Rise in Dairy Product Exports, Higher Use Drain Butter Stocks

Demand for butter and ghee was also high due to Diwali and other festivals

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BITTER BUTTER

19,945 tonnes
INDIA'S EXPORT
in 2021-22, about four-and-a-half times more than the previous year's quantity

$392 million
IS THE OVERALL VALUE OF DAIRY PRODUCT EXPORTS

Amul is the largest exporter of dairy products from India

Bangladesh, the UAE and Bahrain were the **top 3 destinations** to receive Indian dairy products in fiscal 2022

Pune: The local market is facing an acute shortage of butter and ghee, after a nearly two-fold increase in dairy product exports last fiscal year and higher consumption during Diwali drained the supply pipeline and stocks. According to statistics compiled by the Agricultural and Processed Foods Export Development Authority (Apeda), India exported 19,954 tonnes of butter in 2021-22, about four-and-a-half times more than the previous year's quantity of 4,449 tonnes.

Exports of skimmed milk powder increased to 46,285 tonnes in the year ended March 31, 2022, a nearly three-and-a-time increase, while shipments of ghee rose close to 10% to 10,689 tonnes.

Overall, the value of dairy product exports increased to $392 million from $201 million.

Bangladesh, the UAE and Bahrain were the top three destinations to receive Indian dairy products in fiscal 2022. Local consumption, especially of ghee, butter and cheese, too was strong during the festivals, which Indians celebrated in a grand way after two painful years of Covid.

"There was not enough supply in the pipeline as export of skimmed milk powder and butter was good in the previous year (FY22)," said Devendra Shah, chairman of Pune-based Parag Milk Foods.

Meanwhile, he said, demand for these products increased 8-10% before Diwali from household consumers, travel and tourism sector and restaurants, causing prices of ghee and butter to increase 10-12% during September-October.

Under-Invoicing of Chinese Imports Under Taxman Lens

Huge disparity in data from two nations; 32 traders get notice for suspected ₹16kcr tax evasion

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New Delhi: Indian tax authorities are looking into possible instances of under-invoicing by businesses importing goods from China after finding a sizable difference in the data sourced from the two countries. Invoiced imports into the country are substantially less than exports to India from China.

Customs authorities have issued notices to 32 importers since the last week of September for suspected tax evasion of about ₹16,000 crore through under-invoicing from April 2019 to December 2020.

"The investigation has revealed many instances of under-invoicing, specifically from China and we have already sent notices to 32 importers for under-invoicing and suspect tax evasion to the tune of ₹16,000 crore," a senior government official told ET without revealing any names. More such notices are likely to be sent out in the coming days, the official said.

These largely involve imports of electronics goods, gadgets, and metals, the official said.

Under Scanner

Imports from China under the lens	A wide gap between trade data of both countries
Notices sent to 32 importers	Tax evasion suspected to the tune of ₹16,000 cr

WIDENING GAP

figures in $ bn	2019		2020		2021	
	MoC	GACC	MOC	GACC	MOC	GACC
Exports to China	17.12	17.97	18.95	20.87	23.04	28.03
Imports from China	68.35	74.92	58.71	66.78	87.65	97.58

MoC: Ministry of Commerce, India GACC: General Administration of Customs, China

Typically, importers under-invoice goods to save on customs duty. The government has imposed import duties on electronic goods and mobile phones among others to encourage domestic production.

The higher levy has encouraged duty evasion through under-invoicing.

As per the official Indian data, India imported $79.16 billion worth of goods in the first nine months of 2022. On the other hand, China's General Administration of Customs showed that the country's exports to India stood at $89.99 billion in the same period, a gap of over $10 billion.

The gap has increased with each passing year. In the calendar 2019, India's import from China was $68.35 billion, while China's data showed exports at $74.92 billion, a gap of about $6 billion, which increased to $8 billion in 2020 and $10 billion in 2021.

The industry has played down the gap saying this was mostly because of the time lag in the delivery of consignments and transactions on the high seas and not much should be read into it.

"The difference can be attributed to the lag between the time when the shipments start from China and reach India which can be two months," said Ajay Sahai, FIEO, director general.

"Also, many transactions happen in the high seas when the consignments meant for India are diverted to some other countries."

Another industry expert said there could also be interpretational issues in the recording of data by different authorities.

According to a report by the US-based think tank Global Financial Integrity published in 2019, India lost a staggering $13 billion, over Rs 90,000 crore, to trade mis-invoicing and it said the majority of it relates to imports from China.

The Economic Times dt. 14.11.2022

Dumping Probe into Solar Cells from China, Thailand Ends

New Delhi: The commerce ministry has terminated an anti-dumping investigation into import of solar cells from China, Thailand and Vietnam following a request from the Indian Solar Manufacturers Association (ISMA). On May 15, 2021, Directorate General of Trade Remedies (DGTR) initiated a probe into alleged dumping following a complaint by the association.

"In view of the request made by the domestic industry, ISMA,...the authority hereby terminates the investigation initiated on May 15, 2021... against the imports of solar cells whether or not assembled into modules or panels exported by these countries," the DGTR said in a notification.

Anti-dumping rules, 1995 provide for termination of a probe in certain situations which include withdrawal of application by the affected domestic industry. The notification said the applicant through an e-mail dated July 14, 2022 withdrew the application. Post initiation of the probe, the government levied customs duties of 25% on solar cells and 40% on solar modules. – PTI

₹3,000-CRORE PAYMENTS STUCK

Eco Slowdown in US Hits Noida Apparel Exporters

US buyers have asked them to ship consignments that were supposed to leave in Sept during Dec-Jan period

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Kolkata: The economic slowdown in the United States has hard hit apparel exporters from Noida, whose payments of ₹3,000 crore have got stuck as buyers from the US have asked them to delay shipments. The exporters said the US buyers have asked them to ship the consignments that were supposed to leave in September during the December-January period.

India's ready-made garment exports amounted to $1,020.8 million in September, down 21.6% year-on-year

Noida-based apparel exporters generally make fashionable apparels priced at $8-10 per piece, unlike Tirupur exporters who make basic items in the range of $4-5 per piece for overseas markets.

"Orders have slowed down from the US and also from Europe. The US is the biggest market for us. The buyers were not keen to pick up the orders that were supposed to leave in the month of September. This has created a lot of financial problems for the apparel exporters based in Noida," said Lalit Thukral, president, Noida Apparel Export Cluster (NAEC).

The NAEC houses 3,500 garment exporting units with an annual turnover of ₹30,000-32,000 crore. Almost 10% of their turnover has got stuck due to delay in shipments to the US.

Nearly 90% of the units in Noida manufacture fashionable items and 10% manufacture basic items such as plain T-shirts for men, tops for women and kidswear. "There are units in Noida who sell products at a price of $15-25 per piece also," said Thukral.

A TEXTILE GLUT

NOIDA APPAREL EXPORT CLUSTER HOUSES 3,500 GARMENT EXPORTING UNITS WITH AN ANNUAL TURNOVER OF ₹30,000-32,000 CRORE

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LALIT THUKRAL,
President, NAEC

He said the units have some orders in hand till December. "After that we do not know what will be the order situation," said the NAEC president.

However, Gautam Nair, owner of Matrix Clothing, which exports knitted garments for men, women and kids, is hopeful that the situation will improve from April next year. "Because of Covid, the buyers had over ordered and so they have a huge inventory which is why they are not placing orders. Secondly, US consumers have cut down spending, which too is impacting the order flow. Now that Joe Biden has won the midterm elections and the Fed has signalled no more rate hike, the situation in the US will start improving," he said.

India's ready-made garment exports amounted to $1,020.8 million in September, down 21.6% year-on-year. Cumulative ready-made garment exports for the April-September period stood at $8,127.3 million, up 10.8% year-on-year.