

Crude oil imports dipped to a four-month low in February

Rishi Ranjan Kala

New Delhi

India's crude oil imports during February 2024 declined by 6.6 per cent y-o-y and 16 per cent m-o-m to 18 million tonnes (mt), the lowest since September 2023.

The steep monthly decline follows the record high registered in January. India imported 21.4 mt crude oil in January — the highest in the last 20 months — as refiners topped up cargoes to meet domestic consumption and took advantage of the rising demand for refined products in export markets.

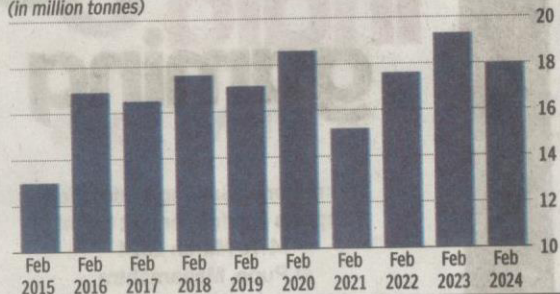
Besides, the in-bound cargoes would have been much lower had Sokol shipments not resumed last month. India imported around 97,229 barrels per day (b/d) of Sokol last month, as per Kpler, after availing zero shipments of the sweet crude in December 2023 and January 2024 due to payment and sanction issues.

Comparing crude oil cargoes for February in the last ten years shows that shipments last month were the third highest since 2015. The highest shipments were recorded in February 2023 at 19.3 mt followed by February 2020 at 18.6 mt.

Also, during February 2023, import volumes from Russia were higher due to high discounts.

Crude oil prices also inched up monthly during February 2024 on a monthly basis. The

India's crude oil imports during February
(in million tonnes)



Source: PPAC

price of Brent Crude averaged at \$83.93 per barrel in February, against \$80.32 per barrel in January. Indian basket's price averaged \$81.62 in February 2024, against \$79.22 in January 2024 and \$82.28 in February 2023.

RUSSIAN IMPORTS

It remains to be seen how imports from Russia will fare in the coming months amidst several developments. The drone attacks on Russian refineries are expected to spare barrels for exports.

However, this development comes amidst rising US and Western nation sanctions on ships ferrying Russian crude, particularly the shadow fleets. Besides, shippers are avoiding the Red Sea route, while favouring the Cape of Good Hope (COGH), leading to higher travel time and costs.

Besides, discounts on Russian crude have been inching south. Quoting the Centre for Monitoring Indian Economy (CMIE), JM

Financial, in a March 17 report, said that the discount on Russian crude to India declined m-o-m to around \$2 per barrel in January 2024, compared to \$4 in December 2023, and far lower than the discount of \$6-10 a barrel in H1 2023.

The growing obstacles in importing crude oil from Russia could work in favour of India's traditional suppliers such as Iraq and Saudi Arabia.

When asked about the impact of the above scenarios on Russian imports, Kpler's Lead Crude Analyst Viktor Katona told *businessline*. "I generally don't see US sanctions derailing Russian exports to India; however, they would most probably make Russian barrels cheaper because Indian refiners now have a strong argument to use Russian crude oil."

He pointed out that Russian crude oil flows to India have found a new equilibrium in the 1.5-1.6 million barrels per day (mb/d) range.

Business Line. Dt: 19/03/24

Smartphone exports to US surged to \$3.53 b in Apr-Dec

Press Trust of India

New Delhi

India's smartphone exports to the US jumped to \$3.53 billion in April-December this fiscal against \$998 million in the same period last year, according to the Commerce Ministry data.

The increasing outbound shipments led to an increase in the smartphone market share to 7.76 per cent during April-December this fiscal from 2 per cent in the same period of last year, the data showed.

Increasing exports have made India the third-biggest smartphone exporter to the US.

An official said that an increase in overall smartphone production has helped in pushing exports.

During the nine months of this fiscal, the share of China and Vietnam declined.

The US smartphone im-

ports from the top five suppliers also declined during April-December to \$45.1 billion from \$49.1 billion in FY'23.

China exported \$35.1 billion worth of smartphones to the US market in April-December, down from \$38.26 billion last year.

Vietnam's shipments of phones declined to \$5.47 billion in April-December 2023 from \$9.36 billion in the same period of the previous year. The other two major smartphone exporters to the US are South Korea and Hong Kong.

South Korea's exports to America during the period under review increased to \$858 million from \$432 million, while Hong Kong's sales are down to \$112 million from \$132 million in April-December 2022-23.

Smartphones started registering their presence in the Indian export basket in 2022-23 when shipments touched \$10.95 billion.

LNG Imports Continue to Surge in Feb

Falling prices in the international markets fuel boom

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New Delhi: India's appetite for imported natural gas is dramatically growing with prices falling in the international markets.

Imports of liquefied natural gas (LNG) surged 33% year-on-year in February, after increasing 26% in January, 12% in December last year and 5% in November.

LNG imports cost \$1.1 billion in February, as much as in the year-ago period, even though the volumes were a third higher this year at 2.45 billion cubic metres. For the first 11 months of this financial year, LNG imports cost \$12 billion, lower than \$15.9 billion last year, even though volumes were up 18% this year.

For consumers, gas became more attractive than alternative fuels due to unusually low prices this winter, said an industry executive, adding that industrial consumers are switching to gas as it has become more affordable. Fertiliser, city gas and power sectors accounted for two-thirds of the increase in imported gas consumption in January.

LNG is currently available for about \$8.5 per mmbtu in the Asian spot market. It averaged \$10 in the three months through February, about half of \$21 in the year-ago period. Crude oil fell to \$80 from \$85 per barrel during this period. Crude is currently around \$85.

Booming imports have boosted domestic consumption of natural gas, which increased 20% year-on-year in February and 11% in the April-February period. Domestic consumption was also aided by an 11% year-on-year expansion in local production of gas in February.

Increased supply, milder winter, lower demand from China and higher storage in Europe have all weighed on gas prices this season. The easy and cheaper availability of LNG has induced Indian consumers to order more of it after more than a year of having to deal with extremely high spot prices and supply shortages. In 2022-23, India imported 15% less LNG even as it paid 27% more year-on-year.

The Economic Times Feb 19/20/21/22/23/24/25 Urea Imports Allowed till March'25

New Delhi: The government Monday allowed the import of urea through India Potash Ltd (IPL), Rashtriya Chemicals & Fertilizers Ltd (RCF), and National Fertilizers Ltd (NFL) for another year until March 31, 2025.

The Directorate General of Foreign Trade (DGFT) in a notification, said that import of urea (for agriculture purpose) on government account shall be allowed either by designated state trading enterprises (STE) itself, or other entities authorised by the fertilizers department. "Import of urea (for agriculture purpose) on government account shall be allowed either by designated STEs itself, or through any entity/entities (fertilizer marketing entities) so authorised by the Department of Fertilizers from time to time, for filling BEs at India ports," DGFT said.

India imported \$1.81 billion of this fertilizer in April-January FY24. — **Our Bureau**



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Business Line: Dt: 20/03/24

Basmati exports set to top record \$5-b mark this fiscal

GAINING STEAM. Good demand from Middle-East ahead of Ramadan, UK and US shipments help

Vishwanath Kulkarni
Bengaluru

India's basmati shipments are set to cross the \$5 billion-mark during the current financial year on robust demand from traditional markets in Middle East and other markets such as the United States and the United Kingdom.

Basmati shipments have maintained a growth rate of about 20 per cent in the first ten months of the financial year 2023-24 (April-January) with the export value touching \$4.586 billion.

With shipments gathering pace in February, ahead of the Ramadan festival season, trade sources expect the value to exceed \$5 billion for the current fiscal.

"Demand has been good from the traditional buyers in the Middle East. Despatches ahead of Ramadan have been good," sources at the All India Rice Exporters Association said, adding that the value of the shipments could touch a new record surpassing the \$5-billion mark.

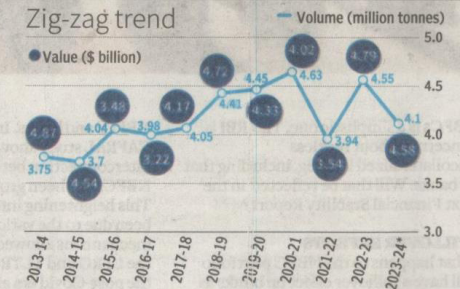
2013-14 RECORD

India's basmati exports had touched a record \$4.87 billion during 2013-14 on high prices and have been fluctuating in the subsequent years, despite gains in shipment volumes.

"The consumption of basmati rice in the various export markets has consistently grown from 0.5 million tonnes (mt) to 4 mt between 1995 and 2023. The share of basmati rice in the global rice trade is 8 per cent. The growth story of basmati could be bifurcated



Zig-zag trend



Source: APEDA

*April-Jan period

into three stages such as WTO implementation period benefitting in the European market, consumers in the Iranian market adapting Pusa-1121 and growing non-resident Indian population across world.

"An important fact is that our basmati rice export to Europe has fallen during last 6 years. If such situation could have prevented, our exports would have crossed the \$5-billion mark much earlier," said S Chandrasekaran, trade analyst and author of the book

Basmati Rice: The Natural History Geographical Indication.

VALUE REALISATION

"Basmati rice has grown in volume terms but the price growth in real terms is paltry. If the export price realisation is analysed in real terms during the last 30 years, the price realisation has been inconsistent and commodification of basmati could be witnessed.

"The consistently higher prices of scotch whisky and champagne are an example

of value realisation and branding strategy. Exporters and the government need to make consistent efforts on price stabilisation, imbibe premium in the price and bring permanent narrative to keep valuation above a particular threshold. Basmati rice reforms and marketing 2.0 is essential for this," said Chandrasekaran.

KEY BUYERS

Top five buyers of the Indian basmati accounted for about 58.43 per cent of the volumes of 3.54 million tonnes during April-December period of 2023-24.

Also these top five buyers accounted for 57.72 per cent of the total value of \$4.586 billion.

Saudi Arabia continues to be the largest buyer this year with volumes of 6.75 lakh tonnes and value of \$780 million, followed by Iraq with volumes of 5.01 lakh tonnes and value of \$544 million during April-December period.

Iran has been the third largest buyer with volumes of 5.16 lakh tonnes and value of \$519 million.

Interestingly, the US has displaced the United Arab Emirates (UAE) to emerge as the fourth largest buyer during the April-December period.

The US has bought 1.75 lakh tonnes of basmati valued at \$228 million. It would be interesting to watch whether the US would figure among the top five buyers when the final figures for the fiscal 2023-24 are compiled in the days ahead.

USA was the sixth largest buyer of Indian basmati during 2022-23.

Business Line Dt: 20/03/24

Cotton exports gather pace, may touch 22-25 lakh bales for 2023-24

Vishwanath Kulkarni

Bengaluru

With Indian cotton prices staying attractive for global buyers, exports of the fibre crop have picked up over the past three months to countries such as Bangladesh, China and Vietnam among others. Exports during the first five months of the 2023-24 season starting October were 15 lakh bales (170 kg), at par with 15.5 lakh bales during the entire 2022-23 marketing season.

The surge in shipments has forced the Cotton Association of India (CAI), the apex trade body, to raise its export projections for the 2023-24 season to 22 lakh bales. "Shipments could, possibly, touch 25 lakh bales for the 2023-24 season," Atul Ganatra, President, CAI, told *businessline*.

"Indian cotton prices

were lower by about ₹4,000-5,000 a candy (356 kg) compared to the international prices during the December-February period making it attractive for overseas buyers. About 10 lakh bales were shipped during January-February. Though our prices are at par now with the international, we expect another 2.5-3 lakh bales to be shipped out this month," Ganatra said.

DESPITE HIGHER CROP

Based on the latest pressing data received from various stakeholders, CAI has revised upwards the production estimates of the fibre crop for the ongoing marketing season of 2023-24 by about 5 per cent at 309.70 lakh bales, up from the previous projections of 294.10 lakh bales made during January-end. Despite this upward revision, the crop estimates for the 2023-24

season starting October are still lower than the 2022-23 production of 318.9 lakh bales.

Per the cotton balance sheet for the period Oct-Feb in the current 2023-24 season, arrivals till the end-Feb were estimated at 226.82 lakh bales. "About 10-12 lakh bales of *kapas* from the previous season, which was held back anticipating higher prices, found its way to the markets during September-October leading to the revision in crop estimates," Ganatra said.

Cotton imports into the country till end-Feb stood at 4 lakh bales and the consumption during this period stood at 137.50 lakh bales. Stock with mills till end-Feb is projected at 42 lakh bales, while those with CCI, Maharashtra Federation, MNCs, ginners, traders and exporters is pegged at 65.22 lakh bales.

FINANCIAL EXPRESS. Dt: 20/03/24 Agri exports rebound

Meat, dairy, fruits & vegetable shipments see sharp jump

SANDIP DAS
New Delhi, March 19

INDIA'S EXPORTS OF agricultural and processed food products, after slowing down in the first three quarters of the current fiscal due to restriction on rice exports, have recovered, aided by a sharp spike in shipments of meat and dairy products, and fruits & vegetables.

Exports of these items under the Agricultural and Processed Food Products Export Development Authority (APEDA) basket were just above the previous year level at \$21.6 billion during the April-February period of the current fiscal.

According to quick estimate by the Directorate General of Commercial Intelligence and Statistics, rice exports in the first eleven months of 2023-24 dropped 7% to \$9.32 billion on year because of the ban on white and broken rice exports, shipment duties on parboiled rice and the ban on wheat exports imposed in May last year.

Sources said that decline in the value of rice exports is

THE FARM FACTOR
(\$ billion, April-February, FY24)

% change, y-o-y



9.32

▼6.94

Rice



4.11

▲12.72

Meat, dairy & poultry products



3.22

▲15.38

Fruits & vegetables



2.58

▲9.03

Cereals preparations & processed items

Total* \$21.6 bn

Change 0.04%

*including items such as other cereals, cashew, oilmeals

attributed to decline in shipment of non-basmati rice due to several restrictions such as ban on white rice shipment and 20% export duty on part-boiled rice exports imposed last year.

However, livestock products — buffalo meat, dairy and poultry, a key item in the APEDA basket — rose by close to 13% on year during April-February period of this fiscal to \$4.1 billion compared to the previous fiscal. The exports of fresh fruits and vegetables have risen by 15% in the first eleven months of FY24 to \$3.22 billion on year.

The shipment of cereals preparations and processed items, rose by 9% to 2.5 billion on year in the current fiscal. Oil meals shipments in the current fiscal rose by 17% to 1.5 billion in April-February 2023-24 on year.

The rice exports in the last fiscal rose by more than 15% year-on-year to a record \$11.1 billion from \$9.6 billion in FY22. In terms of volume, rice shipment grew by 5% to a record 22.34 million tonne (MT) last fiscal. In the current fiscal, rice shipment is likely to be around 17 MT.

Farmers demand lifting of ban on onion exports

SANDIP DAS

New Delhi, March 19

STATING THAT RABI crop arrivals have improved supplies, farmers have demanded lifting of the ban on onion exports imposed till March 31, 2024.

“Since the imposition of exports ban last year, the mandi prices have declined to ₹1,500 per quintal on Tuesday from around ₹4,500 prior to the imposition of ban last year,” Jaydutt Holkar, director, Agricultural Produce Market Committee (APMC), Lasalgaon, Nashik, Maharashtra, the hub of the country’s wholesale trade told *FE*.

Holkar said that prices are expected to fall further with arrivals of rabi crops set to peak in the next few weeks. Official sources said the government is yet to take a call on extending a ban on onion exports beyond March 31, 2024.

“Current prices of ₹1,500 a quintal does not even cover the cost of the production of onion,” Balasaheb Misal, for-

mer director, Manmard (Maharashtra) mandi board and an onion farmer said.

“The rabi harvest is likely to peak in April,” an official said, adding that rabi harvest constitutes about 60% of the total output and is stored for supplies till October.

Onion prices are expected to fall further with arrivals of rabi crops set to peak in the next few weeks

According to the department of consumer affairs, modal retail prices of onion declined to ₹30/kg on Tuesday from ₹60/kg prior to the imposition of ban on shipments in December 2023.

Retail inflation of onion was 22.1% in February, while prices rose by 29.69% in January 2024 on year. In December 2023, the government had banned exports of onion till March 31, 2024, after the modal retail prices of the key agricultural commodities doubled to ₹60/kg from ₹30/kg reported in September last year.

Recently, the government has allowed 50,000 tonne and 14,400 tonne of onion exports to Bangladesh and the United Arab Emirates, respectively.

Business Line, 25/5/24

Solar panel makers pitch for ALMM order as cheap imports surge

Suresh P Iyengar
Mumbai

Notwithstanding the government's Make in India and Aatmanirbhar Bharat plank, the domestic solar panel manufacturers are bleeding due to the reckless cheap imports from China in the last one year after the Approved List for Models and Manufacturers (ALMM) order was put on hold.

Despite a Customs duty of 40 per cent, India has imported 18 GW of solar panels till January FY24 against the actual physical progress has only been 7.5 GW, according to industry sources.

SOLAR POLICY SHIFT

Last March, the Ministry of

New and Renewable Energy suspended the roll-out of the ALMM of Solar Photovoltaic Modules (requirements for compulsory registration) Order, 2019 for FY'24 to ease the shortage of domestic solar panel supply. Amid the user industry plea for an extension, the Ministry will review the ALMM order suspension before April 1.

The Ministry already indicated that the existing government approved solar projects will be excluded from the ALMM order.

Imports from China were cheap despite a 40 per cent import duty as China was giving special incentives to push exports to India, said the CEO of a solar panel company.

The products which were



DRAGON'S PUSH. Imports from China were cheaper despite a 40 per cent import duty as China was giving special incentives to push exports to India REUTERS

imported from China were without any guarantee and even if two or three panels stopped working it would lead to huge cost escalation, he added.

CHALLENGES

The capacity utilisation level of domestic solar manufac-

turers has already dipped to 30-35 per cent due to dumping by China. In fact, the domestic solar panel producers survived mostly by tapping the export market and shipped out 2.87 GW of modules to the US alone in last three quarters of this fiscal, he added. As per the

2019 order, ALMM and BIS Certification Type 2 approval was required for solar modules used in India. However, with the order put on hold many companies sprung up just to import modules from countries such as China and Vietnam without any quality control, he said.

India has a solar module production capacity to produce over 40 GW annually and of this 20 GW of capacity is waiting for formal ALMM approval.

India plans to install about 280 GW of solar power by 2030 even as domestic solar module manufacturers are facing a stiff challenge from uncertified or under-certified imports of the same, primarily from China.

Bank Loans to Export Firms Hit 12-month High

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Kolkata: Bank loans to exporters reached its highest level in the past 12 months, in line with renewed global demand for Indian goods despite the Red Sea crisis, which attracted military response from several countries, impacting trade. Outstanding export credit for Indian banks was seen at ₹20,489 crore at the end of January 26, rising 5% this financial year, data from Reserve Bank of India showed. This was the highest since February last year.

"Export growth will be largely driven by global demand and as we do expect global growth to be steady, we can expect a recovery here. This will be reflected also in growth in export credit," Bank of Baroda chief economist Madan Sabnavis said.

India's merchandise exports surged 11.9% year-on-year in February to \$41.4 billion — the fastest growth since June 2022 — after growing 3.1% in January. With this, exports grew for the third consecutive month, indicating sustained momentum, Crisil said.

"The near-term challenge to India's exports due to the Red Sea crisis has been limited so far," the rating company observed.

The Red Sea crisis started on October 19, 2023, when Yemen's Houthi (a political and military organisation) launched missiles and armed drones at cargo vessels opera-

In Growth Phase Outstanding Export Credit



ted by Israeli companies, demanding an end to the invasion of the Gaza Strip.

"How the crisis impacts prices when export contracts are renewed will be a key monitorable. Barring this hiccup, the recent healthy export momentum and forecasts by major multilateral organisations of better trade growth this year over last year are encouraging," it said.

This is also good news for India's current account, as well as for services trade surplus and healthy remittances. Exports of drugs and pharmaceuticals rose 22.2% year-on-year in February against 6.8% in January while exports of engineering goods grew 15.9%, organic and inorganic chemicals 33% and readymade garments 4.9%.

FINANCIAL EXPRESS. Dt: 22/03/24

India's coal import rises to 212 MT in Apr-Jan

THE COUNTRY REGISTERED a marginal rise of 1.65% in coal imports to 212.24 million tonne (MT) in the April-January period of the ongoing fiscal, over the year-ago period.

India's coal import was 208.78 MT in the corresponding period of the previous fiscal, according to data compiled by mjunction services ltd. mjunction services ltd is a B2B e-commerce platform.

During the April-January period of the current fiscal, the volume of non-coking coal imports was 136.47 MT, slightly lower than 136.90 MT imported during the same period last financial year, according to the data.

Coking coal import was at 47.32

MT during the April-January 2023-24, higher than 46.09 MT recorded in the April-January period of FY23.

The coal import in January through the major and non-major ports also increased to 19.81 MT, over 16.97 MT in the corresponding month of the previous fiscal.

Of the total imports in January, non-coking coal import was at 12.10 MT, against 10.01 MT imported in January last financial year. Coking coal imports stood at 4.50 MT, marginally lower than 4.74 MT imported in the corresponding month of previous fiscal. "The demand for imported coal in India has weakened in recent weeks.

Norms for export of networking gear, security software may be eased

Amiti Sen
New Delhi

In line with the policy to promote exports of high-tech items, the government is set to liberalise exports of two controlled items with dual-use capabilities - networking equipment and information security software - for certified exporters shipping the items for civilian use following specified standards, sources have said.

The identified items are part of the SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) list of controlled products, which includes dual-use goods with the potential for both civilian applications as well as weapons of mass destruction, whose exports are either prohibited or permitted under authorised licencing.

"In line with the Foreign Trade Policy direction of increasing exports of high-tech products with dual use being sold for civilian purposes, the Centre has decided to liberalise export policy for networking equipment and information security software. The Directorate General of Foreign Trade is giving the final touches to the terms and conditions under which the liberalised exports of the products can take place," an official tracking the matter told *businessline*.

'BIG BOOST'

Export of both information security software, such as encrypted software and telecom networking equipment, such as telecom routers, switches and gateways is likely to get a big boost once the licencing norms are eased, the official said.

"Last year, the SCOMET policy of drones for civilian use was amended to simplify and liberalise the policy for exports. Now the focus is on networking equipment and information security software. The idea is to liberalise



exports of as many dual-use items for civilian use as possible to give a push to high-tech exports," the official stated. The DGFT is working with the industry, the Ministry of External Affairs and Customs to ensure that many sectors are liberalised for those companies which have proven track records of responsible use and responsible exports, DGFT Santosh Sarangi had earlier said.

NEW PROPOSAL

According to the latest proposal, exporters holding AEO tier 2 certificates (who have the facility of self-sealing export goods without the requirement to seek case-by-case permission from the authority) will be allowed to export the two identified products with just the condition that they would submit details of the exports on a post-export basis every quarter.

"The earlier rule was that every time exporters wanted to export the items, they had to come and get the SCOMET licence and do it. Now they don't have to come to the government every time. They can submit details of their exports every quarter to the SCOMET team which will make a quick assessment of the data and then they will be free to export for another quarter," the official explained.

The plan of liberalising exports of networking equipment also complements the Production linked incentive scheme for telecom and networking products, launched with a corpus of ₹12,195 crore in February 2021, to boost domestic manufacturing, investments and exports.