

# Cotton exports down to 18-year-low in 2022-23

**REVISITING NUMBERS.** Cotton Association of India ups last season crop estimate to 318.90 lakh bales, pegs shipment at 15.5 lakh bales

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Chennai

India's cotton exports are estimated to have dropped to a record low of 15.50 lakh bales (170 kg each) in the 2022-23 season that ended in September, the Cotton Association of India (CAI), the trade's apex body, said on Monday.

Cotton exports were projected to be 30 lakh bales initially by the Committee on Cotton Production and Consumption (CCPC) but with the global economy, particularly China, being affected, the shipments got hit.

This is the lowest since the 2004-05 season when India exported 23.05 lakh bales, data from the US Department of Agriculture show.

## IMPORTS TOO SLIP

CAI said the estimate is based on the outcome of its crop committee meeting on

Saturday (October 7) and is equivalent to 16.27 lakh running bales of 162 kg each. During 2021-22, 43 lakh bales were estimated to have been exported by CAI as well as CCPC.

Imports, on the other hand, were also lower at 12.50 lakh bales (equivalent to 13.12 lakh running bales) against 14 lakh bales the previous season.

In view of the lower exports, the carryover stocks for the current season have been estimated at 28.90 lakh bales (equivalent to 30.33 lakh running bales of 162 kg each) against earlier estimates of 23.18 lakh bales. The carryover stocks last season were 24 lakh bales.

CAI at its crop committee meeting raised the cotton pressing estimate (crop projection) to 318.90 lakh bales against the previous estimate of 311.18 lakh bales. This is against the 2021-22 season production estimate of 299.16 lakh



bales. However, the CCPC has pegged the cotton crop estimated for 2021-22 at 311.17 lakh bales and for 2022-23 season at 343.47 lakh bales. The Ministry of Agriculture has also pegged the crop for the 2022-23 season at 343.47 lakh bales as per the third advance estimate.

Trade sources said there is a difference between the estimates of CAI and others, particularly the government. While CAI goes by the arrivals in the markets, the Centre goes by reports from field assessments

made by State governments.

## PRODUCE HELD BACK

Trade sources said there is a big difference between the estimates made by CAI and the government for the 2022-23 seasons as farmers held back their produce expecting better prices.

As farmers held back their produce and even stored them on their terrace and in their backyards, the trade, at one point in time, feared the crop was lower than expected.

However, growers

## Cotton balance sheet\*

Figures in lakh bales

	2022-23	2021-22
Opening stock	24.00	71.84
Crop	318.9	299.16
Imports	12.5	14
Total supply	355.4	385
Domestic demand	311	318
Exports	15.5	43
Closing stock	28.9	24

Source: Cotton Association of India

brought more cotton between March 1 and September 30 as they feared prices could plunge. Arrivals during March 1-September 30 this year were a record 85.70 lakh bales against 36.14 lakh bales last year and 18.32 in 2021. During the Covid pandemic, the arrivals were about 60 lakh bales.

## ESTIMATE

Growers held back cotton last season as they received record high prices in the 2021-22 season with prices for a candy topping ₹1 lakh

per candy (356 kg) in May 2021.

However, last season prices hovered above ₹60,000 a candy for most part of the season. High prices in the domestic market were also a deterrent to exports.

Currently, Shankar-6 cotton, the benchmark for exports is quoted at ₹59,200.

Though CAI has not estimated the crop for the current season yet, Coimbatore-based Indian Cotton Federation has pegged the output at 330-340 lakh bales.

According to the Ministry of Agriculture, the area under cotton is lower this season at 123.87 lakh hectares compared with 127.73 lakh hectares a year ago.

The crop estimate for the current season is due anytime now with the Ministry compiling the data. Usually, the first advance estimate is released at the end of the pre-rabi conference, which ended two weeks ago.

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## Export buying cheers up orthodox tea prices at Kochi auction

**V Sajeew Kumar**

Kochi

A revival in export buying in a limited way has brought some cheers to the Kochi tea auction market, witnessing a good demand for orthodox leaves.

Traders said buyers actively participated in sale 40 from Iraq, Tunisia and Iran which was mainly routed through Dubai with 81 per cent of the offered quantity of 3,12,655 kg sold.

They said the export market has not yet reached its full potential, but indications are positive and there could be an upward trend in the coming weeks.

The auctioneers Forbes, Ewart & Figgis said the market for select best Nilgiri and medium whole leaf was firm



to dearer, fetching attractive prices. CIS and West Asian exporters are also active coupled with a good interest shown by upcountry buyers.

There was a good demand for CTC leaf with 92 per cent of the offered quantity of 42,500 kg sold in which exporters absorbed a small quantity.

However, the dust market witnessed a subdued demand with blenders not being act-

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ive. The quantity sold in CTC was 10,47,000 kg with sales percentage of 80. The market for good liquoring was sometimes dearer especially popular marks from Kerala.

Traders said CTC market is witnessing a subdued demand after Onam with only a fair support extended by upcountry and local buyers. Exporters operated at the bottom of the market.



# Gems, jewellery exports to be hit

MUKESH JAGOTA, SACHIN KUMAR  
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New Delhi / Mumbai / Ahmedabad,  
October 9

**THE ESCALATION** of conflict and its prolongation in West Asia could sound trouble for India's gems and jewellery exports, which are already facing headwinds, as cost involved in shipments to Israel and some of its biggest markets in the region could increase.

West Asia's share in India's exports of precious stones and jewellery is around 17% of the total which was \$37.9 billion in the last financial year, with exports to Israel another \$1.3 billion.

Gems and jewellery is the second biggest item of exports from India to Israel after petroleum products (mainly diesel).

Israel imports gems and jewellery from India and re-exports with some value addition to developed countries. Israel is also the technology provider to the sector.

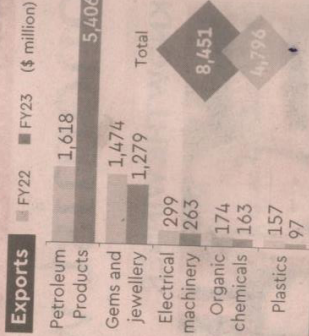
Cut and polished diamonds constitute the highest exported commodity category with a trade of \$1.27 billion. The second highest commodity category was worked labs grown exports at \$40.65 million in 2022-23.

While diesel demand is inelastic so demand might remain or even increase, the demand for India's jewellery in Israel may also decline due to downturn in sentiment in the middle of the conflict. Currently, the area of the conflict and number of active participants is limited so the damage fallout can be managed but experts are already pointing to the chances of long-term damage.

"It is too early to say anything about how things will unfold in this situation and how it will impact the trade between India and Israel. However, we are accessing the situation and talking to our suppliers and it might take days," executive director of Gems and Jewellery Export Promotion Council Sabyasachi Ray told *FE*. "Israeli importers of gem and jewellery may face the problem of higher insurance costs and freight costs if

## INDIA-ISRAEL TRADE

April-June, FY24 (\$ mn)



the conflict escalates any further," he added. Other items of export to Israel hardly clock \$250 million in billing. On the import front, India has increased its purchases of fertilisers from Israel in the last financial year to \$402 million from \$203 million in 2021-22.

Generally a conflict increases risk premiums and shipping costs which may reduce profit margins of exporters. It also increases the cost of buying export credit risk cover. In India, Export Credit Guarantee Corporation (ECGC) does this job. "The main commodities which are exported to Israel from India are petroleum products and gems & jewellery. Exporters of these two categories do not come to ECGC for insurance cover. So the exporters of ECGC are not going to be impacted much by the ongoing conflict in Israel," a senior official of ECGC told *FE*.

In West Asia, crude oil also comes into the picture.

"Immediate impact of the conflict in trade will come in the form of higher oil prices which will push up costs and hurt competitiveness of exports at the time when the world trade and economy is in a slowdown. The cost of conducting trade would also go up in terms of logistics and other costs, Biswajit Dhar, economist and trade expert, former professor at Centre of Economic Studies and Planning at JNU said.

He said if the conflict expands in terms of area or continues for a longer period, impact on India's trade and investment prospects would be visible. India's biggest export markets - UAE and Saudi Arabia - are in the region. UAE is the second biggest export market for India while Saudi Arabia is at number 8. India's exports to UAE were \$31 billion in the last financial year while exports to Saudi Arabia were \$10.7 billion.

Investment commitments by both Saudi Arabia and UAE in India are close to \$175 billion in the coming years.

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# Registration regime for import of computers ready to go live

**CHECKS.** No extension for free imports beyond Oct 31; non-restrictive registration process

**Amiti Sen**  
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The Directorate-General of Foreign Trade (DGFT) is gearing up to activate its import management system for registration of laptops, computers, and tablets from November 1 as there may be no further postponement of the government's decision to switch to an authorisation system beyond October 31, according to sources.

However, the registration process will be "simple and non-restrictive" to begin with. Importers will be required to just register on the DGFT's system, specifying the quantity they intend to import, following which they will be issued an import authorisation, an official tracking the matter told *businessline*.

"The industry seems to be aligned with the government's decision to initiate the registration process. As of now, the DGFT is preparing to start the import management system for laptops and computers from November 1. There is no communication from the



**THE SWITCH.** The window for registration will open about ten days prior to the mandated switch to the new system

Ministry of Electronics and Information Technology (MeitY) suggesting any postponement," the official said.

## REGISTRATION WINDOW

The window for registration of importers will open about ten days prior to the mandated switch to the new system, and the process will not take more than two-three days, the official added.

"Initially, the authorisation will be issued for whatever quantity the industry wants to import. The norm is that once an authorisation is issued, it remains

valid for a year. The DGFT and MeitY can together take a final call on the validity period," the official said.

However, at some point later, if MeitY wants to place quota restrictions, there will be a need to scrutinise the total value of imports, and an authorisation system would need to be put in place, he added.

The DGFT issued a notification on August 3 imposing licensing conditions on import of laptops, tablets, all-in-one PCs, and ultra-small form-factor computers and servers applicable with immediate effect.

MeitY had said the pro-

cess would address India's security concerns as IT hardware items could be buggy. A large part of the \$7-8 billion of laptops, tablets, and computers imported annually into the country comes from China, and this, too, could be monitored.

## LOCAL MANUFACTURE

Imposing licensing curbs could also promote local manufacture of the items, many of which are covered under the Production-Linked Incentive Scheme.

The Centre, however, decided to postpone implementation by about three months, until October 31, following protests by the industry. The US and the EU, too, took up the concerns of their industry with the Commerce and Industry Ministry.

Following extensive discussions between MeitY and the IT hardware industry, it was decided to initially go in for only a simple registration process that would result in the issuance of import authorisation, and will not be a licensing process, which appears restrictive.



# Business Line. Dt: 12/10/23. Solar cell exports up 10x on US curbs on China

**M Ramesh**

Chennai

Exports of solar cells and modules from India have gone up to \$ 628.38 million in April – July 2023, which is 1,062 per cent higher than \$ 54.04 million recorded in the same period of 2022, according to government data. (Cells go into the manufacture of modules.)

Indian manufacturers of solar cells and modules are having a good time, thanks almost entirely to the US market, which has kept the (cheaper) Chinese away due to a variety of reasons.

The rise in exports is a windfall of sorts for the Indian

manufacturers who are wallowing in the lucrative US market, where China cannot sell due to certain trade barriers.

## **WINDFALL YEAR**

“The flourishing business in the US market in particular is contributing significantly to the growth of our industry,” says Hitesh Chamanlal Doshi, Chairman and Managing Director of Waree, a leading Indian solar module manufacturer.

Module manufacturers also enjoy three types of support in the domestic market – PLI, protection by way of 40 per cent basic customs duty and the requirement of approval for modules by the Ministry of

New and Renewable Energy, in the form of the ‘Approved List of Models and Manufacturers (ALMM).

This situation has drawn murmurs of protests from the Indian solar energy developers who have to pay 8-9 cents a Watt-peak more in the form of the basic customs duty, even though the Indian manufacturers need no such protection because they are not selling much in India.

## **DEVELOPERS’ COMPLAIN**

Srivatsan Iyer, Global CEO, Hero Future Energies, pointing out that the Indian manufacturers enjoy customs duty protection while having no requirement to cater to the Indian market, called the BCD “a

bit of a perverse incentive.”

Doshi, while “acknowledging the fact that certain trade barriers brought into place by other nations have given non-Chinese manufacturers an opportunity to export,” observes that the demand for electricity in India is increasing – a demand “best fulfilled by solar power.”

Doshi told *businessline* that this demand should “ideally be met by domestic manufacturers.” He further noted that “the implementation of PLI could accelerate the process to a considerable extent.” This would enable domestic players to more effectively compete with overseas manufacturers in terms of costs, he said.

Financial Express. Dt: 12/10/23

# Maruti begins export of India-made Jimny

**MARUTI SUZUKI INDIA (MSI)** on Tuesday said it has commenced export of the five-door version of its sports utility vehicle Jimny. The model will be shipped to various destinations including Latin America, the

Middle East, and Africa regions, the auto major said in a statement. Earlier, in November 2020, Maruti Suzuki had started production of the three-door Jimny exclusively for exports to areas including Latin

America and Africa. In June this year, it launched Jimny five-door in the domestic market.

"The India-manufactured Jimny five-door in our export portfolio will surely create excitement among our overseas

customers," MSI MD and CEO Hisashi Takeuchi said.

Aligning with the government's 'Make in India' initiative, MSI now exports an extensive range of 17 vehicles across segments, he added.

PTI



Business Standard. Dt. 13/10/23

# Govt mulls simple authorisation plan for laptop imports

The government is likely to put in place a simple import authorisation procedure and not a licensing process for inbound shipments of laptops, tablets and computers from November 1, according to sources. However, they said the commerce ministry is awaiting a final word on the issue from the Ministry of Electronics and Information Technology (MeitY).

The government in August imposed import restrictions on laptops and computers (including tablet

computers) with a view to boost domestic manufacturing and cut imports from countries like China.

As per the notification of the Directorate General of Foreign Trade (DGFT), the restrictions will come into force from November 1. While the IT hardware product industry comes under MeitY, the DGFT notifies decisions with regard to import/export of a product.

Following this notification, IT hardware industry had flagged concerns.

PTI

Business Line Dt: 16/10/23

## Govt 'reviewing' floor price for Basmati export

**Prabhudatta Mishra**

New Delhi

After a Committee of Ministers headed by Home Minister Amit Shah rejected the exporters' demand to reduce the minimum export price (MEP) of basmati rice to around about \$900/tonne, the Food Ministry on Sunday said the request is still under "active consideration".

"Based on the discussions in the meeting with exporters, a review of the FOB price for issue of RCAC (Registration-cum-Allocation Certificate) by APEDA for export of basmati rice is under active consideration of the government," the Food

Ministry said. However, the present arrangement (of \$1,200/tonne) will continue until a decision is taken by the government, it added.

The Food Ministry said that a series of measures have been taken to check the domestic prices of rice and ensure adequate availability, including the MEP and RCAC requirement.

The decision to continue the current MEP was taken at a committee of ministers and was conveyed on October 14.

Sources said that a delegation of All India Rice Exporters Association (AIREA) is will meet APEDA Chairman on again for lowering the MEP.