

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 3/4/2015

**GAIN Report Number:** IN5026

## India

**Post:** New Delhi

### **Raw Sugar Export Subsidy Extended Through Marketing Year 2014-15**

**Report Categories:**

Sugar

Trade Policy Monitoring

Policy and Program Announcements

**Approved By:**

Jonn Slette

**Prepared By:**

Amit Aradhey

**Report Highlights:**

On February 19, 2015, the Government of India's (GOI) Cabinet Committee on Economic Affairs (CCEA) extended India's export subsidy for raw sugar export through marketing year (MY) 2014/15 (Oct-Sep). The CCEA approved 1.4 million metric tons (MMT) of raw sugar as eligible to receive \$64.25 per metric ton under the subsidy. The official notification of the subsidy was due on March 3, 2015.

**General Information:****Comments:**

On February 19, 2015, the CCEA extended India's raw sugar export subsidy program through MY 2014/15. The CCEA approved 1.4 MMT of raw sugar as eligible to receive the subsidy at a rate of \$64.25 per metric ton. According to a press release by the [Press Information Bureau](#), claims under the subsidy will be prioritized based on dates of shipment, as certified by the Indian customs authorities. *Ceteris paribus*, sugar mills with the capacity to produce alcohol will receive an additional premium of up to 25-percent (based on annual alcohol production) if they supply ethanol to government-owned petroleum companies (known colloquially as oil marketing companies or OMCs) under the Ethanol Blending Program. The primary objective of both programs is to infuse capital into sugar mills, and to allow millers to partially clear their debts with sugarcane farmers. Many millers, particularly in Uttar Pradesh, Karnataka, and Maharashtra continue to be indebted to sugarcane farmers for sugarcane sales. Because of relatively high production costs, surging sugar supplies, and low prices, India's sugar industry is struggling to remain viable.