India–US Trade Deal

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India–US Trade Deal: Concerns from Indian Agri-Sectors

As India and the US work to conclude a **bilateral trade agreement** by **July 9**, key Indian agricultural industries — sugar and soybean — have raised objections.

Context:

- The **US is the world's top producer and exporter** of **maize and fuel ethanol**, and second only to Brazil in soybean production.
- Amid global trade realignments, the **US is seeking new markets**, increasing pressure on India to **relax import restrictions**.
- Indian industries fear that importing **ethanol, GM maize, and GM soyabean** may **harm domestic producers**.

India's Ethanol Blending Programme: A Success Story

- Ethanol blending in petrol rose from **1.5% (2013-14)** to **14.6% (2023-24)**.
- As of **May 2025**, the ratio has reached **18.8%**, close to the **20% target by 2025-26**.

Shift from Sugarcane to Grain-Based Ethanol

- Since **2018-19**, ethanol production has increasingly used **grains** like maize and surplus rice.
- In **2024-25**, **68%** of India's **1,047.9 crore litres** ethanol output is grain-based.

- **Maize alone contributes 483.9 crore litres**, surpassing sugarcane sources.

Millers' Concerns on Ethanol Imports

- Sugar millers fear **sugarcane's declining relevance** in ethanol production.
- With stagnant sugar demand, millers aim to diversify into **ethanol-blended fuels**.
- They oppose **import of ethanol and GM maize**, fearing it may further marginalise sugarcane.

Food vs. Fuel Debate

- Millers argue sugar-based ethanol **avoids food/feed conflicts**, unlike maize, a key feed for livestock.
- Diverting maize for fuel may strain supplies for **dairy, poultry, and egg** sectors.

India: A Major Buyer of US Ethanol

- The US exported **724.5 crore litres** of ethanol in 2024.
- India was the **third largest importer**, buying **70.8 crore litres worth $441.3 million**.
- However, **India restricts ethanol imports** to **non-fuel industrial use** under licence.

Push for GM Maize by NITI Aayog

- A working paper supports **importing GM maize** from the US for ethanol.
- Byproducts (e.g., **DDGS**) can be exported to avoid domestic market disruptions.

- The aim: **achieve biofuel targets** without affecting local food/feed supply.

Soybean Industry's Opposition to GM Imports

SOPA's Objections:

- Importing soyabean, extracting oil for domestic use, and **exporting GM meal** is logistically inefficient.
- **Most processing units are inland**, making transport from ports unviable.
- Threatens the livelihood of **~7 million farmers**.

Comparative Market Concerns

- India crushes **11–12 million tonnes** of soyabean annually; **exports only ~2 million tonnes**.
- In contrast, **China processes over 100 million tonnes** mainly for livestock.

Risks of Foreign Dominance

- If GM meal can't be sold locally, **processing will shift to ports**, favouring **global agri-traders** like Cargill, ADM, etc.
- This could **displace domestic processors** from the value chain.

Import Duty Cuts: Additional Pressure

- Centre reduced import duties on crude soyabean, palm, and sunflower oil from **27.5% to 16.5%**.
- Cheaper imports risk **undercutting Indian processors**, many of whom may shut down or

cut operations.

Impact on Farmers

- **Soyabean prices** are currently **₹4,300–₹4,350/quintal**, far below the **MSP of ₹5,328**.
- Rising imports may **further depress prices**, leading farmers to **shift to other crops**.