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Engineering goods exports up a tad at $9.56 billion in July

Weak demand from China, EU and export duty on steel items the dampeners: EEPC

OUR BUREAU

New Delhi, August 22

Engineering goods exports grew a meagre 0.20 per cent in July 2022 (year-on-year) to $9.56 billion as weak demand from China and the EU, coupled with export duty on steel items, acted as dampeners.

"The export duty imposed on steel items, especially that of the stainless steel products has impacted India's export competitiveness in the global market," Engineering Export Promotion Council (EEPC) India Chairman Mahesh Desai said in a statement making case for its withdrawal.

Decline, too

While exports of 24 out of the 34 engineering panels posted some growth in July , huge decline was witnessed in iron and steel, copper and products, aluminium and products and lead and products, per the analysis of July data by EEPC India.

After a good performance in the last fiscal, engineering export growth has come down gradually in the first four months of the current fiscal, the EEPC statement pointed out.

Growth tapered by June

While in April 2022, engineering goods exports posted a growth of 19.8 per cent, in May 2022 slowed down to 12.8 per cent, while in June 2022 it tapered to 4.2 per cent. Cumulatively, engineering exports during April-July 2022-23 recorded 8.10 per cent growth to $38.31 billion.

Iron and steel worst hit

Iron and steel were the worst hit and in July alone their exports fell by 56.1 per cent. The fall in export of iron and steel products was around 26 per cent in April-July 2022-23.

"There have been reports that due to the export duty, Indian iron and steel exports are becoming expensive when compared to their Chinese or South East Asian competitors," Desai said. The situation may get worse for engineering exporters in the coming months going by the forecasts by economic think-tanks and multilateral agencies of a looming recession, Desai added.

Iron and steel were the worst hit and in July alone their exports fell by 56.1 per cent

The US remained the top importer of Indian engineering goods in July growing 21 per cent to $1.64 billion. Exports of engineering goods to the EU, on the other hand fell 15.8 per cent to $1.68 billion while decline in exports to China was sharper at 57.9 per cent to $225.9 million.

Engineering goods exports to the UAE, too, declined 14.5 per cent in July 2022 to $445.6 million.

Business Line dt. 23.8.22

Iron ore exports fall 85% in July on duty levy, weak demand

For April to July period, exports dip over 60% y-o-y

ABHISHEK LAW

New Delhi, August 22

Exports were impacted with China imposing restrictions on trade following a spurt in Covid cases there ISTOCKPHOTO

India's iron ore exports took a near 85 per cent hit in July, year-on-year, to about 0.50 million tonnes (mt); following lower buying from China and post levy of export duty. Exports in the corresponding period last year (July 2021) was 3.24 mt.

For the four-month-period (April to July) in FY23, iron ore exports saw an over 60 per cent fall y-o-y, to around 6.56 mt -the steepest fall for a four month comparative period.

According to data compiled by trade sources and Union Ministry of Commerce and Industry, exports for the previous three years April-July FY22 to FY20 was 17.13 mt, 19.95 mt and 11.53 mt, respectively.

Duty issues

Trade sources say, exports had been impacted with China (who is key buyer of low grade iron ore with iron content less than 58 per cent) imposing restrictions on trade following a spurt in Covid cases there. Post May, levy of export duty and hike in duty hit exports.

For instance, the Ministry of Commerce and Trade data that *BusinessLine* accessed majority of exports have been made between April and May. A sharp fall was noticed June onwards.

Data shows, there was a 94 per cent fall in exports in June to 0.21 mt versus 3.5 mt exported for June 2021. In July, numbers improved month-on-month, but fell sharply on a y-o-y basis. Against this, for April and May months of the fiscal, exports were 3.05 mt and 2.70 mt, respectively.

"The fall in numbers post May has been stark and the impact of export duty is stark," a trade source said.

Export duty 15%

The Centre had in May imposed an export duty of 15 per cent on select pig iron, flat-rolled products of iron or non-alloyed steel, bars and rods and various flat-rolled products of stainless steel and another 45 per cent on iron ore pellet. Similarly, the export duty on iron ore and concentrates was raised to 50 per cent, from 30 per cent. According to Ministry data, China was the highest buyer from India for the April-June (as per available data for three months) period at 4.04 mt; a 67 per cent fall y-o-y. Indonesia was the next big buyer at 0.22 mt , or a near 4 per cent fall y-o-y.

Amongst the other markets, offers from Korea dropped over 77 per cent to 0.07 mt y-o-y; and, orders from Oman dropped nearly 84 per cent y-o-y to approx 0.05 mt during Q1FY23. Exports to Vietnam, Nepal and Brazil dropped 37 per cent, 29 per cent and 26 per cent, respectively for the period under review.

In FY22, exports were to the tune of 26.32 mt of which nearly 49 per cent or around 12.83 mt was low grade ore (of iron content at 58 per cent or lower); while pellet exports – the largest offering–was 57 per cent or 11.39 mt.

Business Line dt. 24.8.22

Commerce Dept being recast to make it future ready

Minister Piyush Goyal said a dedicated trade promotion body would be set up to achieve an export target of $2 trillion by 2030

KR SRIVATS

New Delhi, August 23

The Commerce Ministry on Tuesday spelt out the contours of the ambitious restructuring programme that would help transform the existing Department of Commerce into a future-ready one geared towards achieving the export target of $2 trillion by 2030.

Releasing the various features of this restructuring programme, which was reflected in as many as 14 volumes of a report prepared in association with Boston Consulting Group, the Union Commerce and Industry, Consumer Affairs and Textiles Minister Piyush Goyal said this restructuring plan rests on five pillars.

These are engaging India's share in global trade (particularly share of exports); assume leadership role in multilateral organisations like WTO, expand bilateral arrangements through FTAs with developed countries and other countries; democratisation of trade with greater role for our MSME, farmers, weavers, craftsman becoming part of international trade; create 100 Indian brands as global champions; and setting up economic zones across the country to strengthening manufacturing and services base.

He highlighted that DoC is one of the first off the block among government departments to visualise and recreate itself to meet the needs of the future and help India to achieve a 3X growth in overall exports by 2030 – from $ 650 billion now to $2 trillion.

"If we can have a $2 trillion exports by 2030, it will change the way India engages with the world. It will give us space among the top 2-3 nations. This is only exports figure. There will be corresponding import figure. We will be among top 2-3 nations on contributions to world trade", Goyal said.

"This entire restructuring plan is focused on an Atmanirbhar Bharat and therefore an Atmanirbhar Commerce Department. The 14 volumes provide the roles of each section of the Department, organisation structure, standard operating procedures so that International best practices can be adopted".

Trade promo body

Goyal said a separate Trade Promotion Body will be formed that will drive the formation and execution of India's export strategies. There will be digitisation of trade facilitation do that administration of trade is effective and simple and easy to comply with.

"The entire data analytics ecosystem is proposed to be rehauled under the restructuring plan do that data management becomes more modern and outcome-oriented", he said.

Goyal also said that private sector will also be allowed to be part of Indian Trade Service so that there can be multifunctional teams in the department of Commerce. "All of this will ensure that institutional memory is created and long term institutional memory is retained so that India can engage with the world from significant position of strength and significant lessons learnt from history", he added.

Goyal said that all the volumes of this major report will be taken up for inter-ministerial consultations and once buy-ins are there for the proposals, the restructuring plan will be implemented.

Commerce Minister Piyush Goyal (right) along with Commerce Secretary BVR Subrahmanyam releasing 14 volumes of recast plan report in New Delhi on Tuesday

Export target

Meanwhile, Commerce Secretary BVR Subrahmanyam said he was confident of India achieving merchandise exports of $480 billion this fiscal, substantially higher than $420 billion achieved last fiscal. Overall exports and imports together should comfortably cross $750 billion this fiscal despite headwinds such as geo-political tensions, surge in inflation and rise in interest rates in various financial systems around the world, he said.

On trade deficit, Subrahmanyam said, "at current level I see there is going to be moderation". He highlighted that there is already moderation in global oil prices and there is also moderation in other commodities.

Business Line dt. 25.8.22

India to incentivise rupee-settled exports to boost Russia trade

REUTERS
Mumbai, August 24

India may give incentives to exporters settling trades using rupees to boost the acceptability of the currency and increase the sales of goods to Russia, which has fallen because of western sanctions, according to government and industry sources.

The move is designed to boost Russian trade after the Reserve Bank of India put in place a mechanism for international trade settlements using the rupee last month.

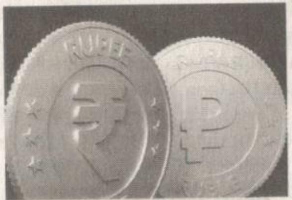
Indian companies are already swapping out the dollar and euro for Asian currencies to settle trades to avoid Western sanctions imposed on Russia after their invasion of Ukraine.

The most likely incentive that will be granted would apply a current programme for trades using fully convertible currencies such as the dollar and the euro to the rupee, which is only partially convertible, according to the three sources.

Rebates to goods

Under the existing programme, Indian exporters receive rebates on a portion of the taxes and customs duties accumulated during the entire process of manufacturing a good.

The new incentive would apply those rebates to goods exported using the rupee as a currency, the sources said.



India is aiming to add trade worth $6-7 billion with Russia in the next two months

"The Department of Commerce is working with the central bank and the revenue department to ensure facilitation of rupee-related transactions as foreign exchange realisation in accordance with RBI's notification last month," said one of the sources, a senior government official who did not want to be identified as the discussions are private.

"Steps will be taken to extend foreign trade policy benefits for such realisation," he added.

Commerce Ministry, Finance Ministry and the RBI did not immediately respond to requests seeking comment on the incentives.

Guidelines soon

So far bankers and traders have not increased their use of the rupee for settlements as they are awaiting more details from the central bank and the government on the incentives to use the rupee, the sources said. Guidelines are expected "soon" and will help boost trade with Russia, the sources said.

Another one of the sources, also a government official, said India is aiming to add trade worth $6-7 billion with Russia in the next two months.

India's imports from Russia, mainly crude oil, increased five times to more than $15 billion from February 24, when Russia invaded Ukraine and the end of July, compared to the previous year, Reuters reported earlier this month.

However, exports fell to $852.22 million from $1.34 billion in the same period.

Business Line dt. 26.8.22

SEA seeks stable Indonesian palm oil export policy

Trade Minister Zulkifli Hasan assures there will be no supply crunch

OUR BUREAU

Mangaluru, August 25

A delegation of the Solvent Extractors' Association of India (SEA) – which met an Indonesian delegation headed by Zulkifli Hasan, Minister of Trade, in New Delhi recently – has advised Indonesia to ensure a stable policy for the export of palm oil from that country.

Referring to the recent ban on the export of palm oil from Indonesia, the SEA delegation said it had caused supply chain issues in India, and put a dent in the Indonesian policy decision-making. Because of this, Indonesia lost its market share to Malaysia, and overall palm oil lost the market share to soft oils in India.

The Indonesian Trade Minister, who took the feedback positively, ensured that there would not be any such supply crunch from Indonesia.

The SEA delegation advised and requested the Indonesian Trade Minister to have stable tax regime on export duty/levy so that less is left on speculation on what the government is going to do next.

Domestic market obligation

Raising the issue of domestic market obligation (DMO) in Indonesia, SEA said Indonesia was not able to clear its huge stocks despite the exports resuming. SEA attributed DMO as the reason for this situation.

The Indonesian Minister, who accepted this, said Indonesia is trying to strike a balance between higher FFB (fresh fruit bunches) prices for farmers and lower olein prices for consumers. FFB prices have recovered with the opening of palm oil export. With DMO, the Indonesian government wants to ensure that consumers also get oil in the local market. He mentioned that approximately 7-8 per cent of oil is what Indonesia requires for its domestic market. That is why it has increased the ratio of domestic consumption versus exports from 1:7 to 1:20.

Advantage refined oil

On the difference in export tax and levy on refined product and crude palm oil, SEA suggested the Indonesian delegation not to give advantage to refined products. Being one of the largest consumers, India has a lot of refining capacity. Any advantage given to refined products at origins makes refining unviable in India, which is not sustainable in the long term, as this might give advantage to soft oils where the refining capacity can be utilised and refiners can make some margins.

Bio-diesel

On the bio-diesel mandate of the Indonesian government, the SEA delegation said it is not good to burn the edible oil when there are still some developing and underdeveloped countries fighting hunger and poverty. Asked if Indonesia is giving a rethink over the B-35/B-40 bio-diesel mandate, the Indonesian Trade Minister said the country understands the situation. However, it needs to counter the imports of biofuels in Indonesia and ensure that its farmers get better realization, and hence it has started the trials. However, he did not give any clear picture whether Indonesia will surely go for B-40.

The meeting discussed various issues, including ways to step up export of crude palm oil from Indonesia to India, to reduce its burdensome stock in that country.

Business Line dt. 26.8.22

26/8/22

Cabinet amends exports policy to curb wheat flour shipments

DGFT likely to issue notification on restrictions soon

OUR BUREAU

New Delhi, August 25

India will restrict export of wheat flour given the rising prices of the commodity and to "ensure food security". The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, on Thursday approved changes in the policy of wheat exports. It removed exemptions on wheat or meslin flour from export restrictions or ban.

The amendment to the policy comes months after the Centre banned wheat exports

According to a statement, the Directorate-General of Foreign Trade (DGFT) will soon issue a notification to this effect.

"The approval will now allow restriction on the export of wheat flour ensuring curbs on rising prices, and providing food security to the most vulnerable sections of the society," the statement mentioned.

The amendment to the policy comes months after the Centre banned wheat exports amid increase in wheat prices in the domestic markets following Russia's invasion of Ukraine and the Food Corporation of India not achieving the 44 million tonnes procurement target.

Earlier, there was a policy not to prohibit or put any restrictions on the export of wheat flour. Therefore, a partial modification of the policy was required by withdrawing the exemption from ban/restrictions on exports of the commodity.

Business Line dt. 29.8.22

Imported coal lying idle in ports as gencos demur

Nearly 3.03 mt waiting to be lifted; NTPC accounts for a chunk at 2.2 mt

SHOBHA ROY
RICHA MISHRA

Kolkata/Hyderabad, August 28

Close to 3.03 million tonnes (mt) of coal imported by generation companies (gencos) for blending purposes are lying at various ports in India as on August 17. Of this, public sector power utility NTPC alone accounts for nearly 73 per cent of the total stock at close to 2.2 mt, with State gencos making up the rest.

A senior official told *BusinessLine* that gencos were not too keen to import because of the huge differential between domestic and international coal prices. And with the Power Ministry withdrawing the mandatory imported coal blending order earlier this month, the gencos are even more reluctant to lift the contracted quantity, the official added.

The Power Ministry had earlier directed gencos to import at least 10% of their total coal requirement for blending purposes REUTERS

Fiat to States

The Power Ministry had earlier directed generating companies to import at least 10 per cent of their total coal requirement for blending purposes in lieu of an anticipated shortfall in domestic supplies amid a sharp surge in demand. Accordingly, States were advised to place import orders by May 31 to ensure delivery of at least 50 per cent of the quantity by June 30.

However, in early August, the Power Ministry relaxed the order for blending in the wake of improving supplies and left it to the discretion of gencos and independent power producers to import coal as per their requirement and decide on the percentage of blending.

Damodar Valley Corporation (DVC), for instance, had ordered for close to 2.4 mt of imported coal for blending. Of this, around 1.6 mt has arrived and it has sought extension of time for the remaining 0.8 mt. Only around two lakh tonnes of its stock are currently lying at the port.

"We are keeping the situation under watch and have taken a time extension (for importing the remaining quantity). The supplies are improving and it is now not mandatory to import for blending. The government has left it to the discretion of gencos depending on the availability of domestic supplies whether to blend or not and how much to blend," Ram Naresh Singh, Chairman, DVC, said.

According to Ritabrata Ghosh, Vice-President, ICRA, there is a huge price differential between domestic and international coal which is discouraging gencos from importing. Moreover, production and supplies by Coal India has been pretty robust and this has helped tide over any possible shortfall that could have happened during the peak monsoon months.

Cost impact

"The price of domestic coal is at least two-to-three times cheaper compared to international coal," Ghosh said, highlighting the cost impact on users.

He added, "Moreover we are in August and the peak monsoon period is behind us. The second quarter is the period when there is a shortage with monsoons impacting production; in Q3 and Q4, production should only increase. Moving forward as domestic production picks up, the e-auction prices should come down further and due to cost economics imports should come down."

CIL's e-tenders

Incidentally, CIL had floated two international competitive bidding e-tenders of 3 million tonnes each with an option of increasing the bid quantity by 100 per cent to 12 mt. Of this, it has so far received total orders for only around 1 mt and a portion of the ordered quantity is believed to be in transit. CIL had, however, earlier said the tenders were not indent-based but to keep coal on tap for immediate availability and use in future. It is an advance action by the company in fortifying future supplies and keeping a vendor ready. According to an official, given the stock availability, it is unlikely to go for more imports.

"These are not committed quantity or indent based and is more like an on-tap facility available to gencos so there is no question of cancellation," said an industry official. But given the strong bargaining power that CIL has, the buyer may find it difficult not to lift the ordered quantity.

"CIL usually gives a minimum commitment of 75 per cent of ACQ (annual contracted quantity) of the normative requirement of a plant but ends up supplying close to 90 per cent to its FSA (fuel supply agreement) customers. If a particular customer does not pick up the contracted quantity, the coal miner might limit its supplies to 75 per cent of ACQ which, in turn, will exert a huge pressure on the customer," an analyst tracking the sector said, explaining the possibility of coal imported by CIL being lifted by the buyer.

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Govt to bar import of 780 defence sub-systems, components

DALIP SINGH

New Delhi, August 28

To minimise imports by Defence Public Sector Undertakings (DPSUs), Defence Minister Rajnath Singh has approved the third Positive Indigenisation List (PIL) of 780 strategically important sub-systems and components, which will strictly be procured from the domestic industry with a timeline beginning December 2023 to December 2028.

Through previous two PILs, published in December 2021 and March this year, 2,500 items have already been indigenised and another 458 items will be done within the given timeline, said the Defence Ministry in a statement on Sunday.

The Ministry stated that the indigenisation of these items will be taken up through different routes under the 'Make' category, which aims to achieve self-reliance by involving greater participation of Indian industry. Projects involving design and development of equipment, systems, major platforms or upgrades thereof by the industry, can be taken up under this category.

The third PIL incorporates a wide variety of components and sub-systems of equipment and different platforms, including Arjun tanks, Advanced Light Helicopters, Light Combat Helicopters, Jaguars and Sukhois.

To float EoIs

The DPSUs, outlined the Ministry, will soon float Expression of Interests (EoIs) and Request for Proposals (RFPs), expecting the industry to participate in huge numbers.

The government is rooting for self-reliance in the defence sector and also to export products to countries in Africa, West Asia, Latin America and Asian sub-continent.

Last month, Additional Secretary (Defence Production), Sanjay Jaju, stated the export figure for defence items and technologies touched a record high of ₹13,000 crore in FY21. Of that, 70 per cent was contributed by private companies and the remaining by DPSUs.

But the government's export target is $5 billion, which is part of the goal to have a total turnover of ₹1.75-lakh crore in defence manufacturing over the next five years.

Business Standard dt. 24.8.22

Commerce dept to form trade promotion body

ASIT RANJAN MISHRA
New Delhi, 23 August

To set up a future-ready administration geared towards the target of $2 trillion exports by 2030, the Department of Commerce has decided to set up a dedicated trade promotion body to drive overall promotion strategy, export targets, and execution as part of a restructuring exercise.

The trade promotion body will formulate and drive overall trade promotion strategy; create and drive India's branding across focus markets and sectors; drive coordinated action across missions, states and export promotion councils; strategic initiatives, including advisory and buyer-seller meet; and develop digital platforms for exporters and buyers.

Based on a 14-volume 'restructuring dossier' by the Boston Consulting Group, the commerce department has already implemented some of the recommendations. *Business Standard* first reported on August 7 that the commerce department has restructured the organisation separating multilateral and bilateral trade-negotiating divisions to allow greater focus on ongoing talks for free-trade deals.

Releasing the dossiers which are yet to be made public, Trade Minister Piyush Goyal said as part of the Karmayogi mission launched by PM Narendra Modi to reskill and reform Indian bureaucracy, various departments are being restructured.

"Commerce department is privileged to be first off the block. Our officers worked painstakingly to visualise and recreate what the Department of Commerce should look like to be able to meet the needs of the future and as an immediate task to take the $675 billion exports in 2021-22 to $2 trillion by 2030. If we can have a $2 trillion export by 2030, it will change the way India engages with the world," he added.

In the revamped structure, Directorate General of Foreign Trade (DGFT) will be positioned as a nodal entity to carry out trade regulation and facilitation. An e-governance division is proposed in DGFT to ensure sharp focus on digitisation of internal and exporter-focused processes.

"The DGFT today is also engaged in trade promotion along with trade policy, data analytics, and dissemination of data. Its role will now be categorised in different buckets. DGFT will focus on trade logistics and infra strategy, regulation and compliance of trade policy, scheme implementation and monitoring, risk monitoring and e-governance," said Goyal.

Indian Trade Service (ITS) will house all expertise on trade matters in the Department of Commerce ecosystem with lateral entry of experts from the private sectors. "The ITS which is a very reputed and valued service with several officers in DGFT can also infuse new talent, both through government recruitment and from the private sector, so that they can have multi-functional teams working in the Department of Commerce. This will lead to institutional memory being created so that as officers keep coming and going, long-term institutional memory is retained in the department and we will be able to engage with the world from a position of strength with significant lessons learnt from history," said Goyal.

Exports to be $470-480 bn in FY23, says commerce secretary

India's merchandise exports are likely to be around $470-480 billion in the current fiscal against $420 billion in 2021-22, Commerce Secretary B V R Subrahmanyam said on Tuesday.

The secretary also said the trade deficit, which crossed $100 billion in the first four months of the current fiscal, will not cross the "discomfort level".

Talking to reporters, Subrahmanyam said the merchandise trade during 2022-23 will be $470-480 billion and the services sector is likely to contribute another 280 billion.

"We are pretty much on track," he said, adding the exact target for the fiscal may be announced later.

India's overall exports (merchandise and services) touched an all-time high of $669.65 billion in April-March 2021-22, up 34.50 per cent over the same period last year.

PTI

Business Standard dt. 25.8.22

Govt weighs up policy to export 8 mt sugar in two tranches

SANJEEB MUKHERJEE
New Delhi, 24 August

With sugar production projected to be nearly 40 million tonnes (mt) in the 2022-23 sugar season (starting October 1), the central government may be looking at a policy to allow exports of around 8 mt of the sweetener in two tranches, informed trade and market sources.

In the first tranche, market sources said exports of around 5 mt could be permitted. This could be expanded by another 2.5-3 mt only after assessing the price situation and supply-demand scenario.

The sugar season runs from October through September.

If permitted, this will be lower than the 11.2 mt of sugar expected to be exported in the 2021-22 season, but will be good enough to maintain a healthy stock position of around 6-6.5 mt at the end of the season and also provide for diversion towards ethanol.

Whether exports will be permitted under open general licence — as is being demanded by the industry or under the prevailing quota system — isn't as yet clear. A final call is being worked out.

"To start with, the government may seek the concurrence of mills for exporting sugar, based on their production capacity. Only when it is fairly satisfied with their viability, can it permit such exports," said a senior industry official.

He said the primary concern of the government in breaking down exports for the following year in two tranches is to ensure India has around 6 mt of sugar in its inventory and there is no unusual drawdown in inventory that could lead to a spike in prices later in the year.

"We have been told to enter into export deals up to 15 per cent of our estimated sugar production in the next season. This gives hope that a concrete policy is on the anvil. This will clear a lot of confusion," said the official quoted earlier.

Note: Figures for the sugar season, which runs from October to September
*Estimated figures after a fresh 1.2 mt was permitted earlier this month
Source: Millers

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Business Standard dt. 25.8.22

US crude imports drop to 5.4%; Russia share 12.2%

India ramps up discounted crude oil buy from sanctions-hit Russia in Q1

ASIT RANJAN MISHRA
New Delhi, 24 August

India slashed its crude oil imports from the US by around 1 million tonnes (mt) in the April-June quarter (first quarter, or Q1) of 2022-23 (FY23), even as it ramped up imports of discounted crude oil from sanctions-hit Russia.

While in 2021-22, the share of the US in India's crude import basket was 9.2 per cent, in Q1FY23, its share declined to 5.4 per cent.

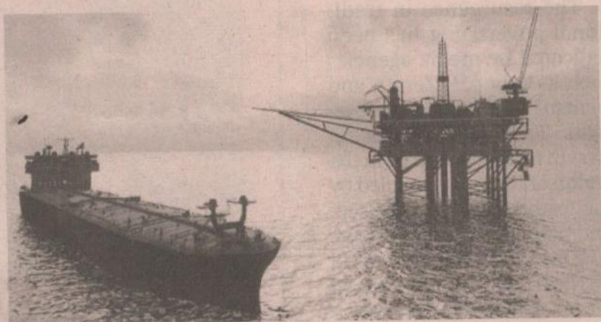
During the corresponding period, the share of crude imports from Russia increased from 2.2 per cent to 12.9 per cent.

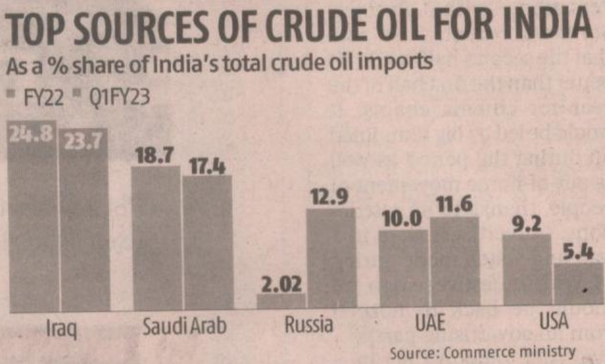
During the Donald Trump presidency, India started buying crude oil from the US to accommodate the US complaint about the trade surplus it enjoys. President Trump who pursued an 'America First' approach had been personally very vocal about the perceived high tariff walls that India put and often called out India, terming it "tariff king".

India continued the high level of crude imports from the US even under the Joe Biden administration.

Until 2016-17, India didn't import any crude from the US, while in 2017-18, the share of crude imports from the US was 0.7 per cent of total crude imports from India. It gained pace quickly, touching 4.8 per cent in 2019-20 and 9 per cent by 2020-21.

However, in Q1, crude imports from the US dropped from 3.4 mt to 4.4 mt during the same period a year ago, revealed the data from the commerce ministry.





India's rising dependence on crude from Russia comes in the backdrop of the sanctions-hit nation offering discounted oil.

In Q1, Russia became the third-largest crude supplier to India, after Iraq, Saudi Arabia, and ahead of the United Arab Emirates, which had always been one of India's significant oil suppliers.

During the June quarter, crude imports from Russia ($3.02 billion) contributed 71 per cent of the total imports from the country ($4.2 billion).

Last week, External Affairs Minister S Jaishankar again defended India's decision to buy discounted Russian oil, saying many suppliers have diverted their supplies from Europe, which was buying less oil from Russia.

"It is a situation today where every country will try to get the best deal possible for its citizens, to try to cushion the impact of high energy prices. That is exactly what we are doing. I have a country that has a per capita income of $2,000. These are not people who can afford higher energy prices," Jaishankar said at the 9th India-Thailand Joint Commission Meeting.

Responding to a question on India-Russia relationship, US State Department Spokesperson Ned Price on Tuesday said India shares a historical relationship with Russia and it would be a long-term proposition to reorient its foreign policy from Russia.

"It is not for me to speak about another country's foreign policy. But what I can do is point out what we have heard from India. We have seen countries around the world speak clearly, including with their votes in the UN General Assembly against Russia's aggression in Ukraine. But we also recognise, as I was saying just a moment ago, that this is not flipping a light switch," Price told reporters.

India to tell US that Russia oil price cap needs consensus

India will seek broader consensus before it supports US-led efforts to cap the price of Russian oil that American officials are likely to push for this week in Mumbai and New Delhi. The South Asian nation that has emerged as one of the biggest buyers of Russian oil since invasion, is hesitant to join the plan unless a consensus is reached with all buyers, according to people familiar with the matter, asking not to be identified because the deliberations aren't public. PTI

Commerce dept to overhaul services sector scheme to shore up exports

Business Standard dt. 25.8.22

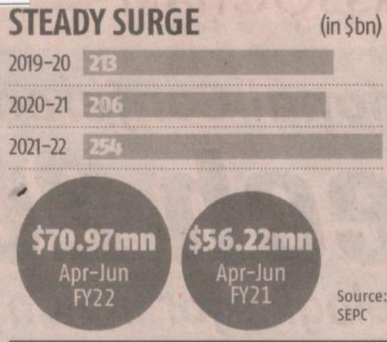
SHREYA NANDI
New Delhi, 24 August

The Department of Commerce is working towards overhauling the export boosting scheme for the services sector — Service Exports from India Scheme (SEIS) — with the expressed objective of supporting pandemic-hit sectors like tourism, hospitality, education, and health care.

The scheme is expected to be a part of the new foreign trade policy expected to be rolled out by the Directorate General of Foreign Trade next month, said people in the know.

"The Department of Commerce is working towards a new (revamped SEIS) scheme to boost services exports that is compliant with the World Trade Organization norms. The idea is to support sectors such as education and health care. The information technology (IT) sector will continue to remain excluded from any incentive," said a senior government official.

Of the total services exports, IT exports has the lion's share and does not fall within the purview of SEIS.



There has been no export incentive scheme for services exports over the past two fiscal years — 2020-21 (FY21) and 2021-22 (FY22).

SEIS was the only central service export incentive scheme rolled out in 2015 as part of the existing foreign trade policy, but the scheme wasn't notified after 2019-20.

Under the scheme, the government gave 3-7 per cent incentive on net foreign exchange earned in the form of duty credit scrips.

Scrips were used for payment of basic and additional Customs duties on goods imported.

The clamour for an incentive scheme for the services sector is rising, especially at a time when merchandise exports are expected to grow at a slower pace due to tepid demand, driven by fears of recession in the US and Europe.

The value of India's merchandise exports is likely to be around $470-480 billion in the current fiscal year (2022-23), against $421 billion in FY22. The services sector is likely to contribute $280 billion, compared to $254 billion a year ago.

"With headwinds clearly visible in merchandise trade, we need to push our services exports in the current fiscal year, so that we have the necessary cushion — both on trade deficit and current account deficit," the Federation of Indian Export Organisations (FIEO) had said in a presentation to the commerce and industry minister earlier this month.

"Mode-II of services (supply of a service from India to consumers of another country) requires a little more support since lack of international travel in FY21 and FY22 had affected a large number of travel and tourism sector exporters, besides hotels. A scheme such as SEIS may be considered for these sectors, besides some others," the exporters' body had said.

Abhay Sinha, director general, Services Exports Promotion Council (SEPC), said all sectors that were eligible to claim SEIS benefits should be a part of the revamped incentive scheme to boost services export. "The key is to include as many sectors as possible, although there can be some kind of caps that may be imposed to make the new scheme more broad-based," said Sinha.

SEPC has urged the government to allocate around ₹3,000 crore annually for the new scheme.

4 Business Standard dt. 29.8.22

Diesel export falls 11% in July on levy of windfall profit tax

India's diesel exports fell by 11 per cent in July and overseas shipment of petrol dropped by 4.5 per cent after the government slapped a windfall profit tax on such sales. Diesel exports dropped to 2.18 million tonnes in July from 2.45 million tonnes a month back, data from the Oil Ministry's Petroleum Planning and Analysis Cell (PPAC) showed. Petrol exports fell to 1.1 million tonnes from 1.16 million tonnes in June. India first imposed windfall profit taxes on July 1. Export duties of ₹ 6 per litre were levied on petrol and aviation turbine fuel and ₹ 13 per litre on diesel. PTI