

CCI study urges restricting iron ore exports for Aatmanirbhar Bharat

KR Srivats

New Delhi

Exports of iron ore from the country should not be encouraged as it is not a renewable material, the Competition Commission of India (CCI) has recommended.

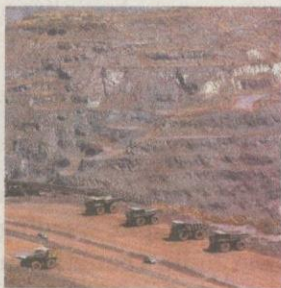
India should instead consider adopting the Chinese strategy of importing iron ore even though China is one of the leading global producers of iron ore, which has helped the East Asian country become the world's top manufacturer of steel, it suggested.

"By discouraging such (iron ore) exports, we can enhance the domestic supply. It is crucial to bear in mind that excessive consumption of iron ore today might result in its depletion, affecting the resources available to future generations," said a new Market Study on Mining Industry released by CCI on Monday.

As the country transitions to Aatmanirbhar Bharat, India should prioritise the export of higher value-added products such as finished steel, said the Study Report titled 'Dynamics of competition in the mining sector in India with a focus on iron ore'.

USE OF TECHNOLOGIES

To address the problem of the accumulation of low-grade iron ore, once iron ore exports are discouraged, India should implement the most cutting-edge technologies to upgrade low-grade iron ore to higher grades through beneficiation



As country transitions to Aatmanirbhar Bharat, India should prioritise the export of higher value-added products, such as finished steel REUTERS

processes, the study recommended.

The study highlighted that the government has been changing the export duty structure for iron ore sector from time to time to regulate the outward movement of the 'national wealth.'

Starting from November 19, 2022, the Centre removed the export duty imposed on low-grade iron ore, pellets, and specified steel products, including pig iron.

However, for high-grade lumps and fines containing more than 58 per cent iron, a reduced export duty of 30 per cent is applicable. "Considering that iron ore is a non-renewable national resource and a vital raw material in various industries, strict control over its over exploitation is necessary," the CCI study said.

To address the current bottleneck in availability of iron ore under e-auction process, the study recommended that e-auctions could be held

weekly or bi-weekly, as per the business requirements of the firms.

The study also laid emphasis on promotion of sustainable mining through regulations to gradually phase out 'dirty' technologies over time.

A well-defined regulatory framework should encourage the adoption of clean technology and provide incentives for the transformation of existing production processes into sustainable modes of mineral production.

It also recommended that ease of implementing regulations may be ensured to reduce the high cost of compliance.

CAPTIVE MINES

The study said that allocation of captive mines to some players creates entry barriers in the iron ore and steel sector as entry and successful operation becomes costly for new firms.

The differential pricing of iron ore for different end-users is likely to create competition concerns.

The study observed that it is not possible to withdraw the already operational captive mines before completion of their tenure as this could disrupt synergies and efficient production.

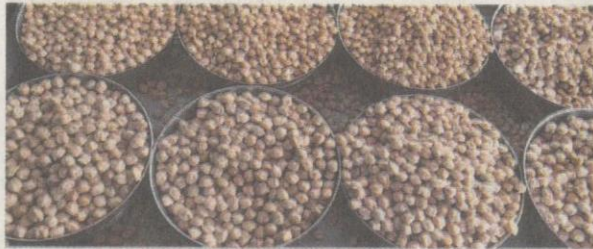
It noted that the amendments in mining law in 2021 have allowed the captive mines to sell up to 50 percent of surplus iron ore in the open market which is likely to boost supply of iron ore in the market.

Business Line Dt: 02/01/24.

Pulses imports may touch 3 mt in current fiscal on shortfall in domestic output

Vishwanath Kulkarni
Bengaluru

Pulses imports are seen rebounding to a six-year high in the current financial year on shortfall in domestic output following deficit rainfall in growing areas. Trade estimates that pulses imports are likely to touch 3 million tonnes(mt) during the current financial year, an increase of around 31 per cent over last year's 2.29 mt.



DAMPNER. The trade expects chana output to be lower by 10-15 per cent on account of a drop in acreage KAMAL NARANG

The shortfall in domestic output due to weather vagaries led to prices spiralling in recent months. The government, besides opening up imports of yellow peas till

March 31, 2024, has extended the window for duty-free imports of pulses such as lentils (masur), tur (pigeon pea) and urad (black matpe) till March 2025, to boost the supplies and keep prices under check.

LENTILS TOPS 1 MT?

"Chana output was good last year, while the moong bean production was not that encouraging this kharif as it was affected due to the dry spell in Rajasthan. We are still de-

pendent on imports for the pulses varieties such as tur, urad and lentils. We will end up importing almost 3 mt of pulses this financial year" said Bimal Kothari, chairman, India Pulses and Grains Association (IPGA).

As per the DGCIS data, India has already imported over 1.96 mt of pulses during the April-October period of the current financial year, valued at over ₹14,057 crore (\$1.69 billion). Of this, the imports of lentils is reported to have

crossed a million tonnes.

India had imported a record 6.5 million tonnes of pulses during 2017-18, when yellow peas were imported in large quantities. Imports declined in the subsequent years after restrictions were placed on varieties such as yellow peas, chick peas and moong.

SOWING DOWN

As of December 29, the pulses acreages in the current rabi season was down at 142.49

lakh hectares (lh) over 153.22 lh a year ago. This was mainly on account of a dip in chana acreage at 97.05 lh over 105.80 lh a year ago. However, the area under lentils has seen a marginal increase at 18.68 lh (18.02 lh). The trade expects chana output to be lower by 10-15 per cent on account of a drop in acreage, while the production of lentils is likely to increase with favourable weather in the key producing States of Madhya Pradesh and Uttar Pradesh.

Oil imports from Russia likely to decline this year

Lower discounts, production cut may impact supply mix

S DINAKAR
Amritsar, 1 January

Indian imports of Russian crude oil may stabilise or even decline in 2024 from record 2023 levels amid shrinking discounts, lower output, and a rebound in West Asian supplies, according to the ship-tracking data and industry executives.

This may impact the billions of dollars in annual savings that India made last year.

Imports of Russian oil jumped by a record 140 per cent in calendar 2023 to 1.79 million barrels a day (b/d) from 740,400 b/d in 2022, when Russia marched into Ukraine in February, and from just 102,000 b/d in 2021, according to the data from Paris-based market intelligence agency Kpler.

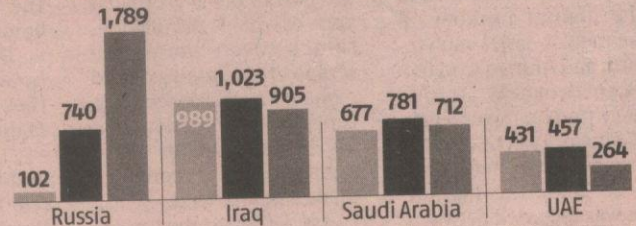
Last year, the surge in Russian imports, which accounted for 39 per cent of India's crude oil imports from 16 per cent a year earlier, was accompanied by a decline in purchases from India's traditional suppliers in West Asia. Shipments from Iraq, Saudi Arabia, and the United Arab Emirates, the top three Gulf suppliers to India, fell by 17 per cent last year to 1.88 million b/d.

Russian Urals is now an important part of India's crude oil purchases because refiners are proficient in processing Russian grades, said R Ramachandran, former refinery head, Bharat Petroleum, and now an oil industry consultant.

Discounts on Russian grades have declined by more than half to \$4-5 per barrel from \$11-13 in early 2023, two Mumbai-based executives in the refining sector said. It is unlikely that Russian traders will offer record double-digit discounts this year because of higher demand

CRUDE SHIFT

India crude imports by country (in '000 bpd) ■ 2021 ■ 2022 ■ 2023



India's imports of Russian crude by company (in '000 bpd)

	Nov	Dec
Indian Oil	505	258
Reliance	291	285
Bharat Petroleum	253	314

All data is provisional and subject to revision
Source: Kpler

for Russian export benchmark Urals grade, and amid lower production by Moscow, at least until the end of the first quarter of this year, an industry executive said.

A Mumbai-based refining executive responsible for Russian purchases said he did not expect discounts to expand, anticipating imports to average between 1.5 and 1.7 million b/d this year. The stricter enforcement of sanctions by the US in the past few months, resulting in more than 10 Russian tankers carrying crude oil to China and India being charged with violating rules, has led to an increase in freight rates by as much as 20 per cent.

These factors might cut India's savings on Russian oil imports, which averaged close to \$4.5 billion, based on calculations from the ship-tracking and industry data. These savings may fall by a third — assuming an average of \$5 per barrel (bbl) discount on imports of 1.6 million b/d in 2024, leading to savings of over \$3 billion for Indian refiners. It is still a tidy sum, considering that oil firms are coping with volatility in global crude oil rates and a freeze in pump prices of diesel and petrol

since May 2022. Imports of Russian crude oil in December averaged 1.44 million b/d, a fall of 14 per cent from November and from a record 2.16 million b/d in May, the Kpler data shows. Russian oil accounted for around 33 per cent of India's overall crude oil imports in December, six percentage points lower than the 2023 average.

The stricter policing of tankers carrying Russian oil amid reduction in output contributed to falling purchases, industry officials said. There were issues with payment. Indian Oil imported only 258,000 b/d of Russian oil in December, declining by nearly half in the month.

Bharat Petroleum was the biggest purchaser of Russian crude oil last month at 314,000 b/d, up by 60,000 b/d on the month, followed by Reliance Industries at 285,000 b/d, according to Kpler.

Washington has sent notices to some 30 owners and managers of oil tankers to check on their compliance with the price cap and warned the shipping industry against any violation, US market publication Energy Intelligence reported.

Business Line. Dt: 03/01/24

Windfall tax on crude hiked; no levy on diesel, ATF for export

FUELLING FACTORS. To be effective from Jan 2, changes follow a surge in crude prices

Shishir Sinha
New Delhi

The Finance Ministry has raised the Special Additional Excise Duty (SAED), better known as windfall gain levy on domestically-produced crude, to ₹2300 per tonne from ₹1300. However, such levy on export-bound diesel and jet fuel has been reduced to nil.

To date, windfall levies on diesel and jet fuel (aviation turbine fuel or ATF) were ₹0.50 and ₹1. All the changes are effective from January 2. Such a levy on export-bound petrol will continue at nil.

IMPACT

This decision has been taken as crude prices saw some rise earlier. This will likely impact oil exploration com-



HOW IT WORKS. The tax rates are reviewed every fortnight based on the average oil prices in the previous two weeks

panies such as ONGC and Oil India. Product prices have come down, so the windfall gain tax has been revised downward. Cutting the windfall levy on diesel and ATF for export will impact primary fuel exporters Reliance Industries and

Rosneft-backed Nayara Energy.

India first imposed windfall profit taxes on July 1, 2022, joining several nations that tax supernormal profits of energy companies. At that time, export duty of ₹6 per litre (\$12/bbl) was levied on

petrol and ATF, and ₹13 a litre (\$26/bbl) on diesel. A ₹23,250 per tonne (\$40/bbl) windfall profit tax on domestic crude production was also levied. The tax rates are reviewed every fortnight based on the average oil prices in the previous two weeks.

The domestic producers of petroleum crude, like ONGC, sell their crude at international parity price. As international crude prices rose sharply, these producers made supernormal profits. The prices of diesel, petrol and ATF rose even more sharply, which led to extraordinary cracking margins (difference between the product price and the crude price) on exports of these products. The cess/duties were imposed in this background.

China '24 crude import quota up 60%; factory activity expands

REUTERS

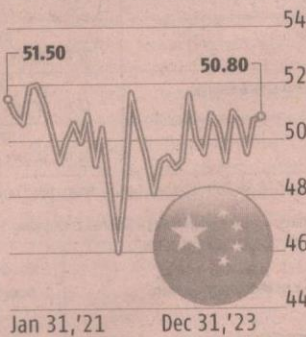
2 January

China has released 179.01 million metric tons of crude oil import quotas for 2024, 60 per cent more than the January batch last year as almost all the refiners received their annual allocations, consultancies and trade sources said on Tuesday.

The latest move marks a shift by Beijing, which has been releasing quotas in batches every few months since it opened up crude imports to independent refiners in late 2015. Uncertainty over quotas could hold refiners back from buying more crude when prices are low or ramp up purchases to meet higher demand.

Forty-one companies, mostly independent refiners were given the fresh quotas, trade sources and consultancy JLC and Longzhong said. The quota issued in January last year was 111.82 million tons.

MANUFACTURING PMI



Source: Bloomberg

These independent refiners now make up over a third of total imports into the world's largest buyer as more large, integrated refiners have joined the fray in recent years.

The January allocation, equivalent to about 3.6 million barrels per day, is still short of the 203.64 million tons or 4.07 million bpd issued for 2023 and traders said there

would be at least another batch to be issued later in the year. The 2023 volume included an odd tranche released in October 2022 in advance for 2023 and was 14 per cent higher than 2022.

China's factory activity expanded at a quicker pace in December due to stronger gains in output and new orders, but business confidence for 2024 remained subdued, a private-sector survey showed on Tuesday.

The Caixin/S&P Global manufacturing PMI rose to 50.8 at the end of 2023 from 50.7 in November, marking the fastest expansion in seven months and surpassing analysts' forecasts of 50.4. The 50-point mark separates growth from contraction.

The sprawling manufacturing sector came under pressure amid weak demand in 2023, with a property downturn, geopolitical factors and tight-fisted consumers all weighing on the post-pandemic recovery.

No extra tariffs on steel exports to US

MUKESH JAGOTA

New Delhi, January 2

INDIA AND THE US have agreed on the terms for joint monitoring of the former's steel and aluminium exports to the world's largest economy, without being subjected to additional duties.

This follows the two sides deciding to end all bilateral trade disputes that were pending at the World Trade Organization during Prime Minister Narendra Modi's state visit to Washington in June 2023.

India's department of commerce has finalised the terms of references with regard to the joint monitoring mechanism to enable exports of certain steel and aluminium products to the US, without pay-



ing extra duties, and the US has conveyed its agreement with the proposed text, a senior official said here on Tuesday.

The US has agreed to let in 336,000 tonne of steel and aluminium from India with the waiver of additional duties that

were imposed under a national security law by the Trump administration in 2018.

These duties — at 25% and 10% on certain steel and aluminium products, respectively — were also imposed on a few other countries, including China, Russia, Norway, Turkey and Switzerland.

The June decision also included India waiving its additional duties of 20% each on apples and walnuts, and ₹20 per kg on almonds imposed on imports from the US in 2019, over most-favoured nation (MFN) tariffs. These extra imposts were in retaliation to the US' state protectionist measure of increasing tariffs on specified steel and aluminium products.

Continued on Page 7

FINANCIAL EXPRESS. Dt: 03/01/24

Govt reviewing onion export ban

SANDIP DAS

New Delhi, January 2

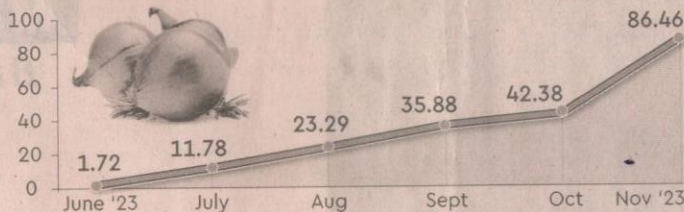
WEEKS AFTER THE imposition of a ban on onion exports, the government is assessing the situation and is likely to reconsider the decision to stem sharp fall in the mandi prices of the vegetable.

"The government may allow exports of onion through cooperatives," a trade source said.

Sources said with the arrivals of kharif harvest as well as imposition of exports ban on December 7 till March 31, 2024, the mandi prices at Lasalgaon, Nasik, Maharashtra, the hub of the country's wholesale trade has fallen to ₹1,500/quintal on Tuesday from around ₹3,700/quintal prevailed prior to the imposition of shipment ban.

A trader said that onion kharif harvest due to high moisture content can't be stored, the arrivals

RETAIL INFLATION IN ONION (%)



Source: MoSPI

are increasing, thus pulling down the prices. Farmers and traders have been demanding a lifting of ban on exports so that prices do not plummet.

"The mandi prices have fallen sharply and its currently prevailing below the cost of production," Balasaheb Misal, former director, Manmard (Maharashtra) mandi board and an onion farmer, told FE.

According to the department, the

modal retail prices of onion declined by 50% to ₹30/kg on Monday from ₹60/kg on December 8 when ban on export was announced.

Retail onion inflation rose by a steep 86.46% in November as retail prices in several cities touched ₹90/kg last month because of delay in arrival of kharif crops and unseasonal rains impacting the crops in Maharashtra and Karnataka.

Meanwhile, an official said that

the government's intervention of procuring kharif onion and disposing them simultaneously in the wholesale and retail points have brought down average prices by 30-35% in the last one month.

The government agencies — farmers' cooperative Nafed and National Cooperative Consumers Federation of India (NCCF) has procured 20,000 tonne of kharif onions so far against a target of 0.2 million tonne (MT) following the government's decision to increase buffer stock target to 0.7 million tonne from 0.5 MT for the current fiscal.

NCCF and Nafed are currently selling onion from the buffer stock at a highly subsidised rate of ₹25/kg to consumers in various towns.

Inflation in onion, which had been in the negative zone since September, 2021, rose to 23.18% in August. In February, 2020, onion inflation rose to 140% on year.

'No payment problem': Puri on falling oil imports from Russia

SUBHAYAN CHAKRABORTY
New Delhi, 3 January

There is no payment problem for Russian crude, Petroleum and Natural Gas Minister Hardeep Singh Puri said on Wednesday.

He said there is no proposal to cut retail fuel prices at the moment.

Addressing a press conference, the minister said India enjoys a buyers' position and foreign suppliers are approaching Indian companies with offers to sell oil.

"I have not received any inputs from our companies regarding supplies stopping due to payment problems," he said. Instead, imports from Russia currently stand at 1.5 million barrels per day, he added.

India buys the majority of Russian oil in UAE dirhams.

Media reports had flagged falling volumes of crude from Russia in recent months, possibly due to problems in settling payments with suppliers. Puri said any fall in incoming crude volumes is a function of oil prices.

Russia remained the single-largest supplier of crude oil for the 15th straight month as of December, estimates made by London-based commodity data analytics provider Vortexa show. Russia's share was 0.2 per cent in India's total oil imports during February 2022 but the figure surged to 40 per cent in February 2023. While the share of crude oil originating in Russia reduced during recent months, the continuing discounts on Russian crude have helped stabilise volumes.

People in the know said discounts have hovered between \$9 and \$11 per barrel in November, up

from \$8-\$10 per barrel in October. They were at low levels of \$4-\$5 per barrel in mid-2023.

No discussions on price cut

Puri also stressed there has been no discussions with oil marketing companies (OMCs) on a potential retail price cut for fuel. While OMCs have raked in record profits in the first two quarters of the financial year, retail fuel prices have remained unchanged for 20 months now. Puri said OMCs need to make up for previous losses.

Taking the national capital as an example, petrol and diesel prices last saw a revision back on April 6, 2022, when prices of both petrol and diesel were raised by 80 paise a litre. Since then, the OMCs have not raised prices throughout the war in Ukraine even after the volatility in crude prices.

OMCs have posted mega profits in the first two quarters of FY24 that have beaten market estimates.

The Indian Oil Corporation's consolidated net profit was ₹13,713 crore in Q2 FY24, bouncing back from a loss of ₹910 crore during the same quarter last year.

**“THERE IS NO PROPOSAL TO CUT
RETAIL FUEL PRICES AT THE MOMENT”**

HARDEEP SINGH PURI
Petroleum and Natural Gas Minister



Business Line. Dt: 05/01/24

Jimny to account for 12% of Maruti Suzuki's exports by 2028

Aroosa Ahmed

Mumbai

Maruti Suzuki's SUV Jimny (five-door) will contribute to 12 per cent of the company's export sales by 2028. Jimny currently contributes to 3.54 per cent of the company's overall exports.

The carmaker started exporting five-door made-in-India Jimny for the world in October. Overall, 9,202 units were exported in FY22-23 while for FY23-24, it was 9,798 units till December.

The five-door version of Jimny is exported to West Asia, Latin America and Africa regions. Since 2020, the three-door Jimny has been exported exclusively to markets in Latin America and Africa.

"We have exported over 35,000 units of Jimny since 2020-21, in both the three-door and five-door guises. Additionally, we have observed that just like in India, the de-



The five-door version of Jimny is exported to the Middle East, Latin America and Africa PTI

mand for the automatic transmission variant continues to remain high," Shashank Srivastava, Senior Executive Officer, Marketing and Sales, Maruti Suzuki India Ltd, toldbusinessline.

DOMESTIC DEMAND

The five-door Jimny has features that include a smart play touchscreen infotainment system, automatic climate control, anti-lock braking system (ABS), and LED auto

headlamps with a washer. The Jimny measures 3,985 mm in length, 1,645 mm in width and 1,720 mm in height with a ground clearance of 210 mm.

The Indian carmaker is also seeing an uptick in the demand for the vehicle domestically.

The SUV was launched in the Indian automobile market in 2023 and is selling nearly 2,500 units per month. "We did not anticipate the high demand due to the small size of the lifestyle segment. It received an overwhelming response with 43,000 bookings, surpassing our expectations. We expect to sell around 4,000-5,000 units this month.

We have received feedback from the customers on the price value equation of the Jimny. It is important to note that Jimny is designed with the 4WD to make it stand apart for its off-roading capabilities and to consistently meet customer expectations," added Srivastava.

Business Line. Dt:- 05/01/24.

Toy exports zoom 239% to \$326 million in 8 years

Our Bureau

New Delhi

Exports of toys from India increased 239 per cent over the last eight years to \$326 million in 2022-23 from \$96 million in 2014-15 while imports declined 52 per cent to \$159 million from \$332 million in the same period.

This was brought on by a combination of measures including import tariff increase and quality control, per a case study on the 'success story of made in India toys' carried out by IIM Lucknow on behalf of the Department for

Promotion of Industry and Internal Trade (DPIIT).

In the next eight years, around 12 per cent compounded annual growth rate is expected in the toy sector and exports are likely to increase to \$3 billion by 2028.

ACTION POINTS

"After the PM's call (to focus on the toy sector), an inter-ministerial committee chalked out action points for promotion of toys. Tariff on imported toys were increased from 20 per cent to 60 per cent. To stop dumping of sub-standard products, quality control orders were



brought in," said Rajesh Kumar Singh, Secretary, DPIIT, at a press briefing on Thursday.

The government's efforts enabled creation of a more

conducive manufacturing ecosystem for the toy industry, the report pointed out. From 2014 to 2020, these efforts led to doubling of the number of manufacturing units, reduction in dependence on imported inputs from 33 per cent to 12 per cent, increase in gross sales value by a CAGR of 10 per cent, and overall rise in labour productivity, the report added.

As the toy sector got integrated into the global toy value chain, India has also started emerging as a top exporting nation, the report stated.

Zero-duty market access

for domestically manufactured toys in countries including UAE and Australia is set to give a further export boost.

"The report stated that in order to position India as a viable alternative to current toy hubs of the world, including China and Vietnam, consistent collaborative efforts of the toy industry and the government are essential for advancements in technology, embracing e-commerce, encouraging partnerships and exports, investing in brand-building, ... etc," per a statement released by the Commerce Ministry.

Business Line. Dt: 05/01/24.

High prices lift coffee exports to record \$1.16 b in 2023

Vishwanath Kulkarni

bengaluru

India's coffee exports in the calendar year 2023 scaled a new high in value terms on higher global prices.

This is despite a 5.5 per cent decline in volumes on reduced offtake by key buyers in Europe and Russia.

The shipments were up 4.50 per cent to hit a record \$1.16 billion during 2023 over previous year's \$1.11 billion. In rupee terms, the growth was 9.81 per cent at ₹9,578 crore over the previous year's ₹8,722 crore.

The per unit value realised by the Indian exporters was up 16.5 per cent on bullish global prices. The exports were a record high in calendar year in value

Robust growth

Year	Quantity (tonnes)	Value in \$ million	Value ₹ crore
2019	3,48,437	789.38	5,549
2020	3,06,387	708.79	5,255
2021	3,93,709	945.27	6,984
2022	3,98,718	1,115.00	8,723
2023	3,77,178	1,161.00	9,585

Source: Coffee Board

terms, said KG Jagadeesha, Secretary and CEO, Coffee Board. Factors such as high prices, efforts of exporters and promotional activities of Coffee Board helped achieved this milestone, he added.

Among the green beans, only the premium arabica parchment shipments registered a growth of 7.6 per cent at 38,045 tonnes during 2023 compared to the previous year's 35,329

tonnes. Arabica cherry shipments were down by 1.2 per cent at 8,772 tonnes (8,887 tonnes last year), while the robusta parchment volumes were down 2 per cent at 29,128 tonnes (29,741 tonnes).

However, the robusta cherry shipments saw a major decline of 17 per cent at 1.57 lakh tonnes (1.90 lakh tonnes).

Instant coffees were up 7.28 per cent at 36,999 tonnes (34,486 tonnes), while the imports for re-exports were up by around 7 per cent at 1.05 lakh tonnes (98,819 tonnes). India imports raw coffees to convert them into instant coffees and re-exports them.

MAJOR MARKETS

Italy continued to remain as

the largest buyer of Indian coffees, although the offtake during 2023 was down by a tenth at 55,546 tonnes (61,717 tonnes). Similarly, purchases of Indian coffee

Federation was by 19 per cent at 27,455 tonnes (34,102 tonnes). Exports to Belgium, the fourth largest buyer of Indian coffees were down by 35 per cent at 19,079 tonnes (29,234 tonnes).

The only markets where the Indian coffee shipments registered a growth were the United Arab Emirates (UAE), Libya, Poland and Malaysia. Shipments to the UAE were up 7 per cent at 18,124 tonnes (16,935 tonnes), while Libya registered a 33 per cent growth at 13,022 tonnes (9,748 tonnes). Exports to Malaysia surged 40 per cent at 12,971 tonnes (9,223 tonnes), while Poland saw an increase of 1.73 per cent at 15,679 tonnes (15,411 tonnes).

**SOLITAIRE PRICE INDEX**

5th January, 2024

4,894*

0.36% ↓
Over last
Month

10.86% ↓
Over last
Year

Nationwide Standard & Transparent Pricing since 2006.
Released on the 1st of every month.
* This is an average of Divine Solitaires Price List

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by Germany, the second largest buyer, were down at 35,877 tonnes (43,822 tonnes) and the Russian

African Crude Makes Up for Fall in Russian Imports

Russia's share shrinks from 34.5% in Nov to 30% while Africa's share rises from 4.7% to 7.6%

Sanjeev Choudhary

New Delhi: India's increased intake of African oil helped partly offset the 18% month-on-month import decline from its top supplier Russia in December, according to energy cargo tracker Vortexa.

India's overall crude import fell 4.6% or 210,000 barrels per day (bpd) sequentially in December to 4.3 million barrels per day (mbd). Imports from Russia fell 274,000 bpd to 1.29 mbd in December while imports from Africa expanded 119,000 bpd to 330,00 bpd.

Russia's share in India's imported crude market shrank to 30% in December from 34.5% in November. Africa's share increased to 7.6% from 4.7%. The shares of Iraq (22.3%) and Saudi Arabia (16.4%), the second and third-largest suppliers respectively, expanded about one percentage point each. The UAE's share fell to 4.5% from 6.6%. Kuwait inched ahead of the US as the fifth largest supplier to India with a 4% share in December, up from 3.4% in November. The share of the US fell to 3.6% in December from 4% in the previous month.

India's imports of Russian crude in December were the lowest in 11



REUTERS

months, with the largest declines from Urals and Sokol crude, according to Vortexa.

"Lower Russian Urals arrivals into India are partially caused by disruptions in Russian Black Sea port loading operations due to bad weather conditions in November," said Serena Huang, an analyst at Vortexa. "The absence of Sokol imports into India in December has reportedly been a result of payment issues between Indian Oil and Sakhalin-1 LLC, but this should be resolved with time."

Some Russian oil tankers haven't been able to discharge at Indian ports probably due to G7 sanctions that bar western ships from carrying Russian oil priced above \$60 per barrel. "We see at least five tankers that are Sokol-laden and headed for India making a U-turn at Bay of Bengal and diverting to China or slowing to a near halt," said Huang.

Sokol, which is selling above \$70 per barrel, made up just about 10%

of total Russian crude imports in November. Urals, currently selling below \$60 per barrel, has been the mainstay of India's Russian oil imports.

Petroleum and natural gas minister Hardeep Puri on Wednesday said Indian refineries were not facing any problem in paying for Russian oil and that import volumes are linked to price discounts.

Loading at Russian ports increased 15% to 6 million barrels a day in December, which could translate into increased imports for India. Ships carrying Russian oil take about a month to reach India.

Despite the current dip, Russian inflows are likely to bounce back in the coming months, according to S&P Global Commodity Insights. "This resurgence is expected, as crude runs are projected to increase post-maintenance, especially with refining margins remaining robust and a need to meet seasonal demand growth," it said.

KRBL turns focus to local as export growth slows down

Red Sea crisis impact on exports minimal, says India business head

SANDIP DAS

New Delhi, January 4

WORLD'S LARGEST RICE miller KRBL weathered the fallout of the subdued global markets, and intermittent curbs on shipments of basmati rice in the past year, with an increased focus on the domestic markets for regional grain varieties.

According to Ayush Gupta, business head-India market, despite the relative slump in some of the export markets, and the recent Red Sea crisis, the company could still clock a 10% annual rise in consolidated revenue in FY24. Of course, this is significantly lower than the 27% jump in revenue posted in the last financial year.

The company had reported profit after tax of ₹701 crore in FY23, on total revenues of ₹5,363 crore.

Gupta said KRBL's exports of basmati rice might not be take a big hit because of the recent attack by Houthis rebels on commercial vessels in the Red sea as most of its shipments are to West Asia where freight costs haven't risen much due to conflict. "Freight impact is more for shipments to Europe, which isn't a large market for us," he said.

The company, which owns top-selling basmati brand India Gate is looking to expand the domestic and export footprints of its premium regional non-basmati

varieties Kolam, Sona Masuri and Gobindobhog. "We have also firmed up plans for branded basmati rice in domestic market to boost sales," Gupta said.

Kolam rice is widely consumed in western and southern parts of the country while Sona Masuri is largely used by people in southern states, where the company procures the rice from. It sources Gobindobhog variety from farmers in West Bengal.

In the last fiscal, the company's domestic rice sales was a record

WE HAVE ALSO FIRMED UP PLANS FOR BRANDED BASMATI RICE IN DOMESTIC MARKET TO BOOST SALES

AYUSH GUPTA,
BUSINESS HEAD-INDIA, KRBL



₹3,335 crore, mainly because of 26% growth in branded basmati rice sales.

KRBL is aiming to increase domestic market share of branded basmati rice from 34% to around 38% in the next three to five years. "In case of the modern trade segment, we are currently at 42% share and planning to ramp this up to 45% in 3-5 years," Gupta said.

Other major players in the branded basmati rice segment include LT Foods (Daawat), Adani Wilmar (Kohinoor) and Chaman Lal Setia Exports (Maharani).

In terms of sales of regional rice varieties which KRBL had launched last year, sales in the current fiscal year are likely to be ₹200 crore and the company is aiming to increase sales of regional non-basmati rice varieties to around ₹1,000 crore in the next three to five years.

Meanwhile, the company is also planning to launch rice bran oil as well as atta (flour) and market these products under the India Gate brand in the next couple of years.

"We have rice milling capacity in Dhuri, Punjab where we currently supply rice bran to a private entity which we would like to use for launching our own edible oil brand," Gupta said.

Out of India's total annual production of around 8.2 million tonne (MT), around 4.5 MT of aromatic long grain rice is exported to largely Middle East countries including Saudi Arabia, Iran and United Arab Emirates.

Out of the domestic consumption of basmati rice, around 0.61 MT is sold under 'branded' category while 1.85 MT is sold to the HoReCa (hotels, restaurants and cafes) sector. About 1.24 MT of aromatic rice is sold to the consumers.

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Crude oil imports slip on weak demand, bearish European outlook in December

SEASONAL HEADWINDS. At 3-month low of 4.32 million barrels/day; crude imports 2nd lowest in 2023: Vortexa

Rishi Ranjan Kala
New Delhi

India's crude oil imports during December 2023 slipped to their second lowest level during the calendar year due to weak domestic demand coupled with a bearish outlook on diesel consumption in Europe, a key export destination for private refiners.

According to energy intelligence firm Vortexa, India imported 4.32 million barrels per day (mb/d) of crude last month, the lowest since September 2023 (4.12 mb/d).

Besides, imports in December 2023 by private refiners, Reliance Industries and Rosneft-backed Nayara Energy, fell to its lowest during the last calendar year at 482,000 barrels per day.

Most of the diesel exports from India is from the

private refiners. Imports by public sector refiners also slumped to its second lowest during CY23 at 804,000 b/d in December.

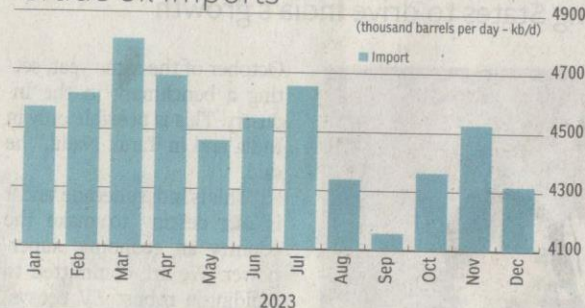
DOMESTIC SLOWDOWN

"Lower crude imports into India in December is reflective of refiners' anticipation of a seasonal demand slowdown domestically as we step into Q1 (2024), potentially further dampened by a bearish demand outlook in Europe, its key export market," Vortexa's Head of APAC Analysis, Serena Huang told *businessline*.

A trade source pointed out that India's consumption of petrol and diesel has fallen for two consecutive months during November and December, 2023.

Another noteworthy feature in the import dynamics last month was the in-bound shipments of crude oil from

Crude oil imports



Source: Vortexa

Russia slipped to their lowest since January 2023. Shipments of Urals also fell to its third lowest at 1.06 mb/d last month.

India's imports of Russian crude totalled 1.29 mb/d in December, down from 1.56 mb/d in November, Huang said.

S&P Global Commodity Insights said, Indian refinery appetite for Russian crude

has slowed recently compared to the first half of 2023. However, it maintains the position with over 35 per cent share of total imports.

Last week, Oil Minister H S Puri said that there are no payment problems with Russia, from which where India buys 1.5 mb/d of crude. The declining imports are is more of a function of price (discounts).

India continued to import higher volumes of crude oil from its second largest supplier, Iraq, which stood at 964,000 b/d in December compared to 979,000 b/d in November.

An Oil Marketing Company (OMC) official said that Iraqi prices have been competitive. Data from Iraq's State Oil Marketing Organisation show that Basrah prices in December 2023 averaged at \$76.96 a barrel compared to \$82.82 per barrel in November and \$87.58 in October.

"Crude imports/lifting indications from major Middle Eastern suppliers, Iraq, and Saudi Arabia, have experienced an uptick in the fourth quarter and for Q1 2024. This increase may be attributed to the necessity of fulfilling the current year's term commitments by public refiners." S&P explained.