Business Line. Dt:- 13/08/24.

As exports of organic rice soar during April-July, trade smells something 'fishy'

NOT HUNKY-DORY. Shipments in the period exceed total exports in 2023-24; prices lower since September

Subramani Ra Mancombu
Chennai

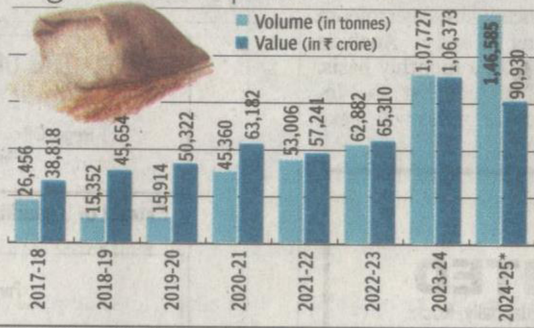
Organic rice exports from India during the first four months of the 2024-25 fiscal has exceeded the total organic exports in the 2023-24 fiscal, leading to allegations of irregularities in the shipments.

Trading sources say soaring shipments point to flouting of the ban on white (raw) and broken rice, besides evasion of 20 per cent export duty on parboiled rice from the country.

"Some in the trade have taken the organic route to hoodwink authorities," said a trading source, who spoke on the condition of anonymity.

Data made available to *businessline* by trading sources reveal that organic rice exports in the first four months of the fiscal were 1,46,585 tonnes compared with 1,07,727 for the entire 2023-34 fiscal. Of this, white rice made up 1,27,120 tonnes, broken rice 8,000-odd tonnes and parboiled made up the rest.

Organic rice exports



Source: Trade *April to July

Two interesting features of the exports are the ports of exit and landing of these consignments. The majority of the shipments have taken place from JNPT (60,809 tonnes), Sonepat Inland Container Depot (30,624 tonnes), Mundra (26,049 tonnes) and Kandla (25,100 tonnes).

Most of the consignments headed to countries such as Vietnam (22,166 tonnes), Angola (22,100 tonnes), Mozambique (16,457 tonnes) and Kenya (11,801 tonnes), which do not import organic rice from India.

The US and Netherlands, India's principal organic rice buyers, bought 13,626 tonnes and 16,457 tonnes respectively during the period.

"It is all fishy. Vietnam, Madagascar, Kenya, Mozambique, other African countries and Malaysia are not traditional importers of organic rice. African nations have never imported Sona masoori and organic rice in such volumes. Further, African nations cannot afford the premium for organic rice," said another trading source.

Trading sources said the price at which these shipments are being made should have attracted the attention of government and customs officials.

'WHY NO PREMIUM?'

"Price of organic rice exports have declined constantly since October 2023 — the timing coincides with the ban on exports of white rice in July. From $940/tonne in September 2023, the price declined to $529 in June 2024. There was a rise in July though," said the first source.

A Delhi-based trader said Myanmar and Pakistan were quoting a lower price for non-organic white rice at about $450/tonne.

"Organic rice fetches a premium. How can they be sold at prices less than $500 a tonne?" the second source wondered.

Trading sources point out that organic rice exports began gaining momentum during the Covid pandemic. Since the 2022-23 fiscal, they have increased sharply.

SOARS AFTER CURBS

"Organic rice exports surged after the Centre imposed curbs on rice shipments. This raises suspicion that unscrupulous exporters have resorted to this method," the first source said, adding that before the curbs on the cereal's shipments, the growth in organic rice exports was 20 per cent.

Between 2022-23 and 2023-24, the export volume grew 71 per cent. Going by the current export trend, there could be a 308 per cent rise in exports of organic rice this fiscal, trading sources said. On the other hand, the Agricultural and Processed Food Products Exports Development Authority issued a higher number of transaction certificates (TCs), which certify a product to be organic.

Data show that 1,325 TCs were issued till July this fiscal, compared with 799 during the same period a year ago. Between 2022-23 and 2023-24, the growth in TCs was 33 per cent. Compared with April-July 2024, 66 per cent more TCs have been issued. "Why has this surge escaped Apeda's notice?" the trading source wondered.

Business Line. Dt:- 13/08/24.

Steel exports fall 14%, imports up 18% in July

Abhishek Law
New Delhi

The country's steel exports continued to witness a decline in July, down 14 per cent sequentially, to 0.30 million tonnes (mt), while imports continued to see an increase, up 18 per cent to 0.75 mt.

With imports exceeding exports, the country remained net importer for the month.

Finished steel exports in June were 0.35 mt, while shipments coming in for the month-ago period were at 0.64 mt.

For the period April – July, steel imports stood at 2.7 mt, up 35 per cent y-o-y, and exceeded exports – of 1.6 mt down 41 per cent y-o-y – by around 1.1 mt. India was net exporter in the year-ago period. "India was a net importer of finished steel," a report by the Ministry of Steel, accessed by *businessline* showed.

Finished steel includes non-alloyed offerings – hot rolled coils and cold rolled coils; alloyed offerings and stainless steel.

KEY OFFERING

In July, out-bound shipment of non-alloyed steel – the key offering declined by nearly 20 per cent sequentially to 0.24 mt, while alloyed and stainless steel shipments together saw a 3,000-tonne (5 per cent) increase for the period to 55,000 tonnes.

During the month, import of non- alloyed steel stood at 0.563 mt, up 18 per cent sequentially, while stainless steel and alloyed offerings saw a 16 per cent increase to 0.19 mt.

Business Standard · Dt:- 13/08/24

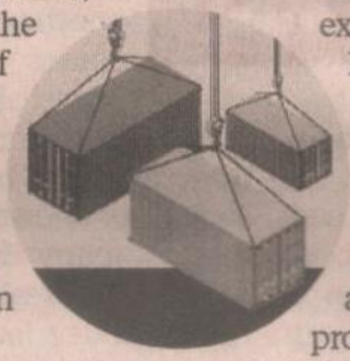
Merchandise exports growth may slow to 4.2% in Q2: Exim Bank

SHREYA NANDI
New Delhi, 12 August

India's merchandise exports growth may slow to 4.2 per cent year-on-year (Y-o-Y) in the September quarter of 2024-25 (FY25), down from 5.8 per cent in the June quarter, according to a forecast by the Export-Import Bank of India (Exim Bank) on Monday.

Merchandise exports are projected to increase to $111.7 billion in Q2 against $109.9 billion recorded in Q1.

Exim Bank said this growth would be driven by 'continued strong economic activity', but warned that several risks could impact this outlook. These include uncertain prospects for advanced economies, geopolitical shocks, the West Asia crisis, global supply chain disruptions, and deepening geo-economic fragmentation.



According to Exim Bank, non-oil exports may grow 6.26 per cent Y-o-Y to $89.8 billion Q2. The positive growth rate in total merchandise exports and non-oil exports, as witnessed in the previous three quarters, are likely to continue, it said.

"Positive growth in India's exports could be as a result of India's continued strong economic activity, backed by sustained momentum in manufacturing and services sector, expected global monetary easing and improving demand prospects in trading partners," it said on Monday.

The forecast is based on Exim Bank's in-house Export Leading Index (ELI) model, as part of its continued research initiatives to track and forecast the movement in India's exports on a quarterly basis. The index is based on several external and domestic factors that could impact exports of the country.

Business Standard Dt:- 14/08/24

Govt likely to extend import regime for IT hardware products

SHREYA NANDI
New Delhi, 13 August

The Union government may consider extending the import management system for laptops and other IT hardware products for a few months, people aware of the matter said. The current deadline for the system ends on September 30.

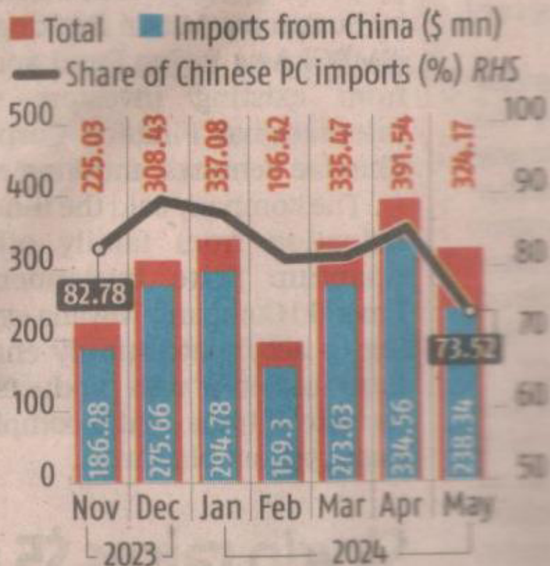
An extension, if agreed upon, would provide clarity and stability to the industry, particularly at a time when the domestic manufacturing ecosystem for these products is not yet robust.

The system was introduced on November 1 last year to boost domestic production and reduce reliance on imports, particularly from China. It covers laptops, tablets, all-in-one personal computers (PCs), ultra-small form factor computers, and servers. The government also wanted to ensure a trusted supply chain for electronics in light of growing cybersecurity concerns.

While announcing the end-to-end online system last year, the government had said it would study data before making a decision on how to take it forward.

TRADE REPORT

Import management system for laptops and other IT hardware products kicked in on November 1, 2023



Source: Department of Commerce

Officials from the commerce department and the Ministry of Electronics and Information Technology (MeitY) have been holding meetings to determine the future of the system.

Turn to Page

Business Line. Dt: 15/08/24

Russian crude oil imports by public refiners at 12-month high in July

Rishi Ranjan Kala
New Delhi

Crude oil imports by public refiners such as Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation rose to a 12-month high in July 2024.

Analysts and trade sources attributed the growth to attractively priced Russian grades compared to some Middle Eastern ones. Tepid demand in China also led to more cargo being redirected to India.

According to data from energy intelligence firm Vortexa, public sector refiners bought 1.157 million barrels per day (mb/d) crude oil from Russia on a provisional basis in July 2024, the highest since July 2023. The shipments last month were lower by almost 6 per cent y-o-y but were higher by 8 per cent m-o-m. However, average crude loadings during January-July 2024 by state refiners fell by more than 9 per cent y-o-y to 1.6 mb/d from 1.73 mb/d a year-ago.

RUSSIAN VOLUMES

Imports by private refiners, such as Reliance Industries and Nayara Energy from Russia, fell by 10 per cent y-o-y to around 653 barrels per day (mb/d) in July 2024. The decline in shipments on a monthly basis was steeper at 25 per cent.

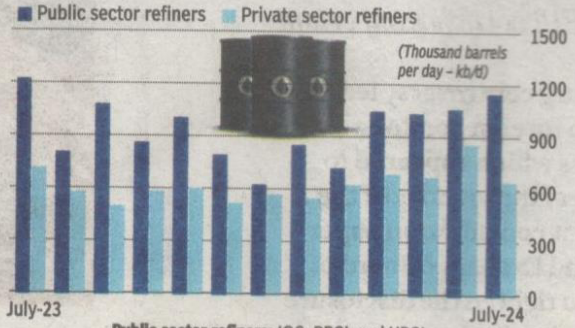
Average loadings during January-July 2024 (666.57 b/d) were also lower, albeit by 5 per cent compared to the same period a year-ago (701.57 b/d).

Imports of Russia's flagship medium sour grade, Urals, fell by 13 per cent y-o-y to around 1.36 mb/d.

"In July, the decline in Russian Urals outweighed the increase in supplies of Russian Far East and Arctic grades, which resulted in a net decline in overall imports of Russian crude into India," Vortexa's Head of APAC Analysis Serena Huang told *businessline*.

Imports of ESPO blend rose to 1,70,000 b/d in July 2024 from 70,000 b/d in June. Similarly, shipments of Varandey rose to 1,60,000 b/d last month from 1,41,000 b/d in June 2024.

Crude oil imports by refiners



Public sector refiners: IOC, BPCL and HPCL
Private sector refiners: Reliance Industries and Nayara Energy

Source: Vortexa

PRICE ARBITRAGE

India's cumulative crude oil imports fell by over 2 per cent y-o-y and 3 per cent m-o-m to 4.48 mb/d in July 2024.

On pricing dynamics, Huang said, "Russian crude is likely attractively priced compared to Middle Eastern grades, driving higher import appetite from public refiners."

For instance, Saudi Arabia's official selling price of its flagship Arab Light grade, similar to Urals, in June 2024 was the highest since February. Prices for July have been fixed lower, likely due to rising non-OPEC crude supplies and a gloomy global economic outlook.

"Despite narrowing discounts of Russian crude, it remains a more attractive feedstock compared to Middle Eastern grades from Saudi Arabia and the UAE. The average delivered price of Russian crude in India in May was $84 per barrel, a $3 per barrel and $11 a barrel discount compared to the average UAE and Saudi crude delivered prices respectively," Huang explained in a July 16 commentary by Vortexa.

On crude oil import momentum, Huang said, "With lower Russian crude exports last month (July 2024), coupled with rising planned maintenance, supplies to India will likely be lower in August and September."

Business Line. Dt: 15/08/24

Goods exports in July down 1.5% on lower petroleum shipments

INCREASING GAP. Trade deficit widened to $23.5 billion as imports rise 7.5%

Our Bureau
New Delhi

India's goods exports in July 2024 declined 1.48 per cent (year-on-year) to $33.98 billion pulled down by sectors including petroleum products, gems and jewellery and chemicals as global demand continued to be affected by geopolitical uncertainties and growing protectionism, according to the government.

The trade deficit widened to $23.5 billion in July 2024, compared with $19.3 billion in July 2023, as imports during the month increased 7.46 per cent to $57.48 billion fuelled by products such as crude oil, silver and electronic goods, per quick estimates released by the Commerce Department on Wednesday.

"The impact on goods exports in July 2024 is largely due to our low exports of petroleum products while import of crude is high. India is growing at more than 7 per cent, while the world economy is growing at about 3 per cent.

"Our consumption is going to grow more. That is perhaps reflecting on more crude oil imports (by India) and less availability of petroleum products for exports," Commerce Secretary Sunil Barthwal said at a media briefing on Wednesday.

Non-petroleum exports in July 2024 increased marginally by 3.52 per cent to $28.75 billion while petroleum exports during the month fell 22 per cent to $5.2 billion.

KEY FACTORS

Exporters said that factors such as high freight rates, inadequate availability of containers, protectionist measures from major export partners and weak demand in some key markets were acting as spoilers.

"The on-going tensions in West Asia and its further escalation pose downside risks to external trade. The political unrest in neighbouring Bangladesh will also likely add to the problems," said Arun Garodia, Chairperson, Engineering Exports Promotion Council (EEPC).

Despite external challenges, engineering goods, one of the top export items from India, posted a growth of 3.6 per cent (year-on-year) in July 2024 to $9.03 billion.

Exports during April-July 2024 increased 4.15 per cent to $144.12 billion while imports grew 7.57 per cent to $ 229.7 billion. Trade deficit during April-July 2024 increased to $ 85.58 billion compared to $75.15 billion during April-July 2023.

"The growth of 4.5 per cent in goods exports in the April-July 2024 period is quite significant given the fact what is happening around the world and the kind of protectionist policies being followed by countries," Barthwal said.

He added that there were indications that last year's export numbers would be bettered this fiscal.

Business Line. Dt: 15/08/24

Edible oil imports up 4.8% in July; palm oil inflow surges to 20-month high

Our Bureau
Mangaluru

A surge in palm oil imports led to an overall increase in edible oil imports during July.

According to the Solvent Extractors' Association of India (SEA), India imported 18.4 lakh tonnes (lt) of edible oils in July 2024 compared to 17.55 lt in July 2023, recording a growth of 4.8 per cent.

India imported 15.27 lt of edible oils in June 2024.

BV Mehta, Executive Director of SEA, said India imported a record quantity of 10.81 lt of palm oil in July 2024, the highest since November 2022, when imports stood at 11.41 lt in a single month.

The large influx of imports in July was in anticipation of the upcoming festival season in India.

This surge led to congestion at Kandla port, causing berthing delays of 8-10 days, he said.

India imported a total of 119.35 lt of edible oils in the first nine months of the oil year 2023-24 (November-October) against 121.22 lt in the corresponding period of the oil year 2022-23, recording a decline of 1.54 per cent.

Imports of edible oils dropped significantly by 23.14 per cent in the first quarter of oil year 2023-24, due to improved domestic availability. However, in the second quarter, imports saw a slight increase of 5 per cent. The third quarter witnessed a substantial surge in the import of edible oils, jumping 18.07 per cent, driven by a large influx in July 2024.

REFINED VS CRUDE

India imported 15.18 lt of refined oil (RBD palmolein) in the first nine months of 2023-24 oil year – down 7 per cent from 16.4 lt during the same period last year.

The country imported 104.16 lt of crude edible oils compared to 104.81 lt in the corresponding period of oil year 2022-23.

Overall palm oil (including RBD palmolein and crude palm oil) imports declined to 68.45 lt in the first three quarters of oil year 2023-24 from 71.17 lt in the corresponding period of oil year 2022-23.

However, import of soft oils increased to 50.9 lt in the first nine months of oil year 2023-24 from 50.04 lt in the corresponding period of the previous oil year.

MAJOR EXPORTERS

Indonesia and Malaysia are the primary suppliers of RBD palmolein and crude palm oil (CPO) to India.

During November-July 2023-24, Indonesia exported 24.94 lt of CPO and 13 lt of RBD palmolein.

Malaysia followed it with 20.71 lt of CPO and 2.13 lt of RBD palmolein.

India imported 13.52 lt of crude soyabean degummed oil from Argentina, followed by 7.10 lt from Brazil. The country imported 13.64 lt of crude sunflower oil from Russia.

Business Standard Dt: 15/08/24

Exports dip 1.5% in July; trade gap at 9-mth high

Muted demand, geopolitical challenges weigh on outbound shipments

SHREYA NANDI
New Delhi, 14 August

India's outbound shipments contracted after a gap of three months in July by 1.48 per cent to $33.98 billion owing to muted global demand and geopolitical challenges.

Inbound shipments rose 7.46 per cent to $57.48 billion during the month, leading to a trade deficit of nine-month high at $23.5 billion, data released by the commerce department showed. The deficit was $19 billion in July last year.

Commerce secretary Sunil Barthwal said that while merchandise exports grew 4 per cent on a cumulative basis (April-July), July's contraction can be attributed to low exports of petroleum products amid tepid demand and high imports of crude oil.

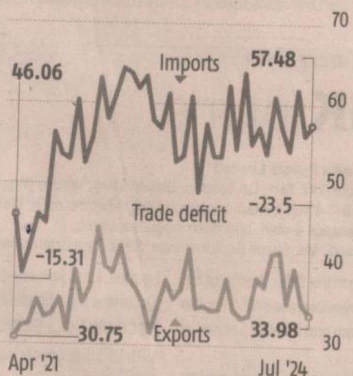
"There are various factors that have contributed to the decline in petroleum exports. One factor is the fall in prices. Secondly, the demand for some of the products is low. Finally, domestic consumption of petroleum products has increased, which is playing a major role in leaving less for exportable surplus," Barthwal told reporters in a briefing.

Petroleum products, which have more than 15 per cent share, contracted 22 per cent in July at $5.23 billion. Import of petroleum and crude products saw 17.4 per cent growth at $13.87 billion during the same month.

Aditi Nayar, chief economist at ICRA, said that a widening in oil as well as non-oil deficit expanded the merchandise trade deficit in July 2024 relative to July 2023. "The higher oil import bill reflects higher volumes and global prices, as well as a possible decline in discounts," Nayar said.

TRACKING SHIPMENTS

(in $ billion)



Source: Dept of Commerce

Non-petroleum and non-gems and jewellery exports, an indication of a clearer parameter of exports' health, grew 5.7 per cent at $26.92 billion. The main drivers of the growth were engineering goods (3.66 per cent), electronic goods (37.31 per cent), drugs and pharmaceuticals (8.36 per cent), and textiles (11.84 per cent).

Apart from petroleum and crude products, other items that saw high imports include electronic goods (11.54 per cent), non-ferrous metals (17.4 per cent), iron and steel (5.22 per cent), plastic materials (4.67 per cent), and organic & inorganic chemicals (8.1 per cent).

While gold imports dipped by 10.65 per cent to $3.13 billion in July, Nayar said that lower custom duties after the Union Budget may raise the value of gold imports in the next few months. The value of gold imports has been steady at around $3-3.4 billion each month in April-July.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that the dip in exports was because of international trade disruptions and sharp drop in crude, commodities and metal prices.

"Some of the exporters have diverted to the domestic market as profitability in exports has taken a hit with a sharp rise in international freight (both ship and air). Had it not been these trade disruptions led by logistical challenges such as lack of container availability and shipping space, irregular shipping schedule and ships skipping Indian ports, merchandise exports would have recorded yet another positive growth, that to double-digits, during the month," Kumar said.

PALM IMPORTS SURGE TO NEAR 1-YEAR HIGH ON FESTIVAL DEMAND

The palm and soy oil imports surged to their highest levels in about a year in July, as refiners increased purchases for upcoming festivals amid a correction in prices, a leading trade body said on Wednesday. The country's palm oil imports rose more than 37 per cent in July from the previous month to about 1.1 million tonne, the highest since August 2023 and in line with traders' estimates, the Solvent Extractors' Association of India said. REUTERS