BUSINESS LINE: Dt.28/9/22

9 lt broken and raw rice held up at ports

EXPORT WOES. Shippers plead for duty-free exports of the foodgrain with LCs opened before the ban

Prabhudatta Mishra
New Delhi

The government is considering the demand to allow the export of broken and non-basmati white (raw) rice duty-free for which letters of credit (LCs) were "transmitted on the exporter" and cargo received at Container Freight Station (CFS) before the ban came into effect on September 9.

In a memorandum to the government, The Rice Exporters Association (TREA) has said while the transitional arrangement for allowing shipments — which could not be loaded due to bad weather conditions — be extended up to October 15, the government should also consider two other factors to include them under in-transit definition.

SHOULDN'T LOSE

It said nearly 4 lakh tonnes (lt) of broken rice having valid LCs were already either at ports or at CFS before September 9 and those consignments should be allowed. Similarly, nearly 5 lt of white rice with irrevocable LCs were lying either at ports or CFS before September 9 which should be allowed without duty.

"One firm has as low as 25 tonnes of white rice with valid LC and it cannot re-negotiate the rate with the importer. Even if it cancels the order, it will bear some loss and the government should ensure no exporter makes a loss, even if there is no profit, due to its policy decision," said an industry official.

Sources said the Commerce Ministry has assured the exporters that all aspects will be taken into account including those raised by TREA as well as the concerns of the Food Ministry before deciding on their plea.

CONFUSION AT PORTS

Last week, the Food Secretary had ruled out any possibility of duty relaxation for those who have opened LCs before the ban.

NO EASING OF NORMS. Last week, the Food Secretary had ruled out any possibility of duty relaxation for those who have opened LCs before the ban

The Directorate-General of Foreign Trade on September 8 issued a notification prohibiting the export of broken rice (parboiled and basmati exempted) effective from September 9 but allowed the consignments to be exported under specific conditions between September 9 and 15. It recently extended the last date to September 30 for those under transitional arrangements. The Centre also imposed a 20 per cent duty on the export of all varieties of rice, except basmati and parboiled rice, with effect from September 9.

Exporters are saying there are confusions at ports which the Centre should clarify and issue single guidelines.

While there is no clarity on definition of broken rice, since the full length rice has a tolerance level of 25 per cent broken grain, it is assumed that broken rice falls under anything above 25 per cent and upto 100 per cent, an exporter said. Customs authorities in Chennai recently issued guidelines on sample testing of rice consignments.

Three exporters have challenged the Centre's curbs on rice exports in the Andhra Pradesh High Court with a Bench of Justices C Praveen Kumar and AV Ravindra Babu issuing a notice to the Ministry of Finance's Revenue Department and Visakhapatnam Commissioner of Customers.

The three exporters had filed a plea urging the court to issue a writ of mandamus to allow their shipments duty-free since "let export" orders had been issued on September 8.

BUSINESS LINE: Dt.28/9/22

Slack export, domestic offtake grounds turmeric

Subramani Ra Mancombu
Chennai

Turmeric prices have dropped by ₹500 a quintal over the last couple of weeks on an "unexpected" slump in domestic and export demand, traders have said.

"We usually witness demand before the Navratri, but this time it has been lacking," said RKV Ravishankar, President, Erode Turmeric Merchants Association in Tamil Nadu.

"Even export demand is slack. It might be a case of selling centres holding old stocks and wanting to exhaust them first," he said.

LACK OF LIQUIDITY

"Trading in turmeric has been dull over the past few weeks. The lack of liquidity in trade and prices on the futures market have dropped by ₹500 a quintal. The turnover among traders is low," said Sunil Patil, proprietor, Varadlaxmi Trading Company, Sangli, in Maharashtra.

"With the new crop due in 3-4 months, demand is slack for turmeric. Export demand is weak," said Amrutlal Kataria, a trader from Nizamabad in Telangana.

According to NCDEX data, turmeric November contract prices have dropped to below ₹7,000 a quintal currently from about ₹7,432 on September 16. In the spot market, Nizamabad turmeric prices have declined to ₹7,199.40 a quintal from ₹7,406.60 during the same period.

PRODUCTION REVISED

At the Erode agriculture produce marketing committee yard, the modal price (that rate at which most trades take place) for the finger variety turmeric dropped to ₹6,544 a quintal from ₹6,679 at the start of the month.

One main reason for the trend could be the production of turmeric being raised in the second advanced estimate of horticultural crops by the Ministry of Agriculture in July.

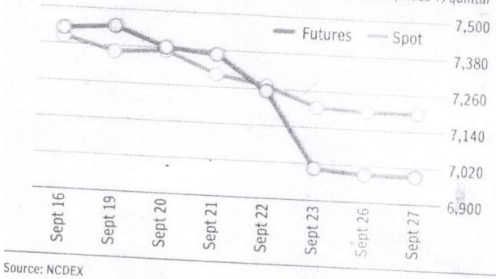
Turmeric production in the 2021-22 crop year (June-July) has been projected at 13.31 lakh tonnes against 11.24 lakh tonnes the previous year.

"Processors are not willing to sell turmeric at current rates. Inventories with them are good. But slack demand could put further pressure on prices, which could drop to around ₹6,000," Patil said.

Even good grade turmeric delivered in Mumbai for export is quoted at ₹6,800-7,000 a quintal. There is no parity with regard to superior grade Rajapuri which is quoted at ₹8,000 a quintal, he said.

Losing sheen

Nizamabad turmeric prices ₹/quintal



Source: NCDEX

BUSINESS LINE: Dt.29/9/22

3 fertiliser firms in pact with Canadian supplier to import 1.5 mt potash a year

Prabhudatta Mishra
New Delhi

Indian Potash Ltd (IPL), Coromandel International and Chambal Fertilizers have signed separate pacts with Canada-based Canpotex, one of the world's largest suppliers of potash, for the import of 1.5 million tonnes (mt) of the crop nutrient for next three years, said a Ministry of Chemicals and Fertilisers statement.

Canpotex, which exports around 13 mt of potash annually to over 40 countries, generates 75 per cent of its export business from five countries — Brazil, China, India, Indonesia, and Malaysia. The company invests $2 million a year in fertiliser education programmes, currently in operation in over 25 countries. It works closely with farmers on the benefits of applying the most effective ratio of potash (K), nitrogen (N) and phosphates (P) in their fields under this programme.

India meets 100% of its potash requirement through imports

India meets 100 per cent of its potash requirement through imports, buying about 4 mt of Muriate of Potash (MoP) annually.

Potash, which is a source of potassium, is used both for direct application as MoP as well as in combination with 'N' & 'P' nutrients in NPK (complex) fertilizers.

The Memorandums of Understanding (MoUs) were presented to Chemicals and Fertilisers Minister Mansukh Mandaviya on Wednesday, the Ministry said. "This supply partnership is expected to improve the fertiliser availability within the country and reduce supply side and price vulnerabilities," Mandaviya said. He said it was a significant step towards ensuring long-term fertiliser availability for the farming community.

REDUCING VOLATILITY

The MoUs will reduce both supply and price volatility and ensure stable long-term supply of potassic fertiliser to India, the minister said.

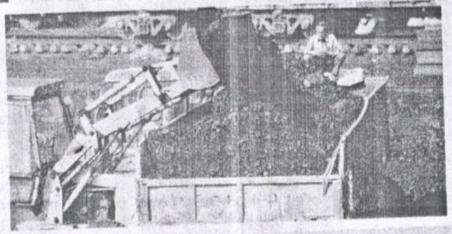
Rates of imported potash has been constant at $590/tonne since March 2022, whereas it was $280/tonne until November 2021. Sales of MoP dropped 55 per cent to 5.4 lt during April-August from the year-ago period whereas its import increased by 12 per cent to 7.12 lt.

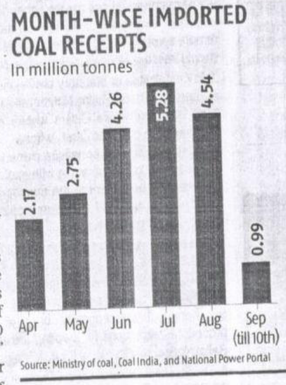
BUSINESS STANDARD: Dt.27/9/22

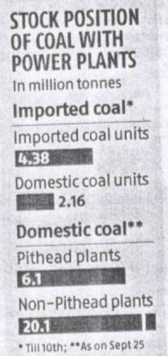
Gencos procure 6% of order value from CIL import tenders

Coal ministry says domestic supply will meet festival power demand

SHREYA JAI
New Delhi, 26 September







Power-generating companies (gencos) have picked up 5.8 per cent of the order value for the coal import tender placed by Coal India Ltd (CIL) over the past two months.

CIL executives said of the tender of 12 million tonnes (MT), it had a supply request for 700,000 tonnes from a handful of gencos for blending with domestic coal.

"We received firm orders of 1.4 MT from gencos, but requests for 700,000 tonnes were withdrawn. For the balance, 350,000 tonnes has been dispatched by the end of August and another 350,000 tonnes is in the process," B Veera Reddy, director (technical), CIL, told *Business Standard*.

When CIL had floated the first tender in June, it identified 26 beneficiaries on the basis of the interest it received from states and privately-owned gencos.

It supplied 350,000 tonnes till the end of August to Tamil Nadu Generation and Distribution Company (Tangedco), Kolkata-based CESC, DB Power in Chhattisgarh, and a coal washery firm called ACB.

Reddy said the initial 1.4 MT short-term tender by CIL was cancelled on account of high rates discovered.

"CIL then placed medium-term orders for delivery up to next year, totalling 12 MT, as the Centre envisaged more demand to be met from imported coal. Of this 6 MT each was for delivery to the east coast and west coast. CIL is supplying 700,000 tonnes from these contracts," he said.

The Centre had envisaged 38 MT of imported coal demand due to a shortfall in domestic supply in May this year. For the medium-term tender, an Indonesian firm, Bara Daya Energi, emerged as the lowest bidder. Adani Enterprises was the lowest bidder for the tender cancelled by CIL.

Rise in domestic coal supply, coupled with reduction in power demand with summer being over, led to demand for imported coal going down.

Officials in the Ministry of Coal said the domestic coal stocks with power plants stood at 26 MT, which is three times the stock at the same time last year. Also, a reversal of the mandatory order to import coal also paused tenders for it.

In May this year, the Ministry of Power asked CIL to import coal for state and private gencos. This came two weeks after state and privately-owned gencos were told to mandatorily import coal for 10 per cent blending, but were later asked to keep their tenders "in abeyance". Several states expressed reluctance to import coal and asked CIL to arrange the dry fuel from global markets. The directive was annulled in August, when the power ministry said the import of coal was not mandatory and gencos, including the central government-owned units, could import if needed.

At national level, against the import tenders of 20 MT, close to 11 MT was consumed till September 15, according to the coal ministry data, accessed by *Business Standard*.

This includes the imports of NTPC and states such as Rajasthan, Punjab, Gujarat, Maharashtra and Tamil Nadu.

Currently, imported stocks at generating units using such coal stand at 2.1 MT, and 4.3 MT with plants using domestic coal. According to the government data, 2.5 MT of imported coal for blending is lying at the ports, yet to be dispatched.

While the demand for coal has eased, the normative stock level at the end of power units stands at nine days, the same as this month last year.

Coal ministry officials said CIL was currently supplying 1.8 million tonnes every day to power units.

THE ECONOMIC TIMES:Dt.27/9/22

OBJECTIVE IS TO AVOID HIGHER DUTY OF 15%

Traders Import Refined Gold as Platinum Alloy

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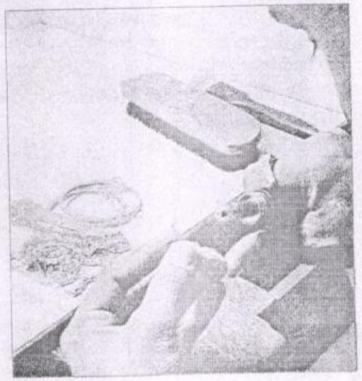

Kolkata: Taking advantage of ambiguity in the law on the import of platinum alloys, many bullion importers are importing refined gold cloaked as platinum alloy. The objective is to pay a lower import duty, which is 10.75% on platinum alloy compared with 15% on gold.

Nearly 22 tonnes of gold have been imported through this route, industry sources said, adding that it was causing a revenue loss of more than 400 crore for the government. The India Bullion &Jewellers Association has, meanwhile, written to the finance ministry, requesting to change the policy.

The customs notification that is helping the bullion importers says: "Any alloy (including a sintered mixture and an intermetallic compound) containing precious metal is to be treated as an alloy of a precious metal if any one precious metal constitutes as much as 2% by weight of the alloy and hence, an alloy containing 2% or more, by weight, of platinum is to be treated as an alloy of platinum."

Importers are exploiting the notification by declaring the consignment as platinum rods which comprise 4% platinum and 96% gold, thus ending up paying a duty of 10.75%, said the chairman of a South India-based jewellery retailer, who did not want to be named.

Importers are not at fault as the law permits them to import platinum alloy bars having only 2% platinum and the balance gold, IBJA national secretary Surendra Mehta told ET.

The duty has been the same on gold and platinum even two months ago, when the levy on gold was increased to 15% but that on platinum was kept at 10.75%. "Thus, it becomes advantageous to import platinum alloy bars having gold content and save 4.25% duty, which works out to almost Rs 2 lakh per kg. Hence import duty on platinum alloy bars should be brought at par with the duty on gold, to avoid any loss to exchequer," he explained.

Gold is a restricted item and can only be imported by banks, qualified jewellers and nominated agencies, he said.

FINANCIAL EXPRESS: Dt.30/9/22

Goyal asks exporters not to rely on govt subsidies

FE BUREAU
New Delhi, September 29

COMMERCE AND INDUSTRY minister Piyush Goyal on Thursday asked exporters, including those in the services sector, to not rely on government subsidies or incentives to boost exports. Rather, they should raise their competitiveness to better capture the overseas market, he added.

Lofty export goals, Goyal said, shouldn't be impacted by smaller-than-expected subsidies and incentives. Many services exporters have been seeking greater government support to scale up exports to as much as $350 billion in FY23, against a record $254 billion in FY22, given the recession in advanced markets such as the US and the EU.

The sector has demanded the continuation of Service Exports from India Scheme (SEIS). Under this, the government used to offer exporters duty credit scrips at 5-7% of the net foreign exchange earned, depending on the nature of services. The talk of the introduction of a new scheme in place of the SEIS hasn't progressed much either.

Goyal was speaking at an event organised by the Services Export Promotion Council (SEPC).

"If I look at the records, when the SEIS was there, actually your exports did not grow at all, very nominal growth was there," the minister said. "...you must have observed that gradually I am removing all subsidies from the export system...because this makes us uncompetitive, this holds us back".

The IT sector, he said, never asks for any subsidy and they have recorded impressive growth in exports.

"How long will this mentality last that give us ₹2, we will be able to increase exports...We need to look at our competitive edge."

However, the government has been seeking greater access for the services sector through free trade agreements, he said. The opening up of the domestic legal services sector will offer huge opportunities to Indian lawyers in partner countries, he added. However, there is no consensus yet on opening up the legal sector, he said.

SEPC chairman Sunil H Talati said: "It is essential for the services sector to come together and chart out a strategy that not only focuses on the now but also on the future. We need to focus on skill development in the next generation as well so that the sector strengthens at every rung." He pushed for "internalisation of education" to increase the influx of overseas students and help push up overall services exports to $350 billion in FY23.