Tea prices dip at Coonoor sales on subdued export demand

BUSINESS LINE dt. 18/7/23

V Sajeev Kumar
Kochi

The sales percentage was only 65 per cent in the total leaf offerings, while in dust, it was 73 per cent

Subdued export demand hit tea prices at Coonoor auctions last week with demand being less across all categories.

According to traders, blenders were active only at lower levels, while tea offerings started to drop due to unfavourable weather conditions in production areas. This is evident from the offered quantity which stood at 19,14,533 kg in leaf category, while in dust grades, it was 7,41,531 kg.

The sales percentage was only 65 per cent in the total leaf offerings, while in dust, it was 73 per cent.

Global Tea Auctioneers said high-priced and better liquoring sorts in CTC leaf were generally lower by ₹4-5. Better medium sorts were also lower by ₹2-3 a kg with some withdrawals, particularly on the bolder grades. Mediums and plainer sorts had less demand and sold easier by ₹3-4.

HIGH-PRICED TEAS

In CTC dust, primary whole leaf grades were lower by ₹6-8, brokens had less demand and sold lower by ₹4-5. The high-priced and better liquoring sorts were generally easier by ₹6-8 and more at times. The better medium sorts were barely steady to occasionally easier by ₹1-2 a kg.

The mediums and plainer sorts were also lower by ₹3-4 with fair withdrawals particularly on the PD grade.

In dust orthodox, primary orthodox dust grades were generally lower by ₹6-8, while secondaries and finer dusts were barely steady and was lower by ₹1-2.

Business Standard. Dt: 18/07/23.

Export preparedness: TN takes top spot

Guj slips to 4th, now lags Maha, K'taka too

DHRUVAKSH SAHA AND SHIVA RAJORA
New Delhi, 17 July

After topping it for two consecutive years, Gujarat slipped three places on the NITI Aayog's Export Preparedness Index (EPI) for 2022, as Tamil Nadu emerged as the most export-ready state, the central think tank said in its report released on Monday.

In a continuing trend, coastal states were found to have the most robust export infrastructure, which officials attributed to the integration of maritime trade into the core of their economies. Maharashtra and Karnataka retained their positions -- second and third, respectively; Haryana was ranked first among landlocked states and fifth overall.

"The state of Gujarat needs measures to improve its business ecosystem as it recorded the sharpest decrease in both value addition by the manufacturing sector and foreign direct investment inflow. However, in absolute terms, the state still has the highest value addition from the manufacturing sector in the country, along with the sixth highest FDI inflow in the country," the NITI Aayog said in its report.

It added that the setback could be overcome with timely policy measures, which can assist the manufacturing sector, and attract investments.

Even as Tamil Nadu had the most robust infrastructure with a high number of special economic zones (SEZs), no power deficit, and a single-window clearance system, the state saw a significant decrease in value addition by the manufacturing sector, the report noted.

The index undertakes a comprehensive analysis of states and Union Territories across export-related parameters to identify strengths and weaknesses, with an evolving methodology. For the latest report, the think tank used 56 indicators. Twelve indicators were removed, five were modified, and 10 more were added after stakeholder interactions concluded, the NITI Aayog said in its report. The ranking is based on four main pillars: Policy, business ecosystem, export ecosystem, and export performance.

"Correct compensation for states' contributions to national exports requires determining the source of origin of a product, and steps must be taken to address this issue," the report said in its recommendations on the way forward.

"States have developed solid policy frameworks, and efforts should now be directed towards improving business infrastructure, transport connectivity, diversifying export baskets, and penetrating more global markets," it added.

Merchandise exports have been on a downtrend over the past year as external demand remains impacted due to a slowdown and high inflation in key export markets. In fact, India's merchandise exports in June contracted the most in more than three years to $32.97 billion.

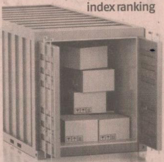
Last week, Commerce Secretary Sunil Barthwal said that the world is in a twin dilemma of slowdown and inflationary pressure, which is impacting trade. However, exporters expect a turnaround from the July-September quarter onwards and are hopeful that inventory pile up will reduce and orders will pick up, he said.

Besides global economic factors impacting India's exports, NITI Aayog CEO and former commerce secretary B V R Subrahmanyam said: "The bulk of India's exports are in those products which constitute about 30 per cent of world trade – that means India exports the wrong stuff. We don't export the stuff that is widely traded in the world. This means our upside is very limited because in 70 per cent of the goods that are traded, we do not have a presence."

With inputs from Shreya Nandi

UP THE RANKS

Export preparedness index ranking



Rank	State	Score
1	Tamil Nadu	80.89
2	Maharashtra	78.2
3	Karnataka	76.36
4	Gujarat	73.22
5	Haryana	63.65
6	Telangana	61.36
7	Uttar Pradesh	61.23
8	Andhra Pradesh	59.27
9	Uttarakhand	59.13
10	Punjab	58.95

Source: NITI Aayog

The Economic Times. Dt: 18/07/23.

Apparel Exporters See a Drop in Orders from Global Brands

Sutanuka.Ghosal@timesgroup.com

Kolkata: More than 20% of the apparel exporting units in Tiruppur and Noida have suspended manufacturing operations due to a fall in orders from international brands amid a global slowdown.

Many units, which are mostly medium and small enterprises, are also in trouble as they are not being able to service the loans that they have taken from banks. The shutdown will help them keep a check on operational costs.

Global brands have not placed any major orders for the Christmas season, Tiruppur exporters said. "We are now waiting for spring-summer orders for next year which are placed in September. The global brands have a lot of inventory with them, which is why they are not keen to place fresh orders. Also, high energy costs in Europe and rate hikes are also keeping the buyers away," said Raja Shanmugam, owner of knitwear firm Warsaw International and a former president of the Tiruppur Exporters Association.

The slowdown in the key markets of the US and European Union has hit knitwear exports from the Tiruppur cluster, Asia's largest textiles export hub, which accounts for more than half of India's knitwear exports. There are 30,000 units, including ancillary plants, in the Tiruppur cluster. The Russia-Ukraine war has impacted apparel exports from Tiruppur in fiscal 2023. Exports declined by 5.22% to $4.26 billion in FY23 from $4.49 billion in FY22. "It will be lesser in FY24 compared to FY23," Shanmugam said.

In the Noida Apparel Export Cluster, nearly 70% of the units have a month's order in hand. "Only the big units have good orders in hand, but the medium and smaller units are suffering from very less orders. Nearly 20% of the units have closed down temporarily.

However, we are expecting that order flow will regain within the next two to three months' time," said Lalit Thukral, president of the Noida Apparel Export Cluster. "We are hearing that inventory lying with the global brands has almost come to an end and they will start placing orders with us," he said.

The apparel exporting units in Tiruppur and Noida are not considering any headcount cuts despite their low-order position. "It will not be easy for us to find skilled workers when the order situation improves. Already we have seen a large exodus of migrant workers during Covid," Thukral added.

A DULL SEASON

More than 20% of apparel exporting units in Tiruppur and Noida have suspended manufacturing operations due to fall in orders from international brands

Slowdown in the key markets of the US and EU has hit knitwear exports from the Tiruppur cluster which accounts for more than half of India's knitwear exports

Apparel exporting units in Tiruppur and Noida are not considering any headcount cuts despite their low-order position

UKRAINE WAR IMPACT

The Russia-Ukraine war has impacted apparel exports from Tiruppur in fiscal 2023

Exports declined by 5.22% to $4.26 billion in FY23 from $4.49 billion in FY22

FINANCIAL EXPRESS. Dt: 18/07/23

FILLING UP OF INFRASTRUCTURE GAPS SUGGESTED

TN tops Niti's export readiness index

Jamnagar, Surat, Mumbai and Pune among best districts

MUKESH JAGOTA
New Delhi, July 17

TAMIL NADU HAS come on top in the ranking of states by Niti Aayog on Export Preparedness Index (EPI) by being among the frontrunners in three of the four parameters taken into account to draw up the report.

The EPI assesses the export readiness of different states and ranks them on four parameters - Trade Policy, Business Ecosystem, Export Ecosystem and Export Performance. Business ecosystem has 40% weight in the index while the rest 60% is distributed equally among the other three. Barring policy, Tamil Nadu is among the top three states on other parameters.

In the index Tamil Nadu is followed by Maharashtra, Karnataka, Gujarat, Haryana, Telangana, Uttar Pradesh, Andhra Pradesh, Uttarakhand, Punjab, Odisha, Madhya Pradesh, Rajasthan, West Bengal and Himachal Pradesh.

In the previous two EPI reports of 2020 and 2021, Gujarat had emerged on top. The EPI report of 2022 had seen a change in rankings and the way index is compiled. The states and Union Territories have been grouped in four categories - coastal, landlocked, small states/Union Territories and Himalayan states.

Apart from assessing the readiness of each state for exports, the report also highlights opportunities and bottlenecks for each region to enable targeted strategies to be devised to enhance the export competitiveness of states. EPI 2022 looked at 56 indicators for reaching its conclusions, down from 60 last time.

Other findings of the EPI is the obvious that the coastal states perform the best in exports and says there is a scope of improvement in the business ecosystem in terms of transport connectivity, business infrastructure and cluster strength.

Ranking of states on Export Preparedness Index

"The filling up of infrastructure gaps for enabling export do not require large investment. Providing something as simple as cold storage facilities at airports or irradiation infrastructure at ports can open up opportunities for exports of agriculture products," Chief Executive Officer of Niti Aayog who earlier also served as secretary in the department of commerce BVR Subrahmanyam said. "Decentralisation of export promotion will help in overcoming regional disparities," the report suggested.

Apart from assessing the readiness of each state for exports, the report also highlights opportunities and bottlenecks for each region

Senior Advisor Sanjeet Singh at Niti said most of the states will have to put in place a positive structure which will help in promoting exports.

Of the more than 700 districts in India, 680 are engaged in exports. Top 100 districts account for 87% of the total exports. And 66 of these districts are in seven states.

While this points to geographical concentration of exports, among commodities the top 10 contribute 80% of exports.

Subrahmanyam said India's merchandise exports address only 30% of the global market for tradable goods and it is not present in the 70% of the products. India is exporting wrong products and it needs to get into the remaining 70% of the trade, he added.

Top five export districts of India are Jamnagar, Surat, Mumbai Suburban, Mumbai and Pune. If gems and jewellery and petroleum products are taken out of the equation then Pune is the top exporting district followed by Bharuch, Kanchipuram, Ahmedabad and Gautam Buddha Nagar (UP).

Business Line. Dt: 20/07/23

As deficit rains affect sowing, Q1 pulses imports more than double

Vishwanath Kulkarni
Bengaluru

Imports of pulses such as tur (pigeon pea) and urad (black matpe) have more than doubled in the April-June quarter exceeding the half-a-billion-dollar mark in value compared with the same period a year ago.

This is even as the sowing of tur and urad is trailing last year's levels in the ongoing kharif season as key producing States such as Karnataka and Maharashtra have witnessed deficit rain in the early part of monsoon this year.

As per the latest official data, pulses imports in rupee are up 138 per cent at ₹4,117.63 against ₹1,725.93 crore a year ago. In terms of the dollar, imports were up at $500.94 million, an increase of 123.64 per cent over $233.99 million a year ago.

In fact, the imports have tripled during June alone in value on the delayed arrival and tardy progress of monsoon in the key producing States and also due to the increase in prices in other producing origins such as Myanmar.

SURGE. June imports of pulses were up 218% at ₹1,793 crore against last year's ₹564 crore KSL

June imports of pulses were up 218 per cent at ₹1,793 crore over ₹564 crore a year ago. In dollar value, imports were up 201 per cent at $218.15 million during June over $72.25 million.

In volume terms, tur imports during April-June 2023-24 stood at 1.46 lakh tonnes compared with 76,806 tonnes in the year-ago period, as per IGrain India's estimates. Similarly, urad imports were up at 1.007 lakh tonnes compared with 76,355 tonnes a year ago.

MYANMAR EXPORTS

"The exports of urad is increasing from Myanmar as they have good quantity of stocks. Exports of urad, which was at a slower pace from January 2023, is now increasing. Currently, Myanmar is having stocks of about 50,000 tonnes of tur and 4-4.5 lakh tonnes of urad. Since prices of tur and urad were low in the past weeks, we can see increase in exports in July also. Myanmar wants to sell maximum quantity of tur and urad before the new season arrives," said Rahul Chauhan of IGrain India.

Myanmar urad prices on C&F basis had moved up from $900 per tonne in early April to a high of $1,030 per tonne in mid-June and have retraced to around $940 currently. Similarly, Burma lemon tur prices ruling at around $1,010 in early April had moved to a high of $1,365 and are now ruling around $1,250 per tonne.

Kharif sowing of pulses as of July 14 stood at 66.92 lakh hectares over same period last year's 77.13 lakh hectares.

Business Standard. Dt:- 20/07/23

ONE YEAR OF FTA

India's fuel exports to UAE grow faster than non-fuel exports

SHREYA NANDI

New Delhi, 19 July

A year after the free trade agreement (FTA) with the United Arab Emirates (UAE) kicked in, India's non-petroleum exports grew at a relatively slower pace than exports of refined petroleum products to the West Asian nation.

Commerce and industry ministry data showed that non-oil exports witnessed a 3 per cent jump at $22.95 billion, while the overall shipments to the UAE grew 9.5 per cent at $30.98 billion during May 2022-April 2023.

Export of refined petroleum products to UAE grew at 17.8 per cent to $7.52 billion during the same period.

The rise in exports was led by demand for items such as gold jewellery, electrical machinery and equipment.

In comparison, India's global non-oil exports witnessed a 3.37 per cent contraction at $346.26 billion during the same time period, commerce and industry ministry data showed.

This means that the outbound shipments to UAE fared well as compared to India's exports globally, amid waning external demand due to slowdown in regions such as North America and Europe.

However, there is still no clarity on the share of trade being done by both nations using the CEPA route, which will be an indication of the utilisation as well as the real gains from the trade deal.

The Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE began in May 2022.

The trade deal is expected to benefit almost 90 per cent of India's exports, in terms of value.

The UAE has overall duty elimination on over 97 per cent of its tariff lines corresponding to 99 per cent of India's exports in terms of value. The UAE is also India's second-largest export market.

Indian exporters got immediate zero duty market access in labour intensive sectors such as leather, footwear, textile, gems and jewellery, furniture, among others. Barring gems and jewellery segments, other sectors are yet to see substantial gains.

Widening deficit

Overall imports from the UAE saw a 17.4 per cent increase to $52 billion during the one-year period. This resulted in the widening of the trade deficit to $21 billion to $17 billion a year ago.

The widening of the deficit is mainly due to India's substantial dependence on crude oil imports from the West Asian nation. A third of total imports from UAE is crude oil. Besides, last year, UAE was also India's fourth largest crude oil import partner, with a share of over 10 per cent.

Under the trade agreement, crude oil has been completely eliminated, although basic customs duty of the commodity was anyway negligible at ₹1 per metric tonne.

Refiners may ramp up crude oil purchases from UAE soon

Higher discounts on crude oil offered by the United Arab Emirates (UAE) to wean India away from Russian crude may soon see Indian refiners ramping up purchases from the Gulf nation, officials at multiple refiners said. They also pointed to the recent agreement on trade settlement in national currencies signed between India and the UAE as a reason for this.

SUBHAYAN CHAKRABORTY

Business Standard. Dt:- 20/07/23

Jute goods exports get the sack on global slump

ISHITA AYAN DUTT
Kolkata, 19 July

A slowdown in global markets since the outbreak of the Russia-Ukraine war has taken the sheen off jute or the 'golden fibre' as it's often referred to as.

Jute, which is 100 per cent biodegradable and therefore environment-friendly, has been reaping the benefits of a global push for sustainable packaging material.

Foreign retailers — including UK supermarket Tesco and Japanese minimalist retailer MUJI — have been embracing it in their bid to move away from plastic, as have producers of coffee and cocoa across the world.

Environmental, social, and corporate governance concerns have been giving other forms of jute goods a leg-up, too.

A CareEdge report in March mentioned that the overall export of jute products has seen traction over 2015-16 through 2021-22, witnessing a compound average growth rate of 12 per cent.

But the momentum appears to have hit a speed bump in 2022-23

THE GOLDEN FIBRE

(FY23), with major economies tapering off buying.

Data sourced from the Indian Jute Mills Association (IJMA) shows that the value of jute goods exports has seen a decline after eight-odd years. It is compiled from the data from the Directorate General of Commercial Intelligence and Statistics (DGCI&S).

The drop in FY23, however, came on the back of a nearly 37.8 per cent jump in exports in 2021-22 (FY22).

Overall, the export of jute goods by value stood at ₹3,510.63 crore in FY23, a drop of 13.11 per cent from ₹4,040.43 crore in the previous year. The sharpest decline is in floor covering at 23 per cent and yarn at 37 per cent. Shopping bags, which accounted for about 20 per cent of total exports in FY22, saw a dip of 4 per cent. It's not as if all export items have witnessed a drop.

Aniket Dani, director-research, CRISIL Market Intelligence & Analytics, said nine jute commodities under bags and sacks maintained a growth of 7 per cent, notwithstanding overall exports being fraught. These nine commodities accounted for 53 per cent of total jute exports in FY23.

Six commodities under fabric had shown a high growth of 36 per cent over the last fiscal year. "However, this accounts for only 0.7 per cent of total jute exports," said Dani.

IJMA Chairman Raghavendra Gupta said there is a glut in jute goods.

"Global recession in Europe and America has taken a toll on export demand — whether it's hessian (also termed as burlap), shopping bags or jute yarn." "We are expecting the trend to continue through the current year," he added.

Hemant Bangur, executive chairman, Gloster, said that exports were down due to reduction in demand on account of destocking.

"After the pandemic, things have normalised, leading to contraction in demand," he said.

The bigger problem, said Bangur, was a collapse in prices.

"It's a double whammy for jute mills — we are exporting less in volume and value," he said.

Utkarsh Kanoria, executive director, Cheviot Company, said that its exports to Russia and Ukraine had stopped. "But the larger impact was due to Europe," he clarified.

Cheviot makes interim products for shopping bags.

"The segment has been badly hit and our exports are down by about 20 per cent since the war. Floor coverings have also seen a drop of 20-30 per cent as consumers are not spending on discretionary items like rugs and carpets," said Kanoria.

"Last year, Europe was impacted by high energy prices. Now, it's just a general slowdown and absence of demand," he added.

In the domestic market, private orders have slumped, even though government buying is robust.

The Jute Packaging Material Act, 1987, mandates that 100 per cent of foodgrain and 20 per cent of sugar production are packed in jute bags. For this reason, the ₹10,000-12,000 crore industry is heavily dependent on government indents.

More on business-standard.com

FINANCIAL EXPRESS. Dt: 20/07/23

EU rules on sudsidies to hurt exports

MUKESH JAGOTA
New Delhi, July 19

NEW CURBS

- Under the FSR, firms must begin notifying the details of relevant transactions involving foreign subsidies starting from Oct 12, 2023
- India's exports of smartphones, information technology products and services to EU countries could be hit by the FSR
- Exports to EU include diesel, apparel & diamonds
- India exported goods worth over $74.8 bn to EU countries in 2022-23

INDIA'S EXPORTS OF smartphones, information technology products and services to European Union countries could be hit by the Foreign Subsidies Regulations (FSR) of the 17-nation block that came into effect from Friday, according to a trade expert.

The proposed regulations prohibit foreign subsidies and grants the European Commission (EC), the executive arm of the EU, to investigate cases where foreign subsidies distort competition within the EU.

India exported goods worth over $74.8 billion to EU countries in 2022-23In cases where the Commission finds that a foreign subsidy is distorting competition, it can impose various remedies, including fines of up to 10% of the company's annual aggregated turnover, requiring the company to repay the foreign subsidy if competition distortion is confirmed, or banning the company from participating in public procurement, founder of Global Trade Research Initiative Ajay Srivastava said in a note.

With the new regulations the commission can now investigate products if they have received any incentives like Production Linked Incentives, Faster Adoption and Manufacturing of Electric Vehicles (FAME) or export benefits in India, he said.

The EC is already investigating the PLI scheme, and a decision is expected soon. If the Commission finds the PLI scheme violates WTO rules, it could impose sanctions or fines, he said.

Under the FSR companies must begin notifying the details of relevant transactions involving foreign subsidies starting from October 12, 2023. The Commission will publish guidelines on the application of the FSR on December 31, 2023, and release an annual report on the FSR's implementation by June 30, 2024.

The FSR covers financial contributions from non-EU governments to companies operating in or exporting to the EU's market. These contributions include direct grants, interest-free or low-interest loans, tax incentives, state-funded research and development, provision of goods or services at below-market prices, and provision of land or buildings at below-market prices.The Indian government has numerous schemes providing incentives that can be investigated by the EC.The FSR applies to transactions above a certain threshold. Companies must notify the European Commission if their transactions involving foreign subsidies exceed this threshold.

"The World Trade Organisation explicitly prohibits countries from investigating subsidies given by other countries. Thus, FSR is also in violation of the WTO mandate," Srivastava said.

Key exports from India to EU are diesel ($8.4 billion), Aviation Turbine Fuel ($6.6 billion), apparel and makeup ($5.6 billion), smartphone ($4 billion), cut and polished diamonds ($2.6 billion), aluminium ingots ($1.5 billion), medicines ($1 billion).

BUSINESS LINE. Dt:- 21/07/23.

Crude oil imports from Russia may remain subdued for now

BARREL BASICS. Russia's domestic needs, seasonality seen as contributing factors

Rishi Ranjan Kala
New Delhi

TURNING TO OLD ALLIES. Though India has increased offtake from the US and the Middle East, it is not feasible for Russia to trim its exports to the country in any meaningful form, experts say

Crude oil imports from Russia are expected to remain subdued during the summer months as domestic refineries undergo maintenance even as the erstwhile Soviet Union is curbing exports to increase production of gasoline for meeting domestic demand.

According to Kpler, Russia's largest seaborne crude oil buyer imported 1.66 million barrels per day (mb/d) of crude oil in June, down 26 per cent m-o-m from 2.23 mb/d in May 2023.

When asked whether imports going ahead would be subdued, Kpler's Lead Analyst (Dirty Products and Refining) Andon Pavlov told *businessline*, "To a degree, yes. There is also the factor of seasonality of Indian refinery runs (in light of the monsoon season) that will probably keep imports in check over the rest of summer."

He added: "The story around Russian crude export reductions is more related to rising domestic crude intake, as gasoline shortages across Russia start to push domestic prices high. Beyond the summer season, we see little reason for Russian crude exports to suffer; in fact, we are not yet fully convinced that there will be a full-fledged decline in Russian crude supply, beyond some cosmetic shave-offs."

As Russian supplies to India slows down, the world's third largest energy guzzler is increasing cargoes from the US and its traditional trading partner, the Middle East, trade sources said.

When asked about declining barrels from Russia leading to India turning towards the US and Middle East, Pavlov said: "Difficult to see it. At this stage, India is Russia's second largest export market for crude, so it is not feasible for Russia to trim exports in any meaningful form for the foreseeable future."

PAYMENT PAIN

Several analysts have pointed to the currency issue as Russia's Ural grade has already surpassed the G7 price cap of $60 per barrel.

They said that Russians are saddled with over $2 billion in Indian currency, which they are unable to utilise. Besides, it's becoming difficult for Indian refiners to make payments in US dollars.

Asked if currency issues can impact relationships, Pavlov said: "In my view, this looks like a minor issue. After all, there have been even more serious concerns at the beginning of this partnership and they have been overcome rather swiftly."

As long as there is a fundamental drive behind certain commodity flow, currency issues becomes secondary. One option might be UAD, which technically is not USD, although it is pegged to it, so it helps Russia save face and gives India an opportunity to continue operations as usual, he explained.

However, this issue is likely to be resolved as India and the UAE have decided to start trade settlement in their currencies and link their fast payment systems to make international financial interactions simpler.

The pact was signed during Prime Minister Narendra Modi's visit to the Arab country last week.

BUSINESS LINE. Dt: 21/07/23

Govt bans white rice exports forthwith

CONTROLLING PRICE. 23% rise in FY23 shipments, weather affecting paddy sowing cited as reasons for the move

Subramani Ra Mancombu

Chennai

The Indian government on Thursday caught the global rice market by surprise by banning exports of (non-basmati) white rice with immediate effect as part of its efforts to control rising foodgrain prices in a crucial year ahead of the 2024 Parliament elections.

The move, a surprise from the world largest exporter of the cereal, is seen as a measure to overcome any supply shortage in view of rains damaging paddy crops in Punjab and Haryana, besides deficient rains affecting sowing of paddy in Karnataka, West Bengal, Chhattisgarh, Tamil Nadu, and Andhra Pradesh.

On Thursday evening, the Directorate-General of Foreign Trade (DGFT) issued a notification non-basmati white (raw) rice (semi-milled or wholly milled rice, whether or not polished or glazed has been shifted to the "prohibited" list - a ban. It had an immediate impact in the global market when the Chicago Board of Trade rice futures gained over 1 per cent for September and November contracts in early trade.

DEJA VU. The ban on white rice exports comes 10 months after the Centre curbed rice shipments REUTERS

Trade analyst S Chandrasekaran said the ban could also have been because white rice exports increased 23 per cent last fiscal (see table) despite the Centre curbing shipments since September 8, 2022.

The government banned exports of fully broken rice and imposed 20 per cent export duty on white rice shipments. The 23 per cent rise is besides nearly 3 lakh tonnes (lt) of white rice being shipped out at prices less than $300 a tonne or as parboiled rice, trade sources, who did not wish to identify, said.

On the rise from 2020-21

Year	Volume (in tonnes)
2023-24 (Apr-May)	11,49,216.50
2022-23	63,98,783.50
2021-22	52,19,580.00
2020-21	42,34,093.00
2019-20	13,76,063.88
2018-19	23,98,086.00
2017-18	30,92,336.25

Source: DGCIS

40 PER CENT DIP

The rice trade expressed surprise over the move and expected things to improve quickly. The ban could reduce rice exports from India by at least 40 per cent of the over 17 million tonnes of non-basmati rice shipments in the last two fiscal years. "(It is) painful. Will request the Government to reconsider (the decision) as soon as the situation improves," said BV Krishna Rao, President, The Rice Exporters Association of India.

"The ban could be a short-term measure for 4-6 months. It is a move to control prices due to a shortfall of the crop in Punjab and Haryana. We expect the World Trade Organisation (WTO) to come in," said VR Vidya Sagar, Director, Bulk Logix.

The Government said it will permit shipments to countries that approach it for meeting their food security needs. This is in line with its decision allowing exports of fully broken rice to African nations such as Senegal, Gambia and Djibouti. "Pakistan and Vietnam could be the immediate gainers from this move," said Rajesh Paharia Jain, an exporter from New Delhi.

'TIMELY ONE'

Terming the ban as a timely one, Chandrasekaran said it became inevitable to combat inflation and protect food security. He discounted fears that India might lose its numero uno position in the global market. "Indian rice exports will not lose its market position as it is driven by price competitiveness. It could come back whenever the Centre reviews its policy," he said.

The Centre should fix a minimum export price for export of parboiled (boiled) and basmati rice to check illegal shipments of white rice.

The ban on white rice exports comes 10 months after the Centre curbed rice exports following fears that there could be a supply shortage following deficient rains in key rice growing areas in eastern parts of the country.

In the notification, the DGFT said rice that was being loaded on ships before the notification will be allowed, while for vessels that have anchored can load only after confirmation from port authorities.

Consignments handed over to Customs before the notice and registered in the Department's system or have entered the custom station and registered with verifiable date and stamping would be allowed until August 31.

FINANCIAL EXPRESS. Dt: 21/07/23

GLOBAL SUPPLIES TO BE HIT AS INDIA LARGEST EXPORTER

Govt imposes ban on export of non-basmati white rice

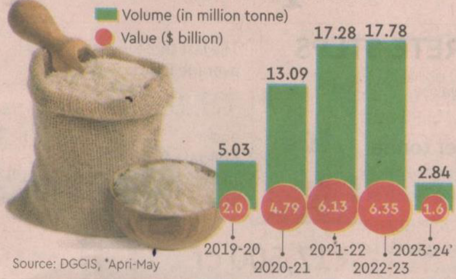
'Decision to impact 60% of shipments, help cool prices'

SANDIP DAS
New Delhi, July 20

TO CURB DOMESTIC prices, the government on Thursday imposed a ban on export of non-basmati white rice with immediate effect. The move would hit global grain supplies, even as it may help contain cereal inflation which has remained in double digits since October last year.

According to a Directorate-General of Foreign Trade (DGFT) order, exports of white rice are being shifted to the 'prohibited' from the 'free' list and the ban also includes semi-milled or wholly milled grains.

NON-BASMATI EXPORTS



India has been the world's largest exporter of rice over the last decade with more than 40% share in global rice trade. Non-basmati rice accounts for 80% of the total exports of rice. While the export markets are quite diversified, the major markets include Bangladesh, China, Nepal, Iran and most African countries.

"The move is likely to hit 60% of the non-basmati rice shipments and can cause disruption in the global supplies of grains," V Krishna Rao, president, Rice Exporters Association, told FE.

In FY23, India exported a record 17.78 million tonne (MT) of non-basmati rice worth of $ 6.35 billion and in the first two months of the current fiscal, the country has exported 2.84 MT of non-basmati rice, an increase of 6% from the same period previous fiscal.

The prohibition on the export of white rice will lead to a lowering of domestic prices in the country, an official said.

Retail rice prices rose by 11.78% in June and had been rising in double digits since the beginning of the year.

Sources said that retail rice prices have increased by 3% over the past month. There has been a 6.3% deficiency in paddy transplanting in the ongoing kharif season so far.

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Sanction fears hit exports to Russia

FALLING BEHIND. Exporters to the West, especially of electronic products, are wary of selling to Russia

Amiti Sen
New Delhi

HUGE GAP. While India's imports from Russia were valued at \$11 billion in April-May 2023, its exports were a mere \$600 million

India's expectations of a jump in goods exports to Russia, to partly balance a steep rise in its oil imports from the country following Western sanctions last year, are unlikely to be realised any time soon going by the trend so far.

Manufacturers, especially of network products such as computers, electronics and telecom equipment with global value chains, are hesitant to export, fearing third-party sanctions on them while Moscow itself is not interested in buying non-sanctioned products such as food and pharmaceuticals as they have quality issues, sources tracking the matter have said.

While India's imports of goods from Russia, dominated by crude oil, were valued at \$11 billion in April-May 2023 posting a 206 per cent increase (year-on-year), its exports to the country were barely \$600 million, although they were higher by 161 per cent due to a very low base, according to Commerce Department data.

"Following the imposition of the West's economic sanctions on Russia due to its attack on Ukraine last year and subsequent increase in India's purchase of discounted oil from the country, both nations understood the need for Russia to buy more from India for the success of the rupee payment mechanism designed to circumvent Western sanctions. Russia even handed over lists of items to India where its industry had shown interest in sourcing from the country. But it did not lead to much and the latest trade figures reinforce that," an official told *businessline*.

The fear of third country sanctions by Western countries amongst Indian exporters of network products that are part of a global value chain, such as computers, electronics and telecom equipments, have been preventing them from exporting to Russia, the official explained.

NOT IN DEMAND

"Most of the demand from Russia for imports from India is for items such as electronics and machinery. Many exporters of such items in India are dealing with advanced economies (who have imposed sanctions on Russia). They may be exporting to them or may have taken technology transfer. They are not willing to export to Russia as they fear possible sanctions," said Ajay Sahai, Director General, FIEO.

Other essentials that are not under sanctions, such as food and pharmaceuticals, are not in demand from Russia as they have issues with the quality of items produced in India, another official pointed out. "The Russians are used to buying Western products. They have quality issues with many of our items. That is why they do not place orders," he said.

As Indian exporters fear to sell what Russians want to buy and Russia doesn't want to buy what India is ready to sell, the numbers are not going up.

In 2022-23, India's imports from Russia increased 368 per cent (year-on-year) to \$46.2 billion. Its exports in the same year were at \$3.14 billion, down 3.3 per cent. The trade deficit was at \$43 billion in 2022-23.

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Electronics Exports Grew 56% in Q1, at 4th in Pecking Order

RIGHT SPARK Electronics only sector to post growth in top five export categories

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New Delhi: Electronics became the fourth largest exported item from India in the June quarter, jumping two spots, as the category grew the fastest among the top 30 exported items. As per an analysis of the data released by the Ministry of Commerce, electronics exports grew over 56% in the April-June period, reaching ₹57,220.24 crore as against ₹36,533.18 crore in the same period last year.

In fact, electronics is the only sector to record growth in the top five categories of exports.

As per experts, at this rate, electronics is likely to emerge as the third largest category of exports in the coming quarters as its gap with the current gems and jewellery segment is narrowing fast. Electronics have overtaken chemicals and drugs and pharmaceuticals to jump from sixth largest exports category to become the fourth largest in Q1 FY24.

As per the data, the electronics category has closed the gap considerably with gems and jewellery exports, which was ahead in Q1 by a ₹4,660 crore. A year ago, the gap was more than nine times, with gems and jewellery exports being ahead by ₹42,449 crore.

As per experts, at the current rate, unless the gems and jewellery segment see major growth in the next three quarters, electronics is likely to emerge as the country's third largest exporter, behind engineering goods and petroleum products by the end of FY 2023-24.

The surge in electronics exports is led by mobile phones exports, which have shown tremendous growth following the government's announcement of the production-linked incentive (PLI) scheme in 2020.

Mobile phones have been the single largest contributor to the growth in electronics exports in the last 15 months. At ₹30,000 crore in Q1 of the current fiscal, mobile phones exports contributed 52% of the total electronics exports from the country. A year ago, it contributed 38%.

In mobile phones, Apple's iPhones are ranked as the single largest, constituting 35% of all electronics exports and 66% of total mobile exports in FYQ1. Currently, Apple's iPhone models 12, 13 and 14 are exported from India, which are manufactured by its three vendors — Foxconn Hon Hai, Wistron and Pegatron — as part of the smartphone PLI scheme.

In the June quarter, Apple's iPhone exports from India crossed ₹20,000 crore, or roughly half of what it had achieved in all of FY23 and a surge of around 400% on year. Its three contract makers — Foxconn Hon Hai, Wistron and Pegatron — have committed exports of ₹61,000 crore in FY24 or the third

BUILDING BLOCKS

EXPERTS SAY...

Electronics is likely to emerge as the third largest category of exports in the coming quarters

Apple's iPhones constitute **35%** of all electronics exports

66% of total mobile exports in Q1

WEN-YING TSAI, *Multikinetic Wall*

GROWTH DRIVER

Mobile phones have been the single largest contributor