugar, compared to 11.1 MMT from the previous MY. Given that markets in New York and London are still functioning at multi-year highs, India's export restrictions are likely to push up benchmark prices, raising concerns about additional global food price inflation.³

In September 2023, the spot price of sugar across all the grades increased to INR 3,725/quintal (\$45.4/quintal), compared to the corresponding period of last year at INR 3,467/quintal (\$42/quintal).⁴ On October 18, 2023, the spot price of sugar reached one of its highest levels at INR 3,755/quintal (\$45.8/quintal), which is almost 2.8 percent higher than MY 2022/23 and one of the highest in 7 years.⁵ The uneven rainfall and dry spell due to the El Nino effect in major

1 INR is equal to USD 82.

¹ USTR Announces Fiscal Year 2024 WTO Tariff-Rate Quota Allocations for Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products, [Office of USTR](#).

² Source: Government of India, Ministry of Commerce, [Public Notice No. 29/2023](#)

³ See: "India extends curbs on sugar exports to calm domestic prices." [Reuters](#), Published on October 18, 2023.

⁴ See: USDA GAIN India, "India: Sugar Semi-annual," [IN2023-0069](#).

⁵ [NCDEX](#)

sugarcane producing states Karnataka and Maharashtra⁶ will likely contribute to a lower stock limit and cause anxiety by the industry and government oversight agencies.

Earlier this summer, the Ministry of Consumer Affairs, Food and Public Distribution (DFPD) issued a public notice. No. 5-4(2020)-SC (notification attached) to all the sugar mills to comply with the imposition of stock-holding limits to control domestic price distortion.⁷ Due to the uncertain weather conditions, the Indian government-imposed export restrictions to maintain price stability before the general election in 2024. It also assures the availability of sugar during the festive season and offers a supply for the ethanol blending program.⁸

The impact of inflation on India's sugar prices are relatively small compared to other food commodities. The price change of sugar over the last 10 years is 19 percent and the compound annual growth rate (CAGR) is 2 percent, whereas the CAGR for rice and wheat are at 4 percent each, salt is at 5 percent, and mustard and soybean oil are at 6 percent each.⁹ In the international markets, the sugar price is trending at a 10 year high. The Food and Agriculture Organization (FAO) sugar price index reached 9.8 percent in September 2023, which is the second highest since November 2010.¹⁰ On October 16, 2023, the International Sugar Association (ISA) daily sugar price was 26.08 cents/lb.¹¹ Yet, due to the government of India's policies, sugar price remains one of the cheapest in India with a minimal retail price increase, which is in line with the [fair and remunerative price \(FRP\) of sugarcane](#) INR 315/quintal (USD \$3.84/quintal) and 89 percent above the total cost of production.¹²

⁶ Uttar Pradesh has received relatively fair amount of rainfall

⁷ Source: Government of India, Ministry of Consumer Affairs, Food and Public Distribution, [Letter No. 6\(1\)/2021-SC](#)

⁸ See: "Indian govt extends restriction on sugar exports beyond Oct 31." [Economic Times](#), Published on October 18, 2023.

⁹ "Sweet somethings this Diwali" by Ravi Gupta

¹⁰ [Food and Agriculture Organization of the United Nations](#)

¹¹ [International Sugar Association](#)

¹² See: USDA GAIN "India: India Increases Fair and Remunerative Price for Sugarcane Marketing Year 2023-24" [IN2023-0048](#).

Attachments:

Public Notice No 36/2023:

(To be Published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section ii)

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Vanijya Bhawan, New Delhi

Notification No. 36 /2023

Dated: 18th October, 2023

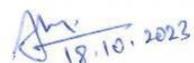
Subject: - Extension of date for restriction on export of sugar beyond 31st October, 2023.

S.O. (E) The Central Government, in exercise of powers conferred by Section 3 read with Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992), as amended, read with Para 1.02 and 2.01 of the Foreign Trade Policy, 2023, in partial modification of Notification No.40/2015-2020 dated 28th October, 2022, hereby extends the date of 'Restriction' on export of Sugar (Raw Sugar, White Sugar, Refined Sugar and Organic sugar) under HS Codes 1701 14 90 and 17019990 beyond 31st October, 2023 till further orders.

2. This restriction is not applicable to Sugar being exported to EU and USA under CXL and TRQ quota as per prescribed procedure in the respective Public Notices.

3. Effect of this Notification:

Restriction on export of Sugar (Raw Sugar, White Sugar, Refined Sugar and Organic sugar) is extended beyond 31.10.2023 till further. Other conditions will remain unchanged.


18.10.2023

(Santosh Kumar Sarangi)
Director General of Foreign Trade
Ex-Officio Additional Secretary, Govt. of India
E-mail: dgft@nic.in

(Issued from File No. 01/91/180/879/AM08/EC/Vol.8/E-20749)

Public Notice No. 5-4(2020)

F.No. 5-4/(2020)-SC
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution
Directorate of Sugar & Vegetable Oils

Krishi Bhawan, New Delhi
Dated the 13th October, 2023

Stock disclosure by Traders/Wholesalers, Retailers, Big Chain Retailers, Processors of Sugar

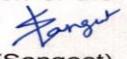
Whereas, Directorate of Sugar and Vegetable Oils, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, in exercise of powers conferred under Section 3 of the Essential Commodities Act, 1955 (10 of 1955) read with clause 4 and 5 of the Sugar (Control) Order, 1966, directed Traders/Wholesaler, Retailer, Big Chain Retailer, Processors of Sugar to update their stock position on the portal (<https://esugar.nic.in/ssmp/sp.html>) of Department of Food and PD on every Monday, vide this Directorate's Order dated 23.09.2023.

2. Whereas, it has been observed that many of these legal entities dealing with sugar trade/storage have still not registered themselves on the Sugar Stock Management System. Various instances have been reported to the Directorate of Sugar and Vegetable Oils where many of these legal entities are having possession of substantial quantity of unreported sugar stock and there are cases where they are not updating their stock on regular basis. This not only violates the regulatory framework in place but also disrupts the overall sugar market equilibrium, which can have adverse consequences for both the industry and consumers.

3. Therefore, it is hereby directed that:

- a. **Immediate Registration:** All legal entities involved in the sugar industry, including Traders/Wholesalers, Retailers, Big Chain Retailers, and Processors of Sugar, must immediately register themselves on the Sugar Stock Management System if they have not already done so.
- b. **Regular Stock Updates:** Registered entities are required to update their stock positions on the portal every Monday. This weekly update is essential for maintaining an accurate record of sugar stock levels.
- c. **Compliance:** All the legal entities shall comply to the direction on immediate basis, failure to register and update stock positions as directed may result in penalties and sanctions if any stock found during inspection.

4. **The above compliance must be ensured by 17.10.2023.** It may be noted that **this may be treated as LAST OPPORTUNITY** and strict action under the Essential Commodities Act 1955 will be taken against the responsible entities for violation of the above mentioned instructions.

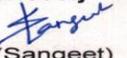

(Sangeet)
Director (Sugar)
Ph-011-23383760

To,

CEO/MD/Partners/Owners of All Firms dealing with sugar as Trader/Wholesaler, Retailer, Big Chain Retailer, Processors of Sugar

Copy to:

1. Principal Secretary/Secretary (Food) of State Governments **{with request to monitor prices and stock of sugar on regular basis with the objective to make the sugar available to the consumers in your State/UT at affordable prices.}**
2. State Cane Commissioners


(Sangeet)
Director (Sugar)
Ph-011-23383760

End of No Attachments.