Business Line. Dt: 18/09/24

Soaps, cosmetics, edible oils to get costlier after hike in palm oil import duty

PASSING ON COSTS. Hindustan Unilever, Britannia and Nestle may raise prices by 1.6-2.5 per cent

Janaki Krishnan
Mumbai

The recent hikes in import duties on crude and refined edible oils by the Indian government will push up the prices of some fast moving consumer products such as soaps, personal care products, and snacks, as well as edible oils.

Companies such as Hindustan Unilever (HUL), Britannia and Nestle will have to raise prices by 1.6-2.5 per cent and edible oils companies by 20 per cent to protect their margins, analysts said.

Last Friday, the Central government notified the increase in rates to curb imports and boost farmer incomes. The import duty on crude, soyabean, palm and sunflower oils has been raised to 27.5 per cent from 5.5 per cent. The import duty on refined soyabean, palm and sunflower oils was also raised to 37.5 per cent from 13.75 per cent. This was done to protect farmers from lower oilseed prices, which are lower than the minimum support price.

This will directly impact makers of soaps and personal care products who use a derivative of crude palm oil, as also makers of snacks and biscuits using refined palm oil and speciality fats. "Edible oils, especially palm oil, are key raw material for many FMCG companies and are used extensively in personal care products like soaps and cosmetics as well as food products like biscuits and snacking," said Gaurav Arora, Fund Manager at Equirus.

"The recent duty hikes would lead to higher prices of palm oil and its derivatives," he said, adding that oil as a percentage of raw material for companies could range from low double-digit to early- to mid-20s and even higher for soaps.

The duty will result in price hikes, said BV Mehta, Executive Director of Solvent Extractors Association of India, adding that the hike will depend on how much of the duty hikes companies can absorb. "You should look from farmers' angle, not from consumers' point of view".

HIKE IMMINENT. Edible oil companies may opt for large price increases to defend their margins BLOOMBERG

IMPACT ON SOAPS

HUL, which buys most of its palm fatty acid distillate (PFAD) requirements domestically, could be forced to raise soap prices by 1.6 per cent to maintain EBITDA margins, said Nomura in a note. The palm oil derivative PFAD accounts for 12-13 per cent of its raw material cost.

The hike will not impact Godrej Consumer, which imports PFAD directly. The hike in duties will not affect those importing the derivative directly.

In the case of packaged foods companies that use refined oil, the increase in tax will likely affect biscuit-maker Britannia. Nomura said the company will have to raise prices by 2.5 per cent to maintain margins, as refined palm oil accounts for 18 per cent of its raw material. For Nestle, refined palm oil is 11 per cent of its raw material costs and it will have to raise prices by 1.5 per cent.

"Snacking companies will be impacted sharply, in our view, as their RPO (refined palm oil) consumption is much higher, and thus we expect them to experience sharp price increases," Nomura said.

EDIBLE OIL PRICES

Edible oil companies may need to effect large price increases as well, to defend their margins in the medium term, said Arora. He observed that while some companies would have hedged their requirements for the near term, there could be a transient impact on margins for a quarter or so, "after which companies may pass on the price increases to consumers. So, we may see some compression from the peak margins that most companies are operating at, but the impact should be manageable."

Meanwhile, the Ministry of Consumer Affairs, Food and Public Distribution advised edible oil associations to maintain the MRP on oils until stocks that were imported at lower duties were available.

Business Line. Dt:- 18/09/24

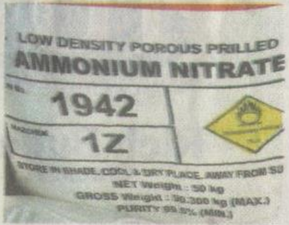
Fertilizer companies, mining industry raise concern on sharp increase in imports of ammonium nitrate

Suresh P. Iyengar
Mumbai

The sharp increase in import of ammonium nitrate (AN) from Russia has hit domestic fertilizer companies which are in the process of ramping up AN capacity with investment of over ₹4,000 crore. The mining industry has also raised concern over dependence on imports for sourcing AN, which is key for conducting blast before start of mining ores such as coal, iron ore and limestone.

India has an installed capacity of 10.96 lakh tonnes per annum and an additional 10.19 lakh tonnes per annum capacity is being set up by large fertilizer companies including Rashtriya Chemicals and Fertilizers, Gujarat National Fertilizer and National Fertilizer.

Early this year, Coal India signed a joint venture with BHEL to set up AN plant with an investment of ₹11,782 crore in Odisha. The plant will tap into BHEL's in-house developed Pressurised Fluidised Bed Gasification technology and use coal as raw material.



Shailendra Singh, Director General, Indian Ammonium Nitrate Manufacturers Association, said, import of ammonium nitrate has gone up to 2.39 lakh tonnes last fiscal from 91,236 tonnes in FY22 and this has resulted in the drop in domestic capacity utilisation to 72 per cent (91 per cent).

CURTAIL IMPORTS

There is a significant price gap between domestic and imported supply of AN from countries which have access to low-cost subsidised natural gas, a key raw material for producing AN, he said. There is an urgent need to curtail imports so that domestic capacity is fully utilised.

Given the current fluid geo-political situation, it is important to support domestic production of AN, as any disturbance in imports will have an adverse impact on coal mining and subsequently hamper power production in the country.

The government recently increased customs duty on import of AN to 10 per cent from 7.5 per cent. However, the industry feels that the rise in duty will have very little impact on the dumping by global suppliers. The impact of the hike in import duty is expected to be $8-9 per tonne, which is very nominal and is unlikely to reduce imports, said a senior executive of a fertilizer company.

Business Line. Dt- 18/09/24

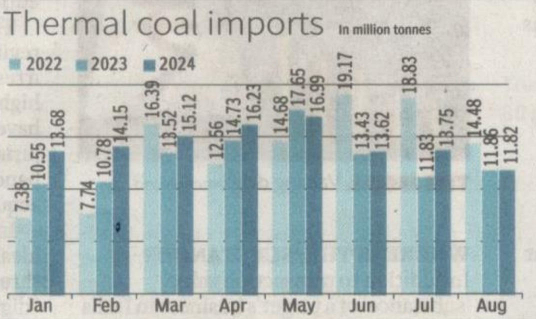
Aug thermal coal imports slip to 12-month low on weak demand

Rishi Ranjan Kala
New Delhi

The country's thermal coal imports declined to a 12-month low in August 2024, reflecting the seasonal weakness in power demand as widespread monsoon rains brought down temperatures and the need to run cooling equipment.

Widespread rains, particularly in the north and north-west parts of the country, pushed up hydropower generation and lowered the demand on thermal power plants (TPPs).

According to energy intelligence firm Kpler, India's seaborne thermal coal imports fell by 14 per cent on a monthly basis last month to 11.82 million tonnes (mt). The shipments were almost flat on an annual basis.



Source: Kpler

SEASONAL CHANGE

Zhiyuan L, dry bulk commodity analyst at Kpler, said the decline in seaborne thermal coal imports was mainly related to the ongoing monsoon rains.

"Above-normal monsoon rains reduced cooling demand and, thus, the overall power and coal consumption," he added.

According to Crisil Market Intelligence & Analytics, electricity demand in India is estimated to have declined by 5.3 per cent y-o-y to 144 billion units (BUs) last month even as the country received about 7 per cent excess rainfall during the month. This follows a 6.7 per cent y-o-y rise in electricity demand in July 2024. Power generation is estimated to have declined by around 3 per cent y-o-y at about 155 BUs in August 2024. Coal and renewable energy production contracted around 3 per cent and about 13 per cent, respectively, during the month.

In contrast, hydropower generation surged roughly 7.6 per cent Y-oY after two consecutive months of decline, as many states received ample rainfall, Crisil said.

"With the southwest monsoon covering more parts of the country in August, water level in 31 reservoirs and hydroelectric projects ticked up around 1 per cent over a year earlier. Thus, the share of coal and renewable energy in power production increased marginally on-year, while that of hydropower grew to about 15 per cent from around 13 per cent," it added.

"Despite that, the southwest monsoon is expected to be prolonged this year rather than follow the normal pattern of starting to retreat from northwestern India in mid-September. "We expect thermal coal imports in September to rebound from the August low as continued weather-related disruptions in domestic coal production and potential restocking efforts following the massively dropped inventories at power plants will likely support the upside for imports," Zhiyuan said.

PRODUCTION DOWN

In August, domestic coal production experienced a rare 7.51 per cent y-o-y drop and stockpiles at power plants have dropped sharply by over 22 per cent, compared to the March peak, he added.

India's coal production and despatch fell to its lowest in over a year and a half with the growth rate slipping into negative territory during August 2024 as widespread and above-normal precipitation impacted mining and mobility.

According to Coal Ministry data, coal production fell by 7.5 per cent y-o-y and more than 15 per cent m-o-m to 62.76 mt, which is the lowest since March 2023.

Business Line. Dt:- 18/09/24

Lift ban on non-basmati white rice exports, trade bodies urge Centre

Vishwanath Kulkarni
Bengaluru

Amidst prospects of a record rice harvest, exporters are looking forward to removal of the ban on white rice exports and the 20 per cent export duty on parboiled rice. Aided by a good and widespread monsoon across the country farmers have expanded the paddy acreage by over four per cent to over 410 lakh hectares (lh).

"The Government should remove the duty on parboiled rice exports and open up white rice exports as we are heading for a record crop," said BV Krishna Rao, President, The Rice Exporters Association, the trade body of non-basmati rice exporters.

India had banned exports of non-basmati rice in July 2023 to ease domestic supplies and protect consumers from high prices. Also, the government had levied a 20 per cent duty on exports of parboiled rice on August 25, 2023, to discourage the exports.

The recent removal of minimum export price (MEP) on basmati shipments has rekindled the hopes among the exporters of some policy correction on the non-basmati front.

In a letter to Pralhad Joshi, Union Minister for Consumer Affairs, the Indian Rice Exporters' Federation President Prem Garg urged the centre "to consider providing assistance and relief in respect of non-Basmati white rice and parboiled rice exports by allowing its free export without any restrictions and completely removing the export duty of 20 per cent".

"The upcoming crop is looking good as compared to last year's crop and inflation is also under control. This would not only generate additional revenue for the nation but also greatly benefit farmers and the rice industry as a whole which almost has 80 per cent exporters as MSME beneficiaries," he said.

SOWING CONTINUES

Though the area under paddy exceeded the normal acreage as of September 13, sowing is still on in several States. Besides with a surplus monsoon replenishing the reservoir levels, prospects for the rabi cropping season looks good.

Rao said the opening up of rice exports and lowering the duty on par-boiled rice will also benefit the farmers as recently witnessed in the case of basmati. The removal of MEP last week has led to an increase in prices of paddy of the Pusa Basmati 1509 variety from ₹2,700 a quintal to ₹3,300 quintal over past few days. Further, with the MEP removal, if the non-basmati continues with a higher duty, there is a possibility that people may ship it as basmati rice, he said.

Business Lines. Dt:- 18/09/24

Lenovo aims to export 60% of India-made AI servers to APAC

Our Bureau
Bengaluru

Lenovo has started manufacturing AI servers in India. The production line at its Puducherry facility, operational since 2005, will now produce enterprise AI and GPU servers for AI workloads to meet the growing local and international demand.

These servers, equipped with Lenovo's advanced 8-way GPU architecture, will address the booming AI infrastructure needs, with over 60 per cent of the production slated for export across the Asia-Pacific.

The Puducherry plant will manufacture five offerings from Lenovo's portfolio, including three rack-mounted enterprise AI servers and two flagship 8-way GPU servers.

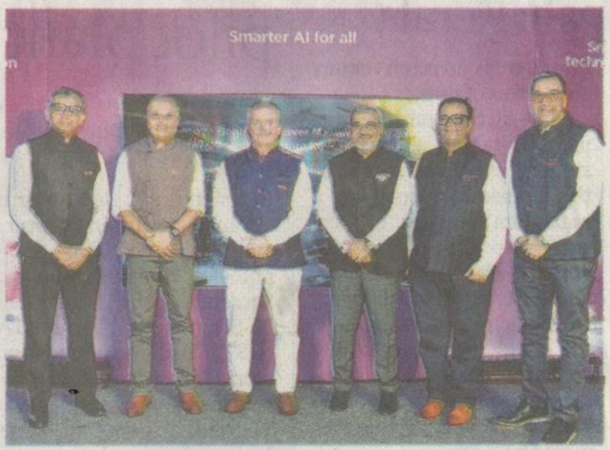
These technologies are poised to drive substantial growth for Lenovo's India business in the coming year.

With a production capacity of around 50,000 enterprise AI rack servers and 2,400 high-end GPU units annually, Lenovo's supply chain will serve the domestic demand and account for potential expansion overseas.

Alongside, it has established a high-performance AI server manufacturing in India and inaugurated its state-of-the-art Research and Development (R&D) lab dedicated to advancing Lenovo's Infrastructure Solutions.

Lenovo set up its manufacturing in India nearly two decades ago and R&D for Motorola 10 years ago.

In the past few months, Lenovo inaugurated the Global Shared Support Center and launched PMA-compliant PCs with made-in-India motherboards.



CORE TEAM. Shailendra Katyal, MD Lenovo India (second from left) and Amar Babu, President, Lenovo Asia Pacific (third from right) with other Lenovo officials

AI FOR ALL

The next phase of Lenovo's multi-million-dollar investment plan includes AI server manufacturing and a new Infrastructure R&D lab. In 2023, it announced an additional investment of $1 billion through the FY23-25 perios to accelerate AI deployment for businesses around the world – specifically AI devices, AI infrastructure, and AI solutions.

"This development marks a significant step toward achieving both Lenovo's and the Indian government's 'AI for All' vision," said Amar Babu, President, Asia Pacific, Lenovo.

"We remain committed to driving India's growth as an innovation hub by expanding our global manufacturing footprint and harnessing the strength of Indian talent and the industry ecosystem for technology R&D."

Lenovo has also launched an Infrastructure R&D Lab in Bengaluru, adding to its global network of 18 existing R&D Labs. The Bengaluru R&D facility is one of four critical labs worldwide dedicated to Infrastructure Solutions, joining server design and development centers in Morrisville, Beijing, and Taipei.

INDIA FOR THE WORLD

The company also stated this lab will help in system design, development, and testing of next-generation server platforms, including hardware, firmware, and software development.

It has advanced tools for electrical, design/testing, power characterisation, thermal analysis, and compliance testing.

Shailendra Katyal, Managing Director, Lenovo India, said, "With today's announcement of AI server manufacturing in India, we complete Lenovo's pocket-to-cloud technologies 'Made in India' for the world.

The Infrastructure R&D Lab's focus on designing and developing next-generation mainstream servers further underscores Lenovo's dedication to 'R&D in India for the world'."

All future mainstream server design, developments, and new technical initiatives will be conducted at this lab, contributing to Lenovo's global R&D initiatives. The company's global R&D spend was $2.3 billion for FY24.

With over seven million devices produced in India during FY24, Lenovo said it is enhancing its manufacturing and R&D capabilities, positioning India as a crucial component of its global network, which includes over 30 manufacturing sites across nine markets.

Business Standard. Dt: 18/09/24

Exports shrink 9.3% in Aug, trade deficit at 10-mth high

Shipments to China fall 22.4%, while imports jump 15.5% to $10.8 bn

SHREYA NANDI
New Delhi, 17 September

India's trade deficit widened to a 10-month high of $29.7 billion in August as imports hit a record high of $64.4 billion on doubling of gold inflows, and exports contracted for the second month in a row to $34.7 billion due to softening of oil prices and muted global demand.

Merchandise exports contracted 9.3 per cent to $34.7 billion in August. Other factors that affected merchandise exports included a slowdown in China, falling petroleum prices, recession in advanced economies and transportation- and logistics-related challenges.

"In the current global situation, exports have been a huge challenge... there is a slowdown in China, and recession is persisting in Europe and the US. Transportation cost because of trade routes getting diverted from Suez Canal to Cape of Good Hope is an issue, which is persisting," Commerce Secretary Sunil Barthwal told reporters on Tuesday.

While imports grew 3 per cent on-year, gold imports touched $10 billion in August due to factors such as stocking ahead of the festive season, falling global prices, as well as due to the yellow metal's import duty cut from 15 per cent to 6 per cent in July.

Petroleum products, which have more than 17 per cent share in total exports, contracted 37.5 per cent in August at $5.95 billion. Apart from petroleum, gems and jewellery saw massive contraction of 23 per cent at 1.9 billion in August.

"With the unexpectedly sharp widening in the merchandise trade deficit in August, we are apprehensive that the current account deficit will rise to 1.5-2 per cent of GDP in this quarter (Q2FY25)," Aditi Nayar, chief economist at ICRA, said.

Non-petroleum and non-gems and jewellery exports, an indication of a clearer parameter of exports' health, grew 2.4 per cent at $26.76 billion. Sectors that saw growth were engineering goods (4.36 per cent), electronic goods (7.85 per cent), drugs and pharmaceuticals (4.67 per cent), and textiles (11.88 per cent).

Apart from gold, other items that saw high imports include coal (8.88 per cent), electronic goods (12.78 per cent), and non-ferrous metals (22 per cent). On the other hand, imports of petroleum and crude products contracted by nearly a third to $11 billion during the same month, data released by the commerce department showed.

According to Barthwal, widening of the trade deficit was not a matter of concern in the case of emerging economies like India.

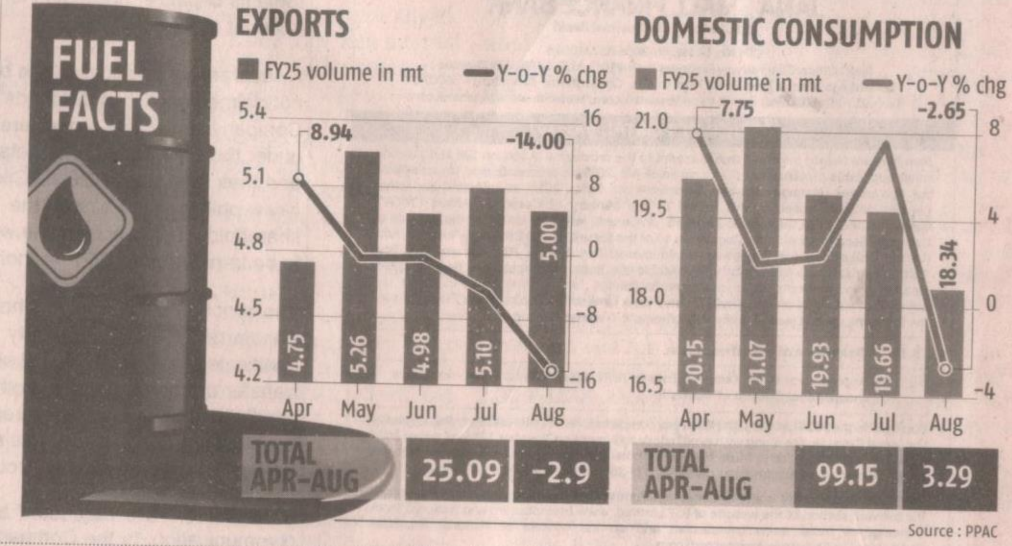
Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that ongoing international trade disruptions along with drop in crude and metal prices have also played a key role in bringing down the value of exports.

"Some of the exporters have diverted to the domestic market as profitability in exports has taken a hit with a sharp rise in international freight (both ship and air). Had it not been for these trade disruptions led by logistical challenges such as lack of shipping space, irregular shipping schedule, ships skipping Indian ports and declining commodity prices, merchandise exports would have recorded growth," he said.

Services exports saw 6.9 per cent growth at $30.69 billion in August, while services imports witnessed 4 per cent rise to $15.7 billion, resulting in a surplus of $14.9 billion. Services trade data for August, however, is an "estimate", which will be revised based on the Reserve Bank of India (RBI)'s subsequent release.

Business Standard Dt:- 18/09/24

Petro product exports fall 14% as global demand cools



SUBHAYAN CHAKRABORTY
New Delhi, 17 September

The continuing decline in the export of refined petroleum products widened by 14 per cent to 5 million tonnes (mt) in August, according to the latest data from the Petroleum Planning and Analysis Cell.

Exports in this category have decreased by nearly 3 per cent to 18.1 mt in the first five months of 2024-25, largely due to sluggish diesel exports.

Imports of crude oil increased by 6.4 per cent in August, rising to 19.9 mt from 18.7 mt in August 2023, indicating no supply-side shortages.

Conversely, the consumption of petroleum products fell by 2.65 per cent in the latest month to 18.3 mt, suggesting that inventories were not diverted to the domestic market. Sales of diesel, the most-used fuel in the country, fell by 2.5 per cent to 6.5 mmt in August.

As a result, sagging exports are attributed to a loss of demand in European markets, according to industry insiders.

Last week, benchmark Brent crude futures prices fell to a 33-month low of $69 per barrel due to weak demand and concerns about oversupply.

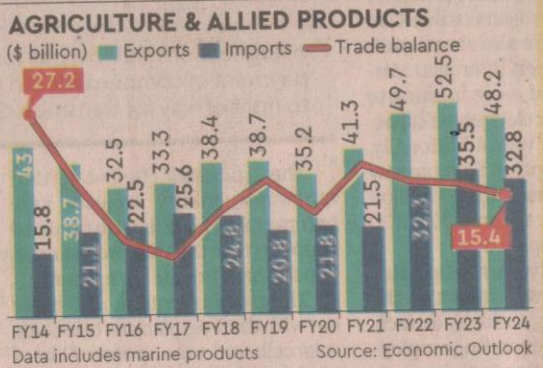
Despite ongoing production cuts by the Organization of the Petroleum Exporting Countries bloc, supplies have continued to rise.

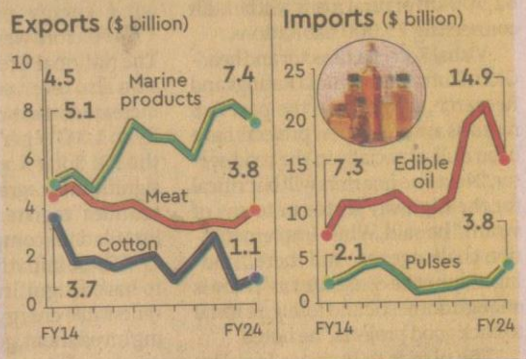
Last week, the International Energy Agency reported that global oil supply increased by 80,000 barrels per day (b/d) to 103.5 million b/d in August, with outages caused by political disputes in Libya and maintenance in Norway and Kazakhstan offset by higher flows from Guyana, Brazil, and elsewhere.

FINANCIAL EXPRESS. Dt:- 18/09/24

Consumer bias takes a heavy toll on farm exports

SAIKAT NEOGI & SANDIP DAS
New Delhi, September 17





INDIA'S AGRICULTURAL OUTPUT, spanning across food grains, horticulture and livestock, has risen steadily over the past decade but a surge in domestic food consumption has not only kept exports of these products subdued but also caused a big jump in imports, according to official data.

The primary driver of the imports is edible oil, but inward shipments of pulses remained high too, even though in a more erratic manner (see chart).

India's trade surplus in "agriculture and allied products" has been tapering in recent years – in FY24, the surplus was just $15.4 billion, as against $27.2 billion in FY14.

Earnings from export of farm items were only marginally higher at $48.2 billion in FY24 compared to $43 billion in FY14. On an inflation-adjusted basis, this is barely any growth.

On the contrary, imports more than doubled from $16 billion in FY14 to to $33 billion in FY24.

The items whose exports were still growing at a healthy rate were rice, marine products and spices, whereas frequent policy interventions in trade constricted the growth of rice exports.

While white rice exports are now banned and there is a 20% export on parboiled variety, exports of basmati rice were restricted by a minimum export price until recently.

Simultaneously, edible oil imports had been boosted with reduced import tariffs since late 2022 (last week, these tariffs were raised, to slightly twist the terms of trade in favour of farmers).

Experts attribute the reduced trade surplus to a "consumer bias" in trade policies. "Immediately after Prime Minister Narendra Modi formed the government in 2014, there were back-to-back droughts in 2014-15 and 2015-16. So, imports had to increase to keep food prices under control. But later on, in 2022-23 and 2023-24, when global prices were high and rising, the government put export controls on wheat, rice, sugar, and even onions," Ashok Gulati, agricultural economist and former chairman of Commission for Agricultural Costs and Prices said.

Gulati said this and the lower import duties on edible oils and pulses that prevailed for long "clearly shows consumer bias in agri-food policies, including imports-exports of agriculture produce".

While exports of farm items contracted 8.2% on year in FY24, imports shrank 7.6%. However, in FY23 and FY22, while exports had risen by 5.6% and 20% respectively, imports grew at 10% and 50%.

Continued on Page 7

Kolkata

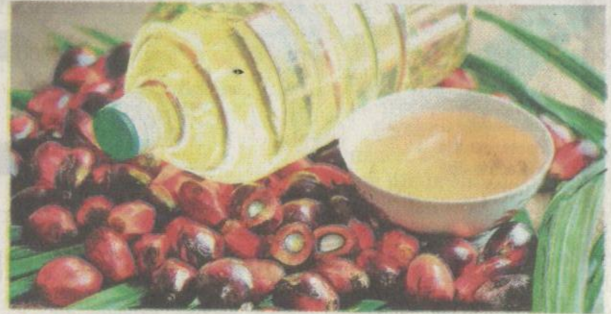
Business Line. Dt: 19/09/24

Indonesia plans to cut export duty on palm oil

Suresh P Iyengar
Mumbai

Indonesia, one of the largest exporters of palm oil, plans to cut export duty on palm oil early next month to support its farmers amid drop in demand.

The development will be a major relief for Indian importers, particularly after the government increased the customs duty on crude soyabean oil, crude palm oil, and crude sunflower oil from 20 per cent to 27.5 per cent. Additionally, the import duty on refined oil including palm oil was increased to 35.75 per cent from 12.5 per cent to support domestic farmers during the crushing season.



DUTY HIKE. The import duty on refined oil was raised to 35.75% to support domestic farmers during the crushing season

The production of palm oil in Indonesia is expected to be lower marginally at 53 million tonne (mt) against 54.8 mt logged in last year. In the first half of this year, the output was down at 26.2 mt against 27.3 mt recorded in the same period last year. Exports of palm oil from that country dipped to 15.1 mt in the first half of this year against 16.3 mt logged in the previous year due to lower demand from China and India. Last year, Indonesia exported 32.2 mt of palm oil largely to India, China, European Union, Pakistan and Africa.

M Fadhil Hasan, Head of Foreign Affairs, Indonesian Palm Oil Association told *businessline*, that the government is considering a export duty cut to support sustainability initiative though ramping up bio-diesel blending and support farmers who have been hit by drop in export demand.

The industry last year diverted 10.64 mt of palm for biodiesel production and this will increase to 11.5 mt this year. Till June, 5.4 mt of palm has been used by the biodiesel production, he added.

TAX AND LEVY

Under current rules, Indonesia imposes a fixed export tax and a levy ranging between \$55 to \$240 a tonne for crude palm oil exports, depending on global palm oil prices. There are 17 brackets for the levy, with the lowest tax rate kicking in when palm oil prices are below \$680 a tonne and the highest rate when it is above \$1,430 a tonne.

Business Standard. Dt:- 19/09/24

Apple, mobiles charge up 22% growth in electronics exports

SURAJEET DAS GUPTA
New Delhi, 18 September

Driven by mobile devices and Apple Inc's iPhone vendors, electronics exports grew by 21.8 per cent between April and August in 2024-25 (FY25) compared to the same period last year, reaching $13.57 billion. This made electronics the fastest-growing commodity among the top 10 merchandise exports from the country.

The importance of electronics exports is underscored by the fact that overall exports of the top 10 commodities grew by only 1 per cent during the first five months of FY25, totalling $145.87 billion.

This remarkable growth is largely attributed to a single product: mobile devices. Mobile device exports were valued at $7.56 billion between April and August this financial year, accounting for 55.7 per cent of total electronics exports.

A prime mover in this growth is the role of one company — Apple Inc, headquartered in Cupertino — and its three vendors in India: Foxconn, Tata, and Pegatron. Collectively, these vendors contributed 67 per cent (or $5 billion) of total mobile device exports in the first five months of FY25. They also comprised 37 per cent of total electronics exports during this period.

Apple's contribution to electronics exports has grown steadily over the years. In 2022-23, the company exported $5 billion worth of phones, representing 22 per cent of total electronics exports. In 2023-24, that figure doubled to $10 billion, accounting for 35 per cent of total electronics exports.

Electronics exports have already moved up to the third spot among India's top exports in the first five months of the current financial year, displacing organic and inorganic chemicals, which held the position during the same period last year. Now, electronics rank behind only engineering goods and petroleum products. While engineering goods exports rose by 4.2 per cent in the first five months, petroleum product exports fell by 9.8 per cent.

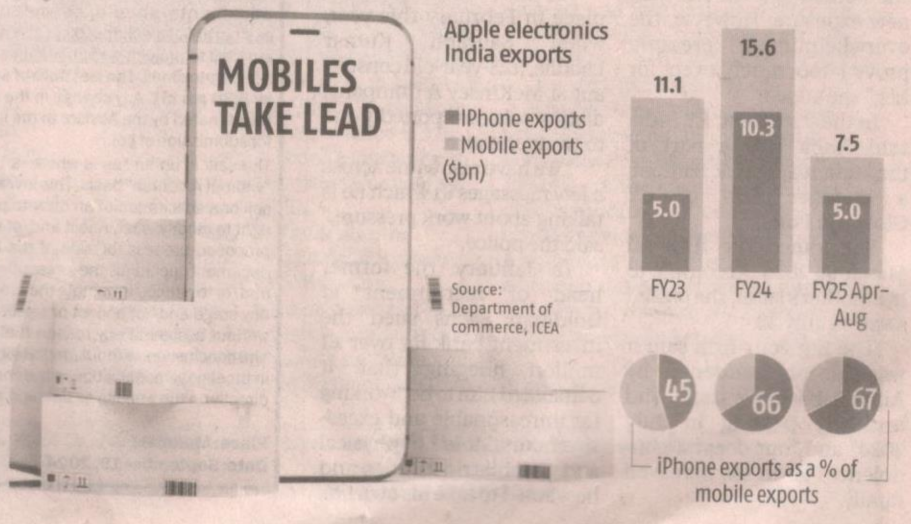
The government is clearly placing a major bet on electronics, with NITI Aayog projecting that with the right reforms and support, exports could reach between $200 billion and $225 billion by 2029-30. However, this would require a compound annual growth rate of 38-40 per cent over the next six years — a target many believe is overly ambitious unless the government introduces deep reforms in taxation, and tariffs, and expands production-linked incentive support.

TOP 10 COMMODITIES

Exports between April–August FY25

	($bn)	Change in %
Engineering goods	46.41	4.2
Petroleum products	31.84	-9.8
Electronic goods	13.57	21.8
Drugs and pharmaceuticals	11.86	8.2
Organic & inorganic chemicals	11.76	3.4
Gems and jewellery	11.1	-10.7
RMG* of all textiles	6.4	7.1
Cotton yarns, made ups, fabs	4.89	0.2
Rice	4.43	-6.6
Plastic & linoleum	3.62	10

Source: Department of commerce *readymade garments



Business Standard. Dt: 19/09/24

Exports to China fall at faster clip than to other partners

SHREYA NANDI

New Delhi, 18 September

Amid a massive slowdown in China, India's exports to the neighbouring country contracted at a faster pace in comparison to the exports to the rest of the world.

India's exports to China witnessed 22.44 per cent contraction to \$1 billion, while overall exports declined 9 per cent at \$34.7 billion in August, commerce department data showed. China is India's fifth-largest export market.

On the other hand, import dependency on China continued, with the country being India's largest import partner. According to the data, inbound shipments from China stood at \$10.8 billion, up 15.5 per cent year-on-year (Y-o-Y).

WIDENING GAP

Export

Country	Growth(%)
US	-6.29
United Arab Emirates	-2.39
Netherlands	28.92
United Kingdom	14.57
China	-22.44

Import

Country	Growth(%)
China	15.55
Russia	-39.9
United Arab Emirates	72.7
US	-6.3
Iraq	-31.18

Source: Department of Commerce

While the disaggregated data for the month of August wasn't immediately available, trends over the last few months showed that exports to China were dominated by items such as iron ore, marine products, copper, and food items, among others.

On Tuesday, Commerce Secretary Sunil Barthwal had said that other than muted demand, geopolitical and logistics-related challenges, another key factor that is impacting merchandise exports is a huge slowdown in China that has also led to a decline in petroleum prices.

As far as imports are concerned, top inbound shipments from China include electronic components, industrial machinery, IT hardware, and organic chemicals, among others.

Top 10 export-import destinations

During August, exports to six out of India's top 10 markets witnessed contraction — the US (6.29 per cent), the UAE (2.39 per cent), China (22.44 per cent), Singapore (-39.25 per cent), Bangladesh (27.85 per cent), and Australia (-24.05 per cent).

The top 10 countries comprised 68 per cent of India's total value of goods exported during August. The US continued to remain India's largest export market, followed by the UAE, the Netherlands and the UK. Barring Russia, the US, Iraq, Saudi Arabia, Singapore, and Indonesia, inbound shipments from the rest of the top 10 import partners witnessed growth during August, the data showed. To be sure, India relies on crude oil imports from most of these countries and a contraction in imports is mainly due to falling petroleum prices.

India's overall imports grew 3 per cent Y-o-Y to \$64.3 billion in August. The record high imports was mainly due to doubling of gold imports during the month. As a result, imports from Switzerland, which is mainly driven by gold imports, witnessed 80 per cent growth to \$3.9 billion.

Business Line. Dt:- 20/09/24

Hike import duty difference between crude and refined edible oils, SEA urges Centre

Our Bureau
Mangaluru

The Solvent Extractors' Association of India (SEA) has urged the Centre to increase the difference in import duties between crude and refined edible oils to 15 per cent from the present 7.5 per cent.

Addressing the SEA awards function on Wednesday, Ajay Jhunjhunwala, who stepped down as SEA President on Wednesday, thanked the Central Government for increasing the import duty on edible oils.

Ajay Jhunjhunwala, outgoing SEA chief

BUILDING RESILIENCE

He stated that this move will make the edible oil industry more resilient and enable the oilseed farmers to receive a better price for their produce.

This will be a win-win situation for farmers, industry and the government, he said.

Jhunjhunwala appealed to the government to raise the difference in import duties between crude and refined edible oils from the current 7.5 per cent to 15 per cent. He argued that this would support the domestic refiners and encourage value-addition within the country.

He also urged the government to regulate the import of refined edible oils, noting that exporting countries levy higher "export taxes" on crude edible oils, making refined edible oils more affordable to import.

Increasing the import duty differential between crude and refined oils would discourage refined oil imports and protect domestic producers.

COUNTERING INFLOW

He said that after the recent increase in import duty, most likely, there will be a heavy inflow of refined products from SAARC countries, particularly Nepal and Bangladesh, with nil/concessional import duty to India. This could be supplied to the border States such as Bihar, Uttar Pradesh and West Bengal. To counter this, SEA urged the government to impose quota of 5,000 tonnes per month per country.

Seeking expansion of the National Mission on Edible Oils, he urged the government to "allocate an outlay of ₹25,000 crore over the next five years to reduce import dependence to 30 per cent, from the present 60 per cent."

Stating that the recent fall in the prices of soyabean below the minimum support price (MSP) had created unrest among farmers, he said: "We commend the government's decision to allow states like Madhya Pradesh, Maharashtra and Karnataka to procure soyabean at MSP, which has positively impacted prices."

Sanjeev Asthana, CEO of Patanjali Foods Ltd, took charge as new President of SEA for 2024-25 on Wednesday.

Business Standard. Dt:- 20/9/24

In export push, govt steps in to raise container capacity

Commerce Minister Piyush Goyal announces purchase of second-hand vessels

SHREYA NANDI & DHRUVAKSH SAHA
New Delhi, 19 September

Concerned over the fallout of the Red Sea crisis and severe shortage of containers against the backdrop of a steep decline in merchandise exports in August, the Union government is pulling out all the stops to find a solution. To begin with, the government has devised a strategy aimed at boosting container supply and supporting exporters.

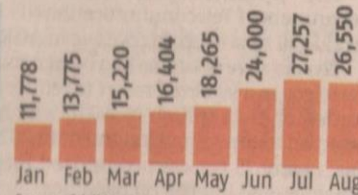
An inter-ministerial meeting chaired by trade minister Piyush Goyal, on Thursday, decided that the state-owned Shipping Corporation of India (SCI) will start operating a large container ship and purchase five additional second-hand container vessels apart from reducing loading and handling cost of empty containers by the Container Corporation of India (Concor). A simultaneous container scanning will also begin at Jawaharlal Nehru Port Authority (JNPA) for faster clearances and reduction in turnaround time.

"I am confident that it (decisions taken today) will result in bringing down the shipping cost, improve the availability of empty containers, help faster evacuation of export consignments, and significantly reduce the congestion at ports," Goyal told reporters during a briefing.

Turn to Page 10 ▸

COSTLY AFFAIR

Average charter rate in 2024 ($/day)



Source: Crisil Market Intelligence & Analytics

TO BRING RELIEF

- Implement simultaneous container scanning at JNPA to speed up clearances and cut turnaround time
- Lower handling and loading costs for empty containers by Concor
- Enable quicker evacuation of consignments

Business Standard, Dt. 23/9/24

Steel firms under pressure from rising imports, drop in exports

ISHITA AYAN DUTT & AMRITHA PILLAY
Kolkata\Mumbai, 22 September

TRACKING THE PRICES

- **Between ₹47,000 and ₹51,000 per tonne:** Range of HRC prices; a decrease of ₹1,000 per tonne in the past three days
- **₹50,000-51,000 per tonne:** BF-rebar trade prices ex-Mumbai. During August-end 2024, it hit three-year low level at ₹49,500 per tonne
- Rebars are most likely to have been impacted by the slackening of construction activities during monsoon
- India exports were constrained as key markets were either flooded with Chinese exports, experiencing weak demand, or facing trade restrictions, Ranjan Dhar of AM/NS India said

Indian steel companies are facing challenges amid rising low-cost imports, limited export opportunities, seasonal weakness in demand, and unfair dumping by surplus countries like China. These issues weigh on steel prices and threaten to hit domestic manufacturing.

According to market intelligence and price reporting firm, BigMint, hot-rolled coil (HRC) prices have decreased by ₹1,000 per tonne, now ranging between ₹47,000 and ₹51,000 per tonne. HRC is a benchmark in flat steel. The trade level represents the lowest point for the current financial year, and the market is showing signs of volatility, marked by a significant decline in demand, said an analyst with the firm.

In long steel, BF (blast furnace)-rebar trade prices are currently hovering at ₹50,000-51,000 per tonne ex-Mumbai, Big Mint data showed. It hit three-year low levels at ₹49,500 per tonne during August-end 2024 on a slowdown in demand. Rebars are most likely to have been impacted by the slackening of construction activities during monsoons.

However, major steel producers cited an increase in imports and restrictions in export opportunities and higher production as reasons for the weakness in flat steel prices. Jayant Acharya, joint managing director and chief executive officer, JSW Steel, said, "With a slowdown in the global economy, the global steel industry, including in India, is facing a significant threat due to a surge in steel exports, particularly from China at predatory prices."

"India is a bright spot in a weaker global demand scenario, with a strong domestic demand growing at 13-14 per cent. But it also means that surplus countries are focusing on India to dump their excess material. While our imports have increased sharply, our exports have dropped significantly due to increasing restrictions by various countries," he added.

Ranjan Dhar, director and vice president of sales & marketing, AM/NS India, noted that export opportunities for India were constrained as key markets were either flooded with Chinese exports, experiencing weak demand, or facing trade restrictions. "Meanwhile, imports are surging, even as major producers in India are ramping up production in line with the government's steel policy."

Figures from CRISIL Market Intelligence and Analytics (CRISIL MI&A) showed that from April to August, finished steel imports increased by 24 per cent year-on-year (Y-o-Y), while there was a 40 per cent Y-o-Y dip in exports. The infrastructure and construction segment is the biggest end-user segment for steel. Post-election, however, tendering and awards activity in India has been a mixed bag.

Manoj Nair, National Head – Industrial EPC Business, Sterling and Wilson, points out there has been a spike in firm enquiries in the infrastructure and manufacturing space. "The tendering activity has picked up after the general elections with a lot of requirements coming in from mines, metals, ports, electronics and defense-related sectors. All these are in response to the positive vibration created towards economic growth through Infrastructure development," he said.

However, ordering activity in the roads segment, a subset of infrastructure is yet to see a positive spike. ICRA in a recent report noted in 4MFY25, the road awards stood at 563 kilometre, 50 per cent lower than the 1,125 km awarded in 4MFY24.

The report said that with improved clarity regarding order-awarding activity from the roads ministry in August 2024, project awarding is expected to gain momentum from September 2024 onwards. However, the overall project award will remain substantially lower than that of FY21-FY23 levels. Sehul Bhatt, Director- Research at CRISIL Market Intelligence and Analytics, also pointed to global factors.

"Global flat steel prices are plumbing multi-year lows, which is adding to the headwinds," he said. However, the good part is lower global prices have curtailed raw material prices such as for iron ore, steel scrap, coking coal, and thermal coal, he said, adding that, "This has given steel makers the leeway to cut prices." Low-cost imports have been a worry for steelmakers for a while, especially as major producers are spending billions of dollars in capacity addition. By 2028, CRISIL MI&A estimates large steel players will add approximately 50 million tonnes per annum capacity. "The Indian steel industry has invested large amounts and it is important to ensure these are not put to risk by unfair dumping by surplus countries," Acharya said. "Uncontrolled imports threaten to cripple domestic manufacturing, a concern that the government has acknowledged and is actively working to address," added Dhar.

More on www.business-standard.com

Financial Express, dt. 23/9/24

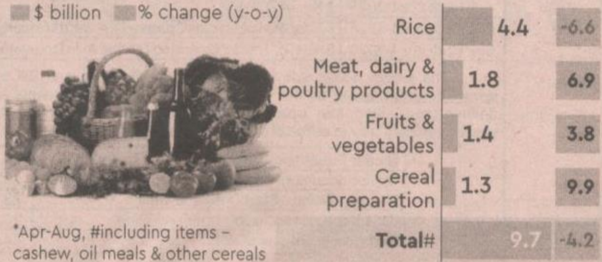
ON SLUMP IN RICE TRADE

Agri exports dip 4% in Apr-Aug

SANDIP DAS
New Delhi, September 22

IN THE RED

Agri & processed food products exports in FY25*



*Apr-Aug, #including items – cashew, oil meals & other cereals

INDIA'S EXPORTS OF agricultural and processed food products fell by 4% to $9.69 billion in the first five months of FY25, largely due to a decline in rice shipments following export restrictions imposed last year.

Among the items under the Agricultural and Processed Food Products Export Development Authority (APEDA) basket, shipments of meat, dairy, poultry products, fresh fruits, vegetables and cereal preparations showed an uptick during April-August 2024-25 compared to the same period in FY24.

According to the Directorate General of Commercial Intelligence and Statistics, rice exports dropped by 6.64% year-on-year, amounting to $4.42 billion in the first five months of FY25.

As export growth stagnated and imports surged, India's trade surplus in "agriculture and allied products" has been shrinking in recent years.

In FY24, the surplus stood at just $15.4 billion, compared to $27.2 billion in FY14. The primary driver of imports continues to be edible oils, although pulses have also contributed, albeit in a more erratic manner.

Last year, the government imposed a ban on white and broken rice exports and levied a 20% duty on parboiled rice to boost domestic supplies. However, the minimum export price (MEP) of $950/tonne on basmati rice, imposed in October 2023, was recently lifted.

Basmati rice exporters have welcomed this move, as it levels the playing field with competitors like Pakistan, which had a lower MEP.

Akshay Gupta, head, bulk exports at KRBL (which exports basmati rice to over 90 countries under the 'India Gate' brand), stated that Pakistan's exporters were benefiting from India's restrictive policy, but now, all exporters will compete on equal footing.

Meanwhile, the export of meat and dairy products rose by 6.88% year-on-year, reaching a record $1.8 billion in April-August of the current fiscal, compared to $1.69 billion during the same period in FY23.

Exports of fruits and vegetables also increased by 3.83% to $1.4 billion during April-August FY25 compared to the same period last year. Officials stated that the rising global demand for products such as bananas, mangoes, processed fruits, juices, seeds, and processed vegetables has driven this growth. To further boost horticultural exports, APEDA recently signed a memorandum of understanding with LuLu Group International, which operates a vast network of hypermarkets and retail outlets across the West Asia. India's agricultural and processed food product exports in FY24 had declined by 6% to $25.01 billion, primarily due to restrictions on rice exports.

Financial Express, dt. 23/9/24

Natural gas imports up 13% to $6 bn in Apr-Aug

ARUNIMA BHARADWAJ
New Delhi, September 22

INDIA'S IMPORT BILL for natural gas surged by 12.9% to $6.1 billion during the first five months of the current fiscal compared with $5.4 billion in the same period a year ago due to rise in consumption particularly by the CGD companies and the power sector, data from the Petroleum Planning and Analysis Cell showed.

The import bill for the month of August stood at $1.2 billion against $1.1 billion in the corresponding period of last fiscal. The country imported 15,064 million standard cubic meters of LNG (liquified natural gas) during April to August, up by 17.4% from the corresponding period of FY24, the data showed.

IMPORTS OF NATURAL GAS

Source: PPAC

The growth was also supported by stabilised prices of natural gas from the earlier highs recorded in FY23, enabling consumers to buy more imported gas, as per analysts.

During the period, the country's consumption of natural gas increased by almost 18% to 30,003 mmscm with major demand coming in from the CGD, fertiliser, and the power sector.

In 2022, the sudden outbreak of war between Russia and Ukraine had led to a sharp increase in prices of natural gas in FY23 as a result of which gas lost its cost competitiveness to the alternate fuels. Accordingly, natural gas consumption declined in FY23.

However, with range-bound prices, analysts expect the consumption to grow in the medium term.

As the imports continue to grow, the country's production of natural gas also registered a marginal increase of 2% in the Apr-Aug period.