Business Line dt. 20.12.22

Organic food exports to Europe held up over 'software glitch'

SLACK RESPONSE. Domestic certifying agencies delayed digitalising certificate of inspection on Traces NT system

Subramani Ra Mancombu
Chennai

Over 500 organic agriculture and food containers have been stuck at various places across the country due to a "software problem" that has cropped up in the European Commission's digital certification and management platform, Traces NT, for Indian consignments.

The online digital platform helps accredited certification bodies digitally sign and stamp the "Certificate of Inspection" for organic produce imported into the European Union. This pertains mainly to Category A products, mainly raw materials such as Basmati rice, cardamom and other spices such as turmeric.

"The system was implemented in June 2020. The arrangement for the digital platform is a certification body will have to get its certification process approved by the Agricultural and Processed Food Products Export Development Authority (APEDA), the body that monitors such exports.

"APEDA approves the certification and forwards it to the European Commission for issuing the e-seal. The EU was a little liberal in implementing this due to the Covid pandemic. But now, Indian exporters are facing problems due to the software, which could have been tweaked to ensure all parties comply with the digital certification process," said an organic trader, not wishing to identify. When contacted, official sources said, "As per new EU requirements, e-seal is mandatory on COI. While signing COI, certification bodies were facing technical issues. We communicated with the EU Traces team and resolved it."

SHIPMENT WOES. The issue pertains to Category A products such as basmati rice, cardamom and other spices

ISSUE ONLY WITH INDIA?

"We will examine the issue closely and resolve any problem (to ensure smooth exports)," the sources said.

A trade analyst said the issue is confined to India alone and Indian certification bodies. "There are two issues to this. One, Indian authorities have been slack to implement the e-seal process. Two, Indian certification bodies were either not fully conversant with the process or were not informed," the analyst said.

One of the certification bodies Ecocert, a French firm, informed its clients that the "Certificate of Inspection" would be signed and stamped digitally. It said in a communication in June 2020 that the certificate could be signed in the Traces system with a qualified electronic seal.

Only Indian certification bodies are facing the issue as five of the major foreign certification firms, including Ecocert, have been banned by the European Union from clearing or ratifying exports of Indian processed organic food products earlier this year

businessline.
TUESDAY - DECEMBER 20 - 2022

dt. 20.12.22

Over 45 lt sugar export contracts signed so far

Our Bureau
Pune

Sugar exporters have signed 45-50 lakh tonnes of contracts for export so far with six lakh tonnes being physically exported till November 30, the Indian Sugar Mills Association (ISMA), a body of private mills, has said.

ISMA said market reports suggested that another 8-9 lakh tonnes of sugar are in the pipeline to be exported this month, thereby total exports by the end of this month could be around 15 lakh tonnes.

PRODUCTION UP

Sugar production in India till December 15 in the current season to September is 82.1 lakh tonnes against 77.9 lakh tonnes produced during the same period a year ago.

While sugar production is higher by over 4 lakh tonnes, the number of operating factories is also higher at 497 against 479 a year ago.

In Uttar Pradesh, 116 operating factories have produced 20.3 lakh tonnes of sugar, while Maharashtra has surpassed Uttar Pradesh with 193 operating factories producing 22 lakh tonnes of sugar. In Karnataka, 73 mills have produced 18.9 lakh tonnes of sugar. The production figures issued by ISMA are after diversion of sugar into ethanol.


ISMA said market reports suggested that another 8-9 lt of sugar are in the pipeline to be exported this month REUTERS

Business Line dt 20.12.22

Oilmeals export in April-Nov up 50% as rapemeal shipments double

Our Bureau
Mangaluru

The overall export of oilmeals increased to 23.92 lakh tonnes (lt) during April-November of 2022-23 against 15.96 lt in the corresponding period of the previous financial year, recording a growth of 50 per cent. Data available with the Solvent Extractors' Association (SEA) of India showed the export of oilmeals at 4.07 lt in November 2022, against 1.63 lt in November 2021, recording a growth of 150 per cent. BV Mehta, Executive Director of the SEA of India, said export of rapeseed meal in the first eight months of 2022-23 stood at a record 14.76 lt against 7 lt in the corresponding period of the previous year. He said India is the most competitive supplier of rapeseed meal to South Korea, Vietnam, Thailand and other Far-East countries at $255 a tonne (FOB), while rapeseed meal Hamburg ex-mill is quoted at $368 a tonne.

SOYAMEAL

With the fall in local soyabean prices to ₹5,500 a quintal, local soyabean meal prices have slipped to ₹42,000 a tonne. This has has made export of soyabean meal more attractive. Stating that the major consumers of Indian soyabean meal are countries from South-East Asia, he said India has a logistic advantage and can supply in small lots to these countries. Being a non-GMO, Indian soyabean meal is preferred by certain European countries and the US.

He said rupee depreciation was also pushing up overall exports. This has helped India revive the export of soyabean meal. India exported 3.26 lt of soyabean meal during the first eight months of 2022-23, against 2.19 lt in the corresponding period of 2021-22.

Business Line dt. 20.12.22

Bring down dependency on edible oil imports to 40% by 2030, says IVPA

Our Bureau
Mangaluru

India's vegetable oil imports dependency can be reduced to 38-40 per cent by 2029-30 by adopting mission on oilseeds, said the Indian Vegetable Oil Producers' Association (IVPA).

Speaking at the Globoil India conference in Goa, Sudhakar Desai, President of IVPA, said India's import dependency can be reduced from the existing 60-65 per cent to 38-40 per cent by adopting mission on oilseeds.

Projecting a best case scenario for 2030, he said the domestic output should be increased to 20.9 million tonnes (mt) by 2029-30 from 8.9 mt in 2020-21.

Explaining this for crops such as mustard and groundnut, he said the area under mustard crop needs to hiked from the present 90 lakh hectares (lh) to 150 lh by 2030. With this, India can target cultivating 22.5 mt of mustard seeds and 9 mt of mustard oil. He said the mustard oil production was at 3.2 mt in 2020-21.

Sudhakar Desai, President, IVPA

VEG OIL OFFTAKE

Similarly, the area under groundnut should be expanded from the current 51 lh to 61 lh by 2030. With this, India can target 11 mt of groundnut and 4.5 mt of groundnut oil. The groundnut oil output was at 0.7 mt in 2020-21.

He estimated the domestic vegetable oil consumption at around 33.8 mt by 2030 from 21.7 mt in 2020-21. The increase in the domestic output to 20.9 mt by 2029-30 from 8.9 mt in 2020-21 will help reduce the import dependency.

Stressing the need to implement GM crop technology with a focus on mustard, soyabean and other oilseeds crops, he said India can be oilmeal exporter in a big way in Asia after fulfilling domestic demand.

He said the country should have a strategic focus on oilmeal, oilseed and oil exports. Soya and rapeseed meal exports will facilitate domestic crop growth in the longer term, he said.

Business standard dt 20.2.22

Exports to Russia pick up for second month in a row

SHREYA NANDI
New Delhi, 19 December

INDIA'S EXPORTS TO RUSSIA

Source: Department of Commerce

As sanctions-hit Russia increasingly relies on consumer products from India, outbound shipments to Russia have started picking up for the second consecutive month in October. This comes after it witnessed contraction for six consecutive months starting March, commerce and industry ministry data showed.

During October, India exported goods worth $280 million, up 3.7 per cent as compared to a year ago. It was led by demand for items such as vegetables, tea, coffee, chemicals as well as iron and steel products. Similarly, in September, the growth was nearly 6 per cent, with India exporting goods worth $297.61 billion to Russia.

On a cumulative basis, exports to the country fell nearly 16 per cent year-on-year (YoY) to $1.57 billion during the first seven months of the current fiscal.

Exports to Russia started faltering soon after it invaded Ukraine on February 24. And, Western nations led by the United States (US) imposed economic sanctions to isolate Russia from global trade.

Going forward, traders expect exports to Russia to pick up as logistics-related challenges are improving. And also, implementation of rupee trade will facilitate easier trade with the nation.

Ajay Sahai, director-general (D-G) and chief executive office (CEO) of the Federation of Indian Exports Organisation (FIEO) said exports to Russia are expected to substantially pick up in 2023.

"The logistics-related challenges have started easing, and alternative shipping routes via Turkey are also being considered. Besides, rupee trade is expected to start from this month as a special rupee vostro account has already been opened with Indian banks to facilitate payments. The situation is much better than what it used to be a few months ago," Sahai said. He added that exports to Russia are expected to gather pace in the next two-three months.

According to FIEO's estimate, India can add about $5 billion exports to Russia in a year's time.

Russia's prominence as India's trading partner has been growing since its conflict with Ukraine.

Russia is now India's fifth largest trading partner, with nearly 4 per cent of India's global trade during April-October.

This has, however, been driven by India's rising dependence on the country towards the supply of discounted crude oil.

The share of exports was 0.59 per cent, while that of imports was 5.74 per cent.

India imported goods worth $4.69 billion in October from Russia, up 6.6 times as compared to the same period last year, according to commerce and industry data.

The jump was led by a sustained demand for crude oil that accounted for 68 per cent of the total imports from Russia.

This has made the sanctions-hit nation India's third largest import partner of the commodity during the first seven months of FY23.

Business Standard dt. 20.12.22

Sugar production up 5%, mills contract for 4.5-5 mt exports

Sugar production has increased 5 per cent to 8.21 million tonnes between October 1 and December 15 period of this marketing year, while mills have contracted to export 4.5-5.0 million tonnes of sweetener, industry body ISMA said on Monday. Sugar marketing year runs from October to September. The production of sugar stood at 7.79 million tonnes in the corresponding period of the 2021-22 marketing year.

PTI

4 Business Standard dt. 20.12.22

Defence, aerospace exports treble to ₹12,815 cr in 5 years

AJAI SHUKLA
New Delhi, 19 December

Painting a mixed picture of defence exports and imports, the defence ministry told Parliament on Monday that foreign procurement in defence has risen to ₹50,061 crore in 2021-22 from ₹37,030 crore in 2017-18. Meanwhile, defence and aerospace exports have risen to ₹12,815 crore from ₹4,682 crore during the same period.

Improvements in innovation

The ministry told Parliament on Monday that there has been good progress in the innovation ecosystem for defence, titled "Innovations for Defence Excellence" or (iDEX).

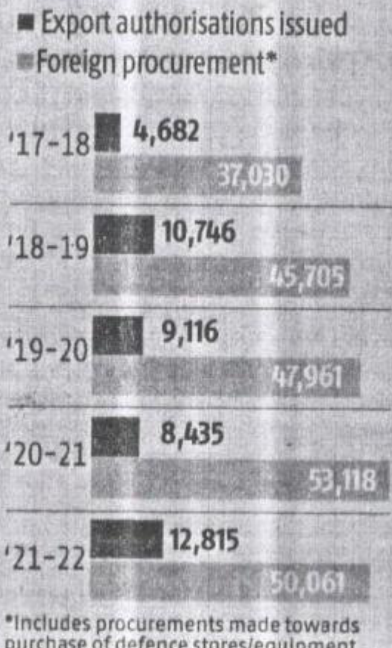
The iDEX scheme was launched in April 2018 to foster innovation and technology development in defence and aerospace by engaging industries including medium, small, and micro enterprises (MSMEs), start-ups, individual innovators, research and development (R&D) institutes, and academia.

"Under iDEX, 233 problems have been opened, 310 start-ups engaged, 140 contracts signed," stated the defence ministry. In addition, an "iDEX Prime" framework has been launched under iDEX in 2022 to support start-ups with grants-in-aid up to ₹10 crore, to enable the development of high-end solutions, stated the defence ministry in a written reply. "Till October 2022, a total of 595 industrial licences have been issued to 366 companies operating in the defence sector," stated the MoD.

On Friday, the MoD had stated in reply on indigenisation: "The value of indigenous defence production for fiscal years 2020-2021 and 2021-2022 are ₹84,643 crore and ₹94,846 crore, respectively."

STATUS CHECK

Quantum of import and export carried out in defence sector (in ₹cr)



*Includes procurements made towards purchase of defence stores/equipment under both revenue and capital segments

"To achieve Aatmanirbharta (self-reliance) and realise the goal of "Make in India," the MoD cited the establishment of two Defence Industrial Corridors (DICs) — one in Uttar Pradesh and other in Tamil Nadu.

Six nodes — Agra, Aligarh, Chitrakoot, Jhansi, Kanpur, and Lucknow — have been identified for developing the Uttar Pradesh Defence Industrial Corridor (UPDIC), stated the MoD.

Similarly, five nodes — Chennai, Coimbatore, Hosur, Salem, and Tiruchirappalli — have been identified for developing the Tamil Nadu Defence Industrial Corridor (TNDIC).

According to the Uttar Pradesh (UP) government, 105 Memoranda of Understanding (MoUs) have been signed with industries, worth potential investments of ₹12,139 crore. Already, ₹2,422 crore have been invested in UPDIC. Total 1,608 hectares of land have been acquired for development of UPDIC.

Meanwhile, the Tamil Nadu government says arrangements have been made through MoUs, etc. for potential investment of ₹11,794 crore by 53 industries. Already, ₹3,847 crore have been invested in TNDIC. Total 910 hectares of land has been acquired for development of TNDIC.

Ordnance Factory Board

Seven new defence public sector undertakings (DPSUs) carved out of the erstwhile Ordnance Factory Board (OFB) have been incorporated as government companies (wholly owned by the central government) under the Companies Act 2013 in October 2021. The MoD stated in Parliament on Friday that the government has taken steps to handhold and support these new defence companies. For this, the OFB's outstanding indents were grandfathered and converted into deemed contracts valuing about ₹70,776 crore for the next five years.

These deemed contracts provide annual targets for delivery of products. Every year, 60 per cent of the amount pertaining to that year's target would be paid by the Services to the new DPSUs as advance as per terms and conditions stipulated in the deemed contract.

Dt. 20.12.22

Excellent News on The Exports Front

Pace of growth in imports also moderating

Merchandise exports were resilient in November, recovering from a dip in the previous month. The broad-based recovery is reassuring with half the principal sectors posting year-on-year growth. The October contraction had raised fears of exports plunging, as high inflation in destination markets affects demand and interest rate tightening squeezes inventories. Yet, the underlying factors persist, and exports are on course to meeting the full-year target on spectacular showing earlier in the year when pandemic restrictions had diverted consumption from services to manufacturing. Resumption of contact-intensive services has reversed the trend, affecting merchandise exports, and imminent recession in major economies is affecting the growth outlook for technology services.

The pace of growth in imports also continued to moderate in November with energy prices and decelerating domestic growth. This has a positive bearing on inflation control and interest rate management. Import demand is strong against the global scenario with 19 out of 30 principal categories posting growth during the month. The import picture improves when energy and jewellery are excluded, providing a pointer to economic momentum. Support for imports is also emerging in accelerated infrastructure build-up as well as India's pivot to manufacturing exports. These themes could counteract any deceleration in domestic demand due to a global rise in borrowing costs.

Recovery in the merchandise trade balance eases pressure on services to close the gap. Deterioration in the current account balance is within manageable limits in respect to India's forex reserves. Given GoI's record in managing its post-Covid fiscal slippage, India can mitigate higher credit costs with public debt in line with the average for emerging economies. The rupee's guided descent can play into India's emergence as a manufacturing export hub as the world rejigs its supply chains. Enhanced trade facilitation has shown encouraging results. Further gains await through focused bilateral trade agreements.

Financial Express dt. 20. 2.22

APPLE BEATS SAMSUNG IN NOV

Mobile exports top ₹50,000 cr in eight months

iPhones contribute nearly 40%

RISHI RAJ
New Delhi, December 19

AT A TIME when exports in many sectors are either sliding or at best remaining stable, smartphone shipments from India crossed the ₹50,000-crore mark during April-November 2022, up 110% compared to the same period last year. This is also 10% higher from ₹45,000 crore registered during the entire FY22.

The main contributors to this massive growth are Apple contract manufacturers — Foxconn, Pegatron (both located in Tamil Nadu) and Wistron (located in Karnataka) — and Samsung.

Nearly 40% of the ₹50,000 crore worth of smartphones exported from India are iPhones, which Apple ships to Europe, West Asia and Asian countries, except China. Samsung and a range of small exporters, most of which are Indian device makers, contributed the remaining 60%.

Apple's three vendors and Samsung are participants in the government's smartphone PLI scheme announced in April 2020.

Samsung, which has been manufacturing phones in the country for over a decade now, was by far the leader in production and exports till recently.

Continued on Page 2

BIG BITE

- Mobile export from India is up **110%** compared to the year-ago period

This is also 10% higher from ₹45,000 cr registered during the entire FY22

Nearly **40%** of **₹50,000 cr** worth of smartphones exported from India are iPhones

Main contributors are three Apple contract manufacturers — Foxconn, Pegatron & Wistron — and Samsung

Contd. Page/1 ...

Mobile exports cross ₹50k cr in eight months

However, in November, Apple overtook Samsung to clock exports worth ₹4,300 crore — the highest the company has achieved since it entered the PLI scheme with two of its three vendors in August 2021.

Industry analysts said that the impact of the PLI scheme took about a year to take shape. While exports hovered between $440 and $700 million per month between April-August this year, the average exports since September are nearly $1 billion per month.

Smartphones are also driving up the position of electronics as the leading contributor to exports from India. Till 2018, electronics was ranked as India's 10th largest export segment, and now it has moved up to the sixth position. It is highly likely that electronics could be in the top five export segments from India at the end of FY23.

"Thanks to the smartphone PLI scheme, we have exceeded expectations in mobile exports. As we transition from import substitution to exports, especially at this scale, India's competitiveness, especially on tariffs, becomes critical. We also need a robust component PLI scheme to expand the local ecosystem," Pankaj Mohindroo, chairman, India Cellular and Electronics Association (ICEA), told *FE*.

The ramp up of mobile phone exports is seen as a major success of the government's flagship smartphone PLI scheme. The scheme propelled the shifting of Apple's supply chains — one of the world's largest and most complicated — in the middle of the pandemic.

Industry experts say that the focus will now turn to rapidly increasing value addition through expansion of the components ecosystem by adding Indian companies to the global supply chain.

The government has launched 14 PLI schemes since April 2020. Most of them came into effect from 2021, and some from 2022. In the telecom space, the government launched three schemes – large scale electronics manufacturing (primarily smartphones), telecom and networking products, and IT hardware.

Of the three schemes, the smartphone PLI scheme has been the most successful. In fact, it is currently the most successful scheme across all 14 PLI schemes, and also the largest.

Financial Express dt. 20.12.22

Exports to UAE surge after FTA

Shipments to UAE rise by 13.5%

BANIKINKAR PATTANAYAK
New Delhi, December 19

HOW THEY STACK UP

(% rise, y-o-y, May-Oct)

SIX MONTHS AFTER the India-UAE free trade agreement (FTA) came into force, India's merchandise exports to the West Asian economy rose 13.5% from a year earlier, outpacing a 10.3% increase in the country's overall goods despatches.

Between May and October this fiscal, exports to the UAE hit $15.39 billion, compared with $13.56 billion a year before, according to the latest official data. Meanwhile, goods imports from the UAE jumped 32.6% during this period to $27.44 billion, compared with a 34.6% jump in India's total imports.

Of course, these are early days and a comprehensive analysis of gains or losses from the FTA is possible only over the medium-to-long term. "(Nevertheless), the initial signs are encouraging. We have been expecting a positive result," an official source said.

The outcome of the India-UAE Comprehensive Economic Partnership Agreement (CEPA), which entered into force on May 1, assumes significance, as it was the first FTA that New Delhi had signed with any economy in a decade, shedding its inhibitions about the efficacy of trade deals. According to an FE analysis earlier this year, five of India's six prominent FTAs, which came into force between 2006 and 2011, had exacerbated New Delhi's trade balance. After the agreement with the UAE, India hammered out an interim trade deal with Australia and is now engaged in talks for FTAs with the UK, the EU, Canada, and members of the Gulf Co-operation Council.

According to the official data, petroleum products and gems and jewellery made up close to a half of India's exports to the UAE, followed by certain capital goods and steel and iron and such products. Similarly, oil and gems and jewellery dominated India's purchases from the UAE, with an 80% share in imports.

The gems and jewellery segment has emerged as one of the biggest beneficiaries of the trade deal. Such exports to the UAE jumped 20.6% this fiscal, far exceeding just a 2.6% rise in overall despatches of these products.

According to the CEPA, the UAE will allow as many as 99% of Indian goods (in value term) at zero duty in five years from about 90% in the first year. Similarly, India will permit duty-free access to 80% of goods from the UAE now and it would go up to 90% in 10 years.

Indian labour-intensive sectors, such as gems & jewellery, textiles & garments, leather, footwear, sports goods, plastics, furniture, agricultural and wood products stand to gain from the FTA, along with other sectors like engineering products, pharmaceuticals, medical devices, and automobiles.