Buisnesline. Dt:- 12/07/23

ITC aims to accelerate exports, leverage equity of core brands

INTEGRATED GROWTH. Company also exploring strategic opportunities and government initiatives such as PLI

Shobha Roy
Kolkata

ITC Ltd is looking to scale up exports at an "accelerated pace" in focus markets across a range of categories, leveraging the equity of its core brands such as Aashirvaad, Sunfeast and Kitchens of India.

The company's direct foreign exchange earnings grew by 10 per cent at ₹10,777 crore in FY23, compared with ₹9,779 crore in FY22, mainly on account of exports of agri-commodities. Foreign exchange earnings of the ITC group over the last 10 years aggregated nearly $9 billion, of which agri exports constituted about 60 per cent.

During FY23, ITC and its subsidiaries earned ₹12,783 crore in foreign exchange, the company said in the latest annual report.

MAIN CONTRIBUTOR. Foreign exchange earnings of the ITC group over the last 10 years aggregated nearly $9 billion, of which agri exports constituted about 60 per cent BIJOY GHOSH

EXPORT FOOTPRINT

Exports contributed to around 15 per cent of the company's total turnover in FY23, marginally down from around 16 per cent in FY22. The FMCG businesses continue to expand their export footprint, leveraging the equity of their brands — with a reach now spanning over 60 countries.

"ITC also continues to explore strategic opportunities in proximal markets as a potential vector of growth going forward. The PLI scheme has provided further fillip to ITC's exports across biscuits & cakes, snacks, dairy and ready-to-eat categories," it said.

The ready-to-eat (RTE) category continued to scale up in the institutional and export segments.

During FY23, the education and stationery products business expanded its export footprint to newer geographies and segments and onboarded large global retailers. The PLI scheme for the food processing industry will incentivise fresh investments, enable building Indian brands for the global market, promote exports and boost farmer incomes, it said. The company has been included under the PLI scheme towards sales-based incentives in the ready to eat, fruits and vegetables and marine categories respectively as well as for incentives towards expenditure incurred for branding and marketing in export markets.

SCALING UP

ITC is confident of rapidly scaling up its FMCG businesses on the back of a future-ready portfolio powered by purpose-led brands, quality, consumer insights, innovation and an agile, resilient and efficient supply chain.

Notwithstanding the challenging conditions prevailing during 2022-23, the company's FMCG businesses grew ahead of the industry in both urban and rural markets, driven by enhanced distribution footprint, last mile execution, deep consumer insights, innovation and premiumisation of product portfolio.

The FMCG segment revenue for FY23 grew by around 20 per cent, with segment EBITDA growing at a faster pace of around 35 per cent to ₹1,954 crore. Segment EBITDA margins expanded by 120 basis points amid severe inflationary pressures.

Business Standard Dt: 12/07/23

iPhone exports hit top gear, touch ₹20K cr in Q1

TAKING A BIGGER BITE

Apple vendors from India have exported iPhones worth ₹20K cr in Q1FY24 itself— half of what they did in the whole of FY23

400%: Increase in Apple's Q1FY24 exports over the previous year's figure for the same period

₹61,000 cr: Apple vendors' FY24 PLI export target

₹20,000 cr: Achieved in Q1 itself

₹90,000 cr: FY23 total mobile device exports from India

₹40,000 cr: Apple

SURAJEET DAS GUPTA
New Delhi, 11 July

In a major upsurge, Apple has breached exports from India valued at ₹20,000 crore of iPhones in just the first quarter of FY24, which accounts for half of what it had achieved in the full financial year of FY23. The Q1 numbers represent a staggering 400 per cent growth in iPhone exports over the last financial year in the same quarter when it exported only ₹4,950 crore. What's more, under the production linked incentive (PLI) scheme, its three vendors — Foxconn Hon Hai, Wistron and Pegatron — have committed exports of ₹61,000 crore in FY24 in the third year of the scheme.

The good news is that one-third of this export commitment to the government for this financial year (FY24) has already been met by Apple's vendors in the first quarter and all it has to do is finish the rest in the remaining three quarters. Analysts say, based on Apple's aggressive export performance, that exports could well exceed the company's commitment under the PLI scheme. The massive increase in exports came from iPhone models 12, 13 and 14.

In the second full year of the PLI for mobile devices of FY23 when all three vendors were eligible for financial incentives, their combined iPhone exports hit ₹40,000 crore. In that financial year, Apple alone contributed 45 per cent of the total ₹90,000 crore mobile phone exports from the country.

Last year, exports of mobile phones from India increased by nearly 100 per cent from ₹45,000 crore in FY22.

Mobile phone exports have also helped propel electronics into being one of the top five exports in the last fianancial year, after engineering goods, petroleum products, gems and jewellery, organic and inorganic chemicals.

Based on individual products, HIS codes smartphones have emerged as the fifth largest commodity export after automobile diesel, diamonds, aviation turbine fuel, and motor gasoline.

The government, however, has fixed an ambitious target of exporting over \$50-\$58 billion mobile phones by FY26 – a figure which the Indian Cellular and Electronics Association feels might not be reached, hitting only \$40-\$45 billion.

The big gap could primarily be on account of the promised exports from Chinese brands not materializing. The association has estimated that Chinese brand exports would reach \$10-12 billion by FY26 but in FY23, they touched a mere \$157 million collectively.

The Economic times. Dt:- 12/07/23

AFTER EU'S CARBON BORDER ADJUSTMENT MECHANISM...

India Weighs Carbon Levy on Imports from Rich Nations

Section in govt feels need for alternative duties on products from high per-capita carbon emission countries

Kirtika Suneja & Twesh Mishra

New Delhi: The government is considering levying a carbon tax on imports from countries with high per capita carbon emissions looking to counter rich nations' environment taxes, said people aware of the matter.

Inter-ministerial discussions on such a levy have begun and a final call will be taken shortly, they said.

The move comes in the backdrop of the European Union's Carbon Border Adjustment Mechanism (CBAM).

"Preliminary talks are on," a government official said on condition of anonymity, adding that deliberations are on among the ministries of environment, forest and climate change, finance, and commerce and industry to devise such duties based on 'polluter pays' principle.

The official said there is a thinking within the government that there is a need for alternative duties on products from high per capita carbon emission countries, something like India's own carbon border tax.

The government is also deliberating the issue of parity in carbon emissions calculation methodology and carbon pricing with the EU's CBAM, which is set to kick in less than three months, said people in the know. It has begun an exercise to differentiate between products based on embedded emissions and to study greenhouse gas emissions standards across geographies, they said.

Under CBAM, non-EU steel producers are required to report direct and indirect emissions.

The mechanism will translate into a 20-35% tax on select imports into the EU from January 1, 2026. From that date, EU importers will have to declare and purchase CBAM certificates to cover the emissions associated with producing imported steel products.

Besides CBAM, the move by advanced economies to impose green taxes such as the US' Inflation Reduction Act to establish green technology industries and the EU's anti-deforestation law have made the developing and emerging economies including India wary of such measures.

Though the EU has said that CBAM is part of its climate action efforts, countries like India are of the view that it is a trade-related measure.

"The issue of parity in carbon emissions calculation methodology, carbon pricing and mobilisation of funds under Multilateral Environment Agreements is also being discussed," the official said.

Trade experts have favoured India's own carbon tax on all imports and locally produced goods based on a per capita basis instead of total emissions.

"Developed countries will have to pay heavy tax if it is on a per capita basis. India can also impose punitive tariffs on exports from such countries," said an expert, who did not wish to be identified.

Business Line Dt: 13/07/23

Govt imposes import curbs on certain gold jewellery, articles

Press Trust of India
New Delhi

The government on Wednesday imposed import restrictions on certain gold jewellery and articles, a move which would help cut import of non-essential items.

Now an importer would need a permission of licence from the government for importing these gold products.

However, the Directorate General of Foreign Trade (DGFT) said that the restrictions will not be there for imports under the India-UAE free trade agreement.

In a notification, the DGFT said that the import policy of these products "has been amended from free to restricted with immediate effect".

Business Line. Dt: 14/07/23

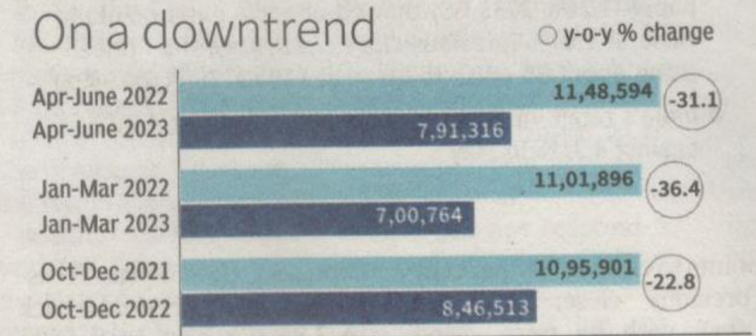
2W exports continue free fall in Q1 FY24

S Ronendra Singh
New Delhi

Two-wheeler exports have declined 31 per cent year-on-year (y-o-y) in the first quarter of FY24 as leading companies such as Bajaj Auto, Hero MotorCorp and TVS Motor Company have reported a drastic fall.

According to the latest data shared by the Society of Indian Automobile Manufacturers (SIAM), two-wheeler exports in Q1 stood at 7,91,316 units compared with 11,48,594 units in the year-ago period.

Hero MotoCorp reported exports of 35,324 units (62,027 units) during the quarter, a decline of 43 per cent y-o-y. Similarly, Bajaj Auto — the largest exporter of motorcycles from India — reported a decline of 35 per cent y-o-y at 3,46,399 units (5,32,740 units).



Source: SIAM

TVS Motor Company, too, reported a decline of 33.3 per cent y-o-y to 1,97,003 units (2,95,690 units).

During the first half of this calendar year, Hero Moto-Corp reported a decline of 43 per cent y-o-y to 71,332 units as against 1,24,893 units it exported in January-June 2022. Bajaj Auto and TVS Motor, too, saw a huge dip in exports — both falling by 38 per cent (to 6,56,814 units) and 37.5 per cent (to 3,57,645 units), respectively.

According to analysts, Bajaj Auto should do better as it is recovering faster than any other companies. For instance, its exports have improved a lot in June compared with January this year.

POSITIVE ON BAJAJ

"Among the companies, we are more positive on Bajaj Auto assuming that exports have bottomed out and we may see growth coming there at a good pace soon," Ashwin Patil, Senior Research Analyst at LKP Securities, said. However, because of the higher base year and challenging economic environment in global markets, the impact can be seen in the exports of the two-wheelers this year, analysts said.

Business Line - Dt: 14/07/23

Government curbs gold imports to check rising shipments via Indonesia

Suresh P Iyengar
Mumbai

The sudden spurt in duty-free imports of gold jewellery from Indonesia under the free trade agreement was one of the main reasons for the Indian Government's decision to ban shipments of certain gold jewellery products.

The Centre suspects that gold is being re-routed into India from other countries without payment of any duty under the India-ASEAN free trade agreement as Indonesia was never known for exporting gold jewellery to India.

Indonesia shipped out 3-4 tonnes of gold articles and jewellery in last 2-3 months which raised alarm bell among policy makers trying to curtail current account deficit by restricting non-essential imports. Once in India, the gold articles can be melted and converted into jewellery.

The government on Wednesday imposed restrictions on imports of certain gold jewellery and articles. In a notification, the Directorate General of Foreign Trade amended the import policy for unstudded jewellery made of gold and other gold articles to "restricted" category from "free".

However, it said import under the India-United Arab Emirates Comprehensive Economic Partnership Agreement would be allowed without any license.

PLUGGING LOOPHOLE

Kumar Jain, spokesperson, Indian Bullion and Jewellers Association, told *businessline* that when shipments from other countries were attracting a duty of 15 per cent, imports from Indonesia was cheaper and there was a gradual rise in imports from Jakarta.

The government has now plugged the loophole at the time when the gold jewellery demand is looking up with the deadline for withdrawal of ₹2,000 coming closer, said Jain.

In first two-months of this fiscal, India imported articles made of gold worth $112 million and of this $76 million was from Indonesia, said trade sources.

On the other hand, gold imports contracted by about 40 per cent to $4.7 billion in the same period while pearls, precious and semi-precious stones imports dipped 25 per cent to about $4 billion.

Colin Shah, Managing Director, Kama Jewellery, said though the steps by the government is to balance the macroeconomics, gold, a key raw material, should be made available at reasonable price for the gems and jewellery industry to maintain the competitive edge for exports.

Despite the CEPA pact to boost trade relations, he said gold imports from the UAE have been dismal.

The government has recently approved large jewellery exporters to import 140 tonnes of gold from the UAE at concessional rate of one per cent. Malabar Gold and Diamonds, the first to import gold under the pact, placed orders for import 25 kg of gold through ICICI Bank.

The Economic Times. Dt: 14/07/23.

China Exports Plunge 12.4% in June, Deepening Economic Woes

Threat of recession in the US & Europe has led to lukewarm demand for Chinese products

Beijing: Chinese exports tumbled more than expected in June, official data showed Thursday, putting fresh pressure on Beijing to unveil more stimulus measures to kickstart the flagging recovery.

Overseas shipments are a key pillar of growth in the world's second-largest economy but apart from a brief rebound in March and April, they have declined since October owing to weak demand in key markets.

The 12.4% drop released by the General Administration of Customs was an acceleration from May's 7.5% and worse than the 10% fall predicted in a survey of economists by Bloomberg.

Imports also fell 6.8% over the same period, reinforcing concerns about softening domestic demand, which has seen inflation plateau and force the central bank to ease monetary policy, putting pressure on the yuan.

Customs spokesman Lyu Daliang also pointed to outside forces having a "direct impact" on Chinese trade, with Beijing engaged in a long-running stand-off with the United States on a number of issues including trade and technology.

"The risks linked to unilateralism, protectionism, and geopolitics are on the rise," he said in a statement with the figures.

The threat of recession in the United States and Europe has led to lukewarm demand for Chinese products.

And weak economic data in developed countries "will put more pressure on Chinese exports" in the coming months, warned economist Zhiwei Zhang of Pinpoint Asset Management.

China's trade surplus reached $70.2 billion last month, against $65.81 billion a month earlier.

Thursday's figures are the latest in a series of grim indicators reflecting a loss of steam in China's post-Covid recovery, with factory activity contracting and growth in the services industry slowing, while industrial production remains tepid.

That comes as the country's crucial property sector, which accounts for a vast proportion of the economy, struggles under the weight of mammoth debts.

The country is due to release growth figures for the second quarter on Monday.

Premier Li Qiang has admitted that the country's five percent growth target for the year will not be easy to achieve. He has suggested possible policy measures to boost demand and support the private sector, but few concrete measures have been announced.

While the People's Bank of China has cut borrowing costs, officials have been reluctant to launch a vast recovery plan, which would deepen debt, despite growing calls for more ambitious stimulus.

"The big question in the next few months is whether domestic demand can rebound without much stimulus from the government," Pinpoint Asset Management's Zhang said. **AFP**

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Business Standard. Dt: 17/07/23

Auto exports skid 28% in June quarter: Siam

Automobile exports from India declined 28 per cent in the April-June period this year hit by monetary crisis in Africa and various other developing countries, according to the latest data shared by industry body Society of Indian Automobile Manufacturers (Siam). Overall exports stood at 10,32,449 units in the first quarter ended on June 30, 2023 as compared with 14,25,967 units in the same period of last year.

"All vehicle segments have seen a drop in exports in the first quarter, as there has been a devaluation of currencies in many destinations of exports, especially in Africa and other developing countries," Siam director general Rajesh Menon told *PTI*.

Overall exports stood at 1,032,449 units in Q1 ended June 30, 2023, against 1,425,967 units in the same period of last year

These countries have been facing challenges of availability of foreign exchange, which is limiting the sales for vehicles and countries are focusing more on imports of essential items, though the demand for vehicles from consumers exists in these markets, he added.

Total passenger vehicle shipments stood at 1,52,156 units in the June quarter, down 5 per cent from 1,60,116 units in April-June period of 2022.Passenger cars shipments dropped to 94,793 units in the period under review from 1,04,400 units in the year-ago period.

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