

Soyameal exports likely to top 17 lakh tonnes this season

Our Bureau
Bengaluru

Soyameal exports have risen 174 per cent to 13.78 lakh tonnes (lt) during the October-April period of current oil year to September against 5.03 lt in the year-ago period. Higher demand from consuming countries such as Vietnam and Bangladesh resulted in shipments rising during the period.

Offtake from the domestic feed sector was up around 12 per cent at 38 lt during the

period over 34 lt a year ago. However, the food sector demand was higher at around 24 per cent at 5.75 lt (4.65 lt) during the period.

CRUSHING PROJECTIONS

Crushing activity during the period gained momentum with the production of meal rising by around 47 per cent to 57.43 lt (39.11 lt).

The market arrivals of soyabean also improved to 84 lt (66 lt), despite a bearish trend in the edible oils segment. "Looking at the processing and exports, we have revised upwards

export of soyabean meal through sea and land route has also been revised upwards to 17 lt from earlier 14 lt," said D N Pathak, Executive Director, Soyabean Oil Processors Association of India (SOPA), the apex trade body.

The upward revision in the projected exports follows the mid-term review of the estimates of soybean production for kharif 2022 which has placed the crop estimates higher at 124.1 lt from the earlier 120.3 lt.

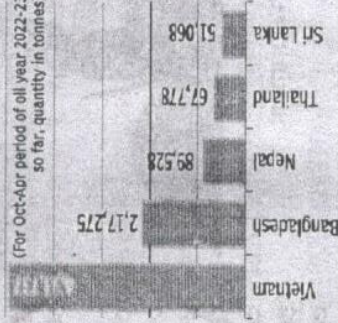
SOPA also estimates that total import of soybean higher

at 5 lt from the earlier projections of 2 lt. Further, SOPA estimates the stocks with the plants and traders at 64.88 lt at the beginning of May.

Vietnam has been the largest buyer of Indian soyameal at over 4.93 lt, followed by Bangladesh at over 2.17 lt. Vietnam accounted for about 36 per cent of the total Indian soyameal exports, so far. Other major buyers of the Indian meal included Nepal at 89,528 tonnes, Thailand at 67,778 tonnes, Sri Lanka at 51,068 tonnes and the US at 47,678 tonnes. ✓

Top buyers of Indian soyameal

(For Oct-Apr period of oil year 2022-23 so far, quantity in tonnes)



Source: SOPA, DGFT

the soybean crushing projections for oil year to 105 lt from 100 lt. Similarly, the estimated

India wants its own energy auditors to do carbon verification of identified exports

BUSINESS LINE dt. 16/5/23

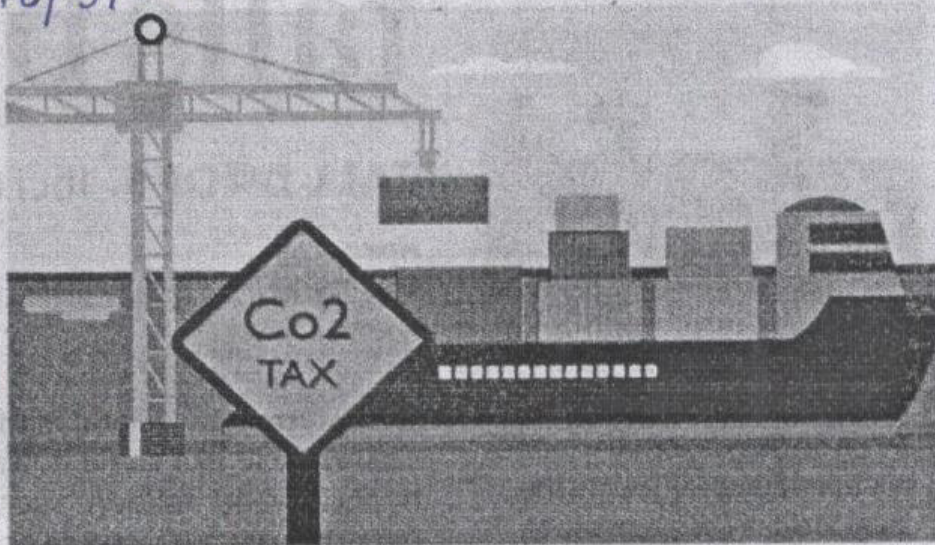
Amiti Sen

New Delhi

India is in talks with the EU for allowing energy auditors from the country to do carbon verification of the identified carbon intensive exports, primarily steel and aluminium, on which the bloc is set to impose a carbon tax in 2026 under the Carbon Border Adjustment Mechanism (CBAM) to be implemented this October, government officials have said.

"There will, of course, be an impact of the CBAM on the steel and aluminium sectors. The extent to which it can be mitigated, the extent to which our industries can adapt, the extent to which recognition of the testing and certification agencies is ensured, are all areas on which the inter-ministerial group (IMG), which includes the Commerce Secretary, are coordinating," DGFT Santosh Sarangi said in a media interaction on Monday.

There are about seven commodities on which the EU is set to impose a carbon tax; of these, steel and aluminium are two areas that will be impacted in India, he said. Although initial calculations made by the government have estimated that less than 1.8 per cent of India's exports,



IMPACT ON INDIA. There are about seven commodities on which the EU is set to impose a carbon tax; of these, steel and aluminium are two areas that will be impacted in India ISTOCK

valued at about \$8 billion, could be hit by CBAM, assessments were still being made.

MONETARY IMPACT

"The monetary impact is still being assessed. The EU has prescribed different mechanism of imposing carbon tax. For instance, for steel manufacturing through electric furnace and through blast furnace, the carbon border tax will be different. Assessment of how much steel being produced in India is going through blast furnace and how much through electric furnace has to be done," he explained.

Other officials explained that the IMG was also working

on areas such as India's own carbon trading system being finalised and how it can be recognised by the EU. "They should also enable our energy auditors to do the carbon verification. That will reduce cost of verification. Talks are on with the EU on this," the official said.

The Bureau of Energy Efficiency under the Power Ministry is already working on the Energy Conservation (Amendment) Bill, 2022, passed by Parliament, and will put in place a carbon trading system. There will be a carbon auditor who will give certification. India wants the EU to recognise its certificates when the CBAM kicks in.

Slack demand for corn exports continues

BUSINESS LINE dt. 17/5/23

HIGHER OUTPUT. Processors, starch makers and big buyers accumulate stocks as market rules below minimum support price

Subramani Ra Mancombu
Chennai

Demand for Indian corn (maize) in the global market continues to be slack despite prices dropping by \$15 a tonne over the past month, traders and exporters say. Since April 1, prices of corn for exports have declined nearly 15 per cent.

The slack demand comes on heels of corn prices ruling below the minimum support price (MSP) of ₹1,962 a quintal. "The international market has softened with Argentina and South American prices declining. This has slowed down Indian shipments on price and quality," said Rajesh Paharia Jain, a New Delhi-based exporter.

MAY PICK UP SHORTLY

"There is some demand from South-East Asia. Otherwise, enquiries are few and far in between," said M Madan Prakash, President, Agri



PLUMMETING PRICES. Currently, the weighted average price of corn is ₹1,715 across various APMC yards in the country. During the same period a year ago, prices ruled at ₹2,123. PTI

Commodities Exporters Association (ACEA).

"Though export demand is slack for Indian corn now, it will likely pick up soon as the likelihood of El Nino could result in countries seeking the coarse grain," said a Delhi-based analyst.

"Since prices are below MSP, many big players are accumulating stocks. Even processors and starch makers are

stocking up since prices have dropped to levels of ₹1,800," said Mukesh Singh, Director of Mumbai-based MuBala Agro Commodities Pvt Ltd.

RECORD OUTPUT

Currently, the weighted average price of corn is ₹1,715 across various agricultural produce marketing committee (APMC) yards in the country. During the same

period a year ago, prices ruled at ₹2,123.

A major reason for corn prices to rule below MSP is that the coarse grain's production this crop year to June has been estimated by the Agriculture Ministry at a record 34.61 million tonnes (mt). Last year, the production was 33.73 mt. "The crop size this year has been fairly good and we expect the output at 33-34

mt with better quality," Jain said. Another reason for corn prices to rule higher last year was the Ukraine war which disrupted supplies from the top exporting nation. "Prices for exporters have dropped to ₹19,000 a tonne from ₹22,000. Current Indian prices are \$280-285 a tonne cost and freight in containers," Jain said.

Prakash said corn was being offered at \$260 free-on-board currently.

EXPORTS MAY DIP

According to the US Department of Agriculture, India's corn exports this year will likely decline to 3.6 mt from 4 mt a year ago. For the 2022-23 fiscal, corn exports are estimated to be around 3.5 mt.

It said the crop in the coming year could be smaller as low prices could weaken incentives to plant corn. It forecast good growth in demand for domestic feed use and will tighten exportable supplies. "Bulk of the corn for ex-

ports are coming from Maharashtra. Parity is no problem in bulk. Vietnam is seeking our corn," Singh said.

"Major markets are Vietnam and Bangladesh for Indian corn," Jain said.

US corn is facing weather problems and stocks in Argentina are lower. "Ukraine shipments could be under pressure," the analyst said. "One problem is that some of the buyers seem to have stocks," said Prakash.

Jain said almost all ports in the country are holding around 7.5 lakh tonnes of corn harvested in the rabi season. But for the duty benefit Indian corn enjoys in Vietnam, there are no other benefits.

According to the International Grains Council, corn prices have declined 17-24 per cent year-on-year. Currently, corn prices on Chicago Board of Trade (CBOT) for July delivery are quoted at \$5.88 US cents a bushel (\$231.62/tonne).

Curbing defence imports

Protection should not compromise quality

For almost three years now, the Ministry of Defence (MoD) has been promoting *aatmanirbharta* (self-reliance) in acquiring military equipment by placing incremental curbs on importing specified weapons and defence kits. In December 2020, the MoD first instituted curbs on importing line replacement units (LRUs), sub-systems, assemblies, and spares and components of specified defence systems. From the end of that year, 69 types of equipment could no longer be imported. In March 2022, additional equipment types came under the import ban, and the curbs on import were further expanded in August 2022. These lists were given a gloss of positivity by terming them “positive indigenisation lists”, or PILs. With a fourth PIL of 928 “strategically important” items promulgated on Sunday, these lists now contain 2,500 items that have already been indigenised and another 1,238 that will be indigenised within stipulated time lines. According to the data submitted by the MoD to Parliament, these measures are having an effect: Defence imports, which constituted 46 per cent of capital expenditure in 2018-19, constituted only 36.7 per cent of it in the year ended December 2022.

The indigenous defence industry, however, raises three important questions on the notion of protecting domestic defence manufacture through PILs. First is the argument that it is cheaper — or, at any rate, it should be — to design, develop, and manufacture defence products in India. If that is the case, why is there a need to protect domestic industry by banning imports? The MoD says a key intention of this import embargo is to provide an assurance to Indian defence manufacturers that they will compete on a level playing field while designing, developing, or manufacturing defence equipment with their own capabilities or with technologies obtained from the Defence Research and Development Organisation (DRDO). The private defence industry has, often in the past, expended money and design effort on developing a defence product, only to see the MoD import it from the global market instead. An import embargo on specific products would provide assurance against such an eventuality. The Defence Procurement Procedure of 2020 already provides a layer of assurance against such an eventuality through the stipulation that a product that is “India designed, developed and manufactured” would be prioritised for acquisition over any other category. Now, there will be additional protection from PILs.

A second question is whether the protection a PIL provides affects defence preparedness because of quality and timing issues. In the case of several defence systems and weapons platforms in the past — such as the Arjun tank, the Tejas fighter aircraft, the Dhruv light helicopter, and the Project 15A and 15B destroyers — the indigenous project has been unduly protected from global competition, leading to time and cost overruns, which might never have taken place had the project been exposed to the stormy winds of global competition. The final question that arises is whether PILs are a suitable method of increasing indigenisation. As brought out above, it has taken almost 15 years to increase by 10 per cent the indigenous content of the weapons systems bought by India. As the sophistication level of a platform or equipment increases, raising indigenisation levels becomes increasingly difficult. Thus, given India’s dependence on imports, the idea of indigenisation cannot be faulted, but the MoD must make sure the process is not at the cost of military preparedness.

Boosted by soyameal shipments, oilmeals export up 48% in April

BUSINESS LINE dt. 18/5/23

Our Bureau
Mangaluru

A surge in the export of soyameal helped India record 48.47 per cent growth in the overall export of oilmeals during April.

Data available with the Solvent Extractors' Association (SEA) of India showed that the country exported 4.93 lakh tonnes (lt) of oilmeals in April 2023 compared to 3.32 lt in the corresponding period of 2022.

Stating that the soyabean price has come down to about ₹4,550 per quintal from the highest level of ₹7,640 per quintal in April 2022, BV Mehta, Executive Director of SEA of India, said this decline has made export of soyabean meal attractive in the last seven months.

India exported 1.77 lt of soyabean meal in April 2023



compared to 24,937 tonnes in April 2022. On May 12, Argentina soyabean meal price (ex-Rotterdam) was quoted at \$516 a tonne, while the Indian soyabean meal price (ex-Kandla) was quoted at \$570 a tonne.

Mentioning that Southeast Asia is the major consumer for Indian soyabean meal, he said India has a logistical advantage over this destination and can supply in small lots as well. Besides, the rupee depreciation is pushing overall exports.

Highlighting the upward trend in the export of rapeseed meal, Mehta said India exported

2.46 lt of rapeseed meal in April 2023-24, compared to 2.29 lt in the corresponding period of 2022-23.

RAPEMEAL EXPORTS

India exported 22.96 lt of rapeseed meal in 2022-23, he said, adding it is a record export of rapeseed meal from India till now.

India is the most competitive supplier of rapeseed meal to South Korea, Vietnam, Thailand, and other Far East countries at \$240 a tonne (FOB India). Rapeseed meal (ex-mill Hamburg) has been quoted at \$299 a tonne.

He said mustard is being sold at ₹5,100 a quintal, which is below the MSP of ₹5,450 a quintal, due to the deteriorated price of edible oil both in international and domestic markets. The decline in the price of mustard is discouraging farmers from selling mustard for crushing.

EU's deforestation rule set to affect agri exports from India: Report

BUSINESS LINE 21.10.23

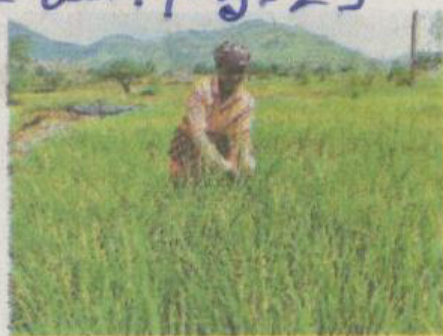
Amiti Sen

New Delhi

The EU Deforestation Regulation (EU-DR), adopted by the EU Council earlier this month, covers about 479 items exported by India such as meat, leather hide, wood furniture, paper and coffee, and is set to affect exports worth an estimated annual \$1.3 billion to begin with, according to a report by a Delhi-based research body.

"The introduction of the EU-DR appears to be driven by a desire to bolster local production and exports while reducing imports. The regulation's compliance costs and discriminatory nature are concerns, as they may disadvantage smaller firms," said Ajay Srivastava, Co-founder, Global Trade Research Initiative (GTRI).

Under the EU-DR, Indian exporters to the EU must ensure that the identified products have been grown on the land which has not been deforested after December 31, 2020. Penalties for non-compliance include fines up to 4



per cent of a firm's annual turnover in the EU, confiscation of product, confiscation of revenues gained and exclusion from public procurement processes, the report explained.

As a preventive measure, the report proposed that the blockchain-enabled trace and track system being implemented by APEDA for grape exports to the EU and other regions needs to be adopted for all covered products. Exporters also need to be made aware of the compliance requirement, it said.

'DECEPTIVE NARRATIVE'

Further, India and other affected countries could consider taking up the issue at the WTO as it violates MFN and national treatment principles, it said. Combining the

products covered under the EU's Carbon Border Adjustment Mechanism with the EU-DR is likely to adversely affect exports worth \$9.5 billion from India, the report said.

Srivastava said that the EU's efforts at promoting "deforestation-free" products, appeared to be a deceptive narrative as the bloc extensively expanded agricultural land by cutting down primary forests, which now account for less than 0.7 per cent of its total forest area, compared to the global average of 33 per cent. "Many other countries, facing the need to convert primary forests into cultivable land to feed growing populations, have a much larger share of primary forest. The EU, however, aims to prevent others from following a similar path while having already done so in the past," he said.

Apart from India, countries such as Malaysia, Indonesia, Brazil, Argentina, Ecuador, Peru, Guatemala, Costa Rica, Colombia, Cote d'Ivoire and Vietnam are also to be adversely affected, the report noted.

With steel in high demand, India may increase exports to Tanzania

BUSINESSLINE dt. 22. 5.23

Abhishek Law
New Delhi

The Indian Mission in Tanzania has asked Indian steel mills to explore the possibility of upping exports to the African nation.

At present, China, South Africa and Japan dominate the Tanzanian market; the Union Steel Ministry might consider pushing Indian offerings, which are already in high demand.

The High Commissioner of India to Tanzania, Binaya Srikanta Pradhan, has proposed sending a business delegation by the end of this year to facilitate a buyer-seller meeting.

businessline has reviewed a copy of the letter. "....while India is leading in certain segments such as bridges, lock gate towers, doors and windows, pillars and column rods and angles, it lags in other segments such as iron or non-iron alloy steel... A visit by Indian stakeholders dealing in steel sectors will be a good idea to promote our steel sector export," the let-



ter by Pradhan stated. According to the letter, the Steel Ministry can consider sending a business delegation during September-December period.

"We discussed the issue with major importers and local steel manufacturers who manufacture basic items using scrap as raw material. It is felt that with some effort, India can increase its exports in the segments where it is at present lagging," said the letter.

MARKET SHARE

In 2022, Tanzania — one of the largest countries in the African continent — bought iron and steel and articles worth \$1,250.27 million. In-

dian export was \$105.52 million. India is the fourth largest supplier of iron and steel to the African nation, with a market share of 8.44 per cent in 2022. Market share fell from 8.75 per cent in 2021, but improved in 2020 when it was 6.15 per cent.

Other countries such as China improved its share to 41.47 per cent (versus 38 per cent in 2021 and 36.6 per cent in 2020). South Africa's market share is 12.58 per cent (an improvement over 9.84 per cent in 2021 and 8.45 per cent in 2020), while Japan is at 11.43 per cent (it declined from 15.82 per cent in 2021 and 8.31 per cent in 2020).

EXPORTS

In the iron and steel export category, Indian players had a stable market share of 6 per cent (compared to 2020) or \$49.25 million in 2022; while in the category-specific break-up (classified as articles of iron and steel), its market share doubled to 14 per cent (over 2020) to \$56.27 million. According to docu-

ments available with the Ministry, in the flat-rolled products of iron or non-alloy steel, hot rolled, plated, and coated category, India was among the top six suppliers, with exports being valued at \$0.91 million.

In fact, exports in the category fell from \$2.59 million in 2020 to \$1.17 million in 2021. Against this, Chinese exports increased from \$68.32 million in 2020 to \$182.21 million in 2022.

In the flat-rolled product category, the country lost market share, slipping to the 10th spot from the eighth in 2020. In value terms, exports stood at \$0.10 million in 2022, versus \$0.32 million in 2020.

Indian exporters topped in the bridge segment, which stood at \$23.05 million in 2022, up three-fold over the 2020 levels of \$7.28 million. Railway track and construction material exports were a category in which India saw some gains, but value-wise it remained at 2020 levels at \$0.14 million.

RITES sees export orders picking up in latter half of this fiscal

BUSINESS LINE dt. 22.5.23

Abhishek Law
New Delhi

RITES Ltd is looking to tap export markets primarily the African nations. Successful rolling stock deliveries to Mozambique, for customised cape gauge offerings - that include locomotives, coaches and DMUs, have generated interest across neighbouring nations.

At least 11 African nations, apart from Mozambique, have expressed interest for orders already while Mozambique is looking to place further orders.

According to Rahul Mithal, Chairman and Managing Director, the company is expecting export orders to materialise towards the "latter half" of the fiscal.

"Discussions are on with African nations, and these may formalise over the next few weeks or so. By the latter



Rahul Mithal, CMD

half of this fiscal, we are expecting export orders to pick up and drive numbers apart from our core consultancy business," he • told *businessline*.

ORDER BOOK

RITES has an order book of ₹5,850 crore as on April 1, 2023. Of this consultancy orders are to the tune of ₹2,700 crore, turnkey project orders are ₹2,850 crore, leasing is around ₹100 crore

while export order is ₹100 crore. Post completion of deliveries to Sri Lanka and Mozambique and a two-year hit in exports because of Covid, RITES is looking to tap into the overseas market again.

CONSULTANCY BUSINESS

According to Mithal, the consultancy vertical will continue to be among its core businesses.

And in FY24, RITES will look at having nearly 50 per cent of its revenue from the vertical. International markets are being tapped too that include markets in South-East Asia, LatAm and Africa. International consultancy business has a 5-7 per cent higher margin than domestic.

Revenue from international consultancy orders - of ₹150 crore-odd - saw a 50 per cent jump YoY in FY23.

Machinery imports up amid overall slide

FINANCIAL EXPRESS dt. 22-5-23

Investment demand in the economy remains strong

MUKESH JAGOTA
New Delhi, May 21

INDIAN BUSINESSES ARE paying less for imported energy and other inputs like chemicals while buying more machinery from overseas sources, according to official data.

This indicates that the loss of pace of merchandise imports in recent months, and the contraction since February, is mainly due to fall in prices of bulk commodities like crude oil, coal, LNG and fertilisers, rather than sluggish investment demand in the economy.

This assumption is also supported by the fact that the momentum of non-crude, non-oil imports is relatively intact.

The fall in input prices may also help prop up Corporate India's margins in the current quarter and the next.

After November 2022, year-on-year growth in imports had started to slow down, the shipments were flat in January, and by February, the contraction began. In April 2023, imports contracted by a sharp 14.06% on year as oil imports went down to \$15.1 billion from \$17.6 billion in the same month last year.

In April 2022, crude oil price had averaged \$107 a barrel while in the same month of 2023 it traded at \$79 a barrel.

In May 2023, decline in oil imports will be even steeper because the average price of a barrel of crude is \$75 a barrel as against \$115 a barrel in May last year.

Same is the case with coal where international prices fell

NEW CAPEX CYCLE

Imports (\$ bn) ■ 2022 ■ 2023



Non-oil, non-gems and jewellery imports

(\$ bn) ■ 2022 ■ 2023



sharply after January this year and are almost half the prices at the start of the year.

India imports both thermal coal and coking coal that is used for steel production.

In March, coal imports contracted 26% on year to \$3.4 billion and in April the contraction was even sharper at 28% on year to \$3.9 billion.

Imports of organic and inorganic chemicals were down 31.3% on year to \$2.3 billion.

Downward trend has been seen in chemicals from December onwards when imports were down 20.43% to \$2.5 billion after remaining positive in the previous eight months of 2022-23.



Machinery Imports

(\$ bn) ■ 2022 ■ 2023



Despite the decline in imports seen across all key input commodities for industry, the businesses continued to keep up with the purchase of machinery. In April 2023 machinery imports were up 15% on year to \$3.9 billion. Growth of imports of machinery have been around double digits for most months of 2022-23.

One reason machinery imports have held up is because their prices do not fluctuate like those of other bulk commodities.

Other reason is that orders for machinery are placed in advance and there is very little spot market or trading opportunities in them in normal times.

Ban on wheat exports, curbs on rice shipments to stay

FINANCIAL EXPRESS Dt. 22.5.23

Govt concerned about elevated domestic prices

SANDIP DAS
New Delhi, May 21

TO SAFEGUARD CONSUMERS from any spike in domestic prices in the coming months, the government is understood to have decided against lifting the ban on exports of wheat and wheat products such as atta this year. It is not considering lifting the prohibition on shipment of broken rice either. The export tax of 20% on white rice imposed in September 2022 will also likely stay through this fiscal. Retail inflation in wheat and rice stood at 15.46% and 11.37% respectively in April.

"We are keeping the option of imposing stock-holding limits to improve supplies," an official told FE. "We are still competitive globally despite export taxes on certain varieties of rice," the official said, negating the

BID TO IMPROVE LOCAL SUPPLIES

■ The government is understood to have decided against lifting the ban on exports of wheat and wheat products this year

■ Prohibition on shipment of broken rice may also stay through this fiscal



chances of any relaxation on export restrictions.

India's rice exports rose by more than 15% on year to a record \$11.1 billion in FY23 and 22 million tonne (MT) in terms of volume despite imposition of restriction on rice shipments. The ban on shipment of wheat in May 2022 except on shipments under government-to-government arrangements for food security — was necessitated by a drop in the production of the cereal in the 2021-22 crop year (July-June) and pro-

curement by government agencies dropping 56.6% to only 18.8 MT against 43.3 MT purchased from the farmers in the 2021-22 season (April-June).

In September, India, the world's biggest rice exporter with 40% share in global trade, had imposed ban on broken rice exports and put 20% export tariffs on the non-basmati and non-parboiled rice, a measure that was aimed at improving domestic supplies amid expectation of a decline in production in 2022-23 crop season (July-

June).

However, in February this year, the agriculture ministry estimated rice production for the 2022-23 crop year at a record 130.83 MT. A high-level inter-ministerial committee has been monitoring prices of essential commodities on a regular interval. The mandi prices of wheat are ruling around the minimum support price (MSP) of ₹2,125/quintal for 2023-24 season. Sources said that with the government buying more than 26 MT from farmers under the MSP operations in 2023-24 season so far, up 39% on year, there would be sufficient grain available to carry out open market sale of the commodity for bulk purchasers if prices rise. The government is also likely to initiate open market sale of wheat from July if there is a spike in prices in the coming months.

As per earlier policy, the Food Corporation of India has been selling surplus wheat to bulk buyers such as flour millers and food companies during the lean season (January-March).