Business Line. Dt:- 05/09/23

As shortage widens, govt directs Gencos to import 4% blended coal till March 2024

Our Bureau
New Delhi

The Power Ministry has directed domestic coal-based (DCB) plants to import 4 per cent coal by weight till March 2024 as the gap between consumption and receipt of the crucial commodity at such units surpassed 6 million tonnes in August 2023.

Besides, it has also mandated that the shortfall in domestic coal supply will be shared with all Gencos on a pro rata basis as against a requirement of 404 mt for H2 FY24, domestic availability of only 397 mt is possible.

Power demand has been hovering above 200 GW in August 2023, and touched the highest-ever peak demand of 236.6 GW, which is around 21 per cent higher than the demand in August 2022, the Power Ministry said.

ON A HIGH. Power demand hit a record of 236.6 GW in August 2023, up 21 per cent compared to last year REUTERS

BLENDING TARGET

In light of the continuous high gap between receipt of domestic coal and total consumption at coal-based plants, a realistic assessment of availability of coal at DCB plants from all sources has been done, it added.

"Accordingly, after consultation with the Central Electricity Authority (CEA), it has been decided to extend the advisory of January 9, 2023 by modifying the mandatory blending to 4 per cent (by weight) for the remaining period off at FY24," the Ministry said.

Central and State Gencos as well as independent power producers (IPPs) are directed to take necessary action, or import coal at 4 per cent through a transparent, competitive bidding process until March 31, 2024, so as to have comfortable coal stocks at their power plants for smooth operations. Further, the shortfall in domestic coal supply will be shared with all Gencos on a pro rata basis.

NEED FOR IMPORTS

"While determining the share of domestic coal to be supplied to the Gencos from Coal India/ SCCL, it will be ensured that their respective pithead stations are provided with hundred percent of their domestic call requirement. In case of adequate availability of domestic coal, Gencos should avoid using imported coal at their pithead stations," it added.

In light of the continuous high gap between receipt of domestic coal and total consumption at domestic coal-based plants, a realistic assessment of availability of coal at DCB plants from all sources has been done, the Ministry said.

It has been noted that, despite the increase in domestic cold supply during Q1 FY24, it fell short of meeting the requirement during August the gap between call consumption at DCB plans and receipt of domestic coal has been about 2 lakh tonnes per day. The gap was partly made up with an imports without which coal stocks would have declined to critical levels, it added.

India's electricity demand grew by 21 per cent Y-o-Y in August 2023 as the world's third largest energy guzzler's power consumption rose during the month aided by rising heat and humidity levels, which led to an increase in the number of cooling hours.

In April-June, the power demand grew 7.8 per cent Y-o-Y. The demand in FY23 was 6.3 per cent more compared to FY22 and the demand in FY22 was 6.7 per cent more than the demand in FY21.

Business Line. Dt: 05/09/23

As dry August shrinks moong's yield, trade wants govt to open up imports

Vishwanath Kulkarni
Bengaluru

As deficit rains in August impacted the moong (greengram) yields, the pulses trade wants the Government to open up imports to boost supplies. Deficit rains have hit moong output in Rajasthan, the largest producing State in the kharif season.

Also, moong output is likely to be lower in Karnataka and Maharashtra due to a decline in acreage on account of delayed monsoon and deficit rains in June.

Moong prices are already on the rise following weak crop conditions and the bullish trend in the pulses complex is being led by tur and urad.

In mandis of North Karnataka, where the new moong has started arriving in the agricultural produce marketing comittee (APMC) yards, the modal price (the rate at which most trades take place) is hovering above the minimum support price levels of ₹8,558 per quintal.

HARVEST OF DISCONTENT

Lower acreage in Karnataka and Maharashtra on account of delayed monsoon and deficit rains may impact supplies

IMPORTS RESTRICTED

On Monday, the modal prices across various markets in Karnataka ranged between ₹9,754-11,685 per quintal. In Gadag, the maximum price was ₹14,509 per quintal. Similarly, prices are up in Rajasthan mandis over the past couple of days and the modal prices are hovering in the range of ₹8,840-9,100 per quintal.

Moong imports are currently under the restricted category since February 11, 2022. "Deficit rains in August have impacted the yield in moong, which will result in lower output. We want the Government to allow imports. We will approach the Government soon in this regard," said Bimal Kothari, Chairman, India Pulses and Grains Association (IPGA), the apex trade body.

Moong is grown in small quantities in Myanmar, Tanzania, Argentina, Brazil and Uzbekistan among others. Moong imports into the country, which stood at 1.95 lakh tonnes during 2021-22, were down to 0.31 lakh tonnes in 2022-23, as per the DGFT data.

EARLY SOWING, BUT...

"The crop in Rajasthan will be down significantly due to the lower yields," said Punit Bachawat, a moong miller in Ahmedabad. "Rains brought about by Cyclone Biparjoy in Rajasthan led to the early sowing, but the crop has been badly impacted during the grain formation stage in August due to lack of rains, which is seen reducing the yields," Bachawat said.

Despite an increase in moong acreage in Rajasthan this kharif at 22.15 lakh hectares (20.53 lh in 2022-kharif season), the overall acreage is down by about 8 per cent at 30.63 lh (33.33 lh), mainly on account of lower coverage in Karnataka and Maharashtra.

BUSINESS LINE dt: 05/9/23

Steel exports to European markets at 5-year high in April-July

Abhishek Law
New Delhi

The European markets, primarily Italy, Spain and Belgium, have, post-Covid, emerged as the largest buyers of steel from India, overtaking traditional markets like Vietnam, which is now among the largest seller of steel here, data from the Steel Ministry show.

Exports to the three European markets were at a five-year high of 1.03 million tonnes (mt) for the April-July period of FY24, rising by over 350 per cent since the comparative period of FY20, when exports were just 0.23 mt. On a y-o-y basis, exports to the three key European nations rose 14 per cent, from 0.9 mt.

Ministry data show that exports to Italy were 0.6 mt, up 26 per cent y-o-y; to Spain 0.24 mt, up 87 per cent; and to Belgium, 0.2 mt, down 32 per cent, for the April-July period of FY24.

Hot-rolled coil or strips (1.0 mt) was the item most exported, accounting for 39 per cent share of total finished steel, showed the report accessed by *businessline*.

While exports to the UAE dropped 23 per cent y-o-y to 0.19, shipments to Nepal increased 30 per cent to 0.22 mt for the period under review.

BIG DEMAND. Hot rolled coil was the most exported item, accounting for 39 per cent share in total finished steel

"Import of total finished steel was valued at ₹19,200 crore ($2,336 million), whereas export of total finished steel was valued at ₹21,547 crore ($2,621 million). Overall trade surplus (total finished steel) stood at ₹2,347 crore during April-July 2023 (prov)," the Steel Ministry report said.

IMPORTS SHOOT UP

Vietnam, one of the largest buyer of Indian steel, has now become a key seller. Imports from Vietnam saw an 860 per y-o-y rise to 0.17 mt. In the year-ago period, shipments came in at 17,000 tonnes only.

Other large sellers were Korea at 0.69 mt, down 4 per cent; China at 0.6 mt, up 62 per cent and Japan at 0.26 mt, up 47 per cent.

For India, China emerged as the second-largest seller of steel, with finished steel imports touching a five-year high in the first four months of the fiscal year.

Steel imports rose 23 per cent y-o-y to 2 mt, the highest since 2020, primarily on account of cheaper imports from China.

FINANCIAL EXPRESS Dt: 05/09/23

Basmati exports sharply fall after govt's MEP move

APEDA panel to look into 'large variations in export prices'

SANDIP DAS
New Delhi, September 4

EXPORTS OF HIGH-value basmati rice have slowed down sharply, after the government recently imposed the minimum exports price (MEP) of $1,200 per tonne till October 15.

Officials sources told *FE* that only a fraction of the consignment above the prescribed MEP is currently being cleared for shipment by the Agricultural and Processed Food Products Exports Development Authority (APEDA).

A committee has been set up by APEDA to look into large variations in the contract price of basmati exported last month, with the lowest price being $359/tonne against the average export price of $1,214/tonne.

Exporters fear that the minimum exports price (MEP) of $1,200 per tonne till October 15 could hit domestic paddy prices

The MEP was temporarily imposed to also restrict "illegal shipment of white non-basmati rice in the garb of premium basmati rice." Several rice exporters said that about 75% of India's 4.5 million tonne of basmati rice exports are annually shipped at an average value in the range of $700 - $1000 a tonne.

"If the decision to impose a high MEP of $1200/tonne is not reversed soon, it would hit domestic paddy prices," Vijay Setia, former president, All India Rice Exporters Association (AIREA) and a Karnal-based leading exporter of rice, said.

Setia said that by the end of this month, mandi arrivals of basmati rice is expected to reach its peak and prices of early maturity Pusa Basmati-1509 paddy currently are ruling at least ₹500/quintal less than the ₹3800/quintal price that prevailed a year back.

Another leading exporter of basmati rice said that there will be severe disruption in global supplies, as India has a 80% share in the global basmati rice trade of 5.5 million tonne (MT).

"Pakistan exports around 1 MT of basmati and importers largely depend on India for sourcing aromatic long-grain rice," a leading exporter said.

In the previous fiscal, the country exported 4.56 MT of basmati rice, valued at $ 4.78 billion, with an average price of $1,050/tonne.

According to an official with the AIREA, the average export price of basmati rice in the last five years has been $ 975/tonne.

Geographical Indication (GI) tagged Basmati rice is grown in 70 odd districts in Punjab, Haryana, western Uttar Pradesh, Rajasthan, Jammu & Kashmir and Uttarakhand. The aromatic and long-grain rice commands a premium in the global market. The commerce ministry had earlier stated that it has received credible field reports regarding misclassification and illegal export of non-basmati white rice, whose shipment was banned from July 20, 2023.

The MEP for basmati rice and the export duty on parboiled rice until mid- October, commerce ministry officials said, would give the government time to get an estimate of the kharif rice output for 2023-24.

Paddy transplanting is largely complete and, at present, up 3.7% year-on-year. While rice has been transplanted on 39.8 million hectare so far or about 98% of the normal sown area, the standing crop has been impacted by floods in several areas in Punjab and deficiency in rainfall in eastern regions.

Business Line. Dt:- 06/09/23

Services PMI drops to 60.1 in Aug despite pick-up in exports

Shishir Sinha
New Delhi

Services PMI

Source: Nikkei, Markit

Higher prices appear to have some impact on the service sector as the Purchasing Managers' Index (PMI) dropped to 60.1 in August from 62.3 in July.

However, the month saw the fastest rise in exports in the nine-year history of the series and elevated new order and output growth rates. Also, new job creation was better.

Services has an over 53 per cent share of India's GVA (Gross Value Added). PMI Services is prepared by S&P Global Market Intelligence based on responses from purchasing managers of 400 companies. An index above 50 shows expansion, while that below 50 means contraction.

"Favourable demand trends also led to the joint-fastest increase in prices charged for Indian services in over six years, which may prompt attention from policymakers and potentially delay cuts to the benchmark repo rate," said Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence.

Despite falling in August, the services PMI indicated one of the strongest increases in output since mid-2010. When explaining the latest upturn, survey participants mentioned positive consumer appetite, favourable market conditions and successful events. Notably, services firms indicated the sharpest upturn in new export business since the series started in September 2014. The Asia-Pacific, Europe, North America and West Asia were among the sources of sales gains reported by panelists.

De Lima said Indian services companies achieved a remarkable milestone in August, as they welcomed a series record surge in new export business. "This spike in international demand supported one of the best sales performances recorded over the past 13 years, and served as a catalyst for firms to expand their workforces as well as output. Demand strength also fostered a heightened sense of optimism regarding the outlook, boding well for economic growth prospects," she said.

HIRING ACTIVITY

Talking about jobs, the agency said hiring activity across India's service economy continued to expand halfway through the second fiscal quarter. Survey participants reported a blend of permanent and temporary staff recruitments on both part- and full-time bases. The rate of job creation was moderate, but the strongest seen since last November.

Further, the agency said capacity pressures at service providers ticked higher in August, evidenced by a stronger increase in work pending completion. That said, the rate of backlog accumulation was only slight. Monitored companies firmly believed that output would remain on an upward growth path over the course of the coming 12 months.

"The overall positive sentiment climbed to its highest in the calendar year-to-date. Advertising, demand strength, plans to price competitively and a healthy number of client enquiries all boosted optimism in August, according to anecdotal evidence," the agency said.

Business Line. Dt:- 06/09/23

Centre's move to permit NCEL to export white rice to 3 nations evokes mixed reaction

Subramani Ra Mancombu
Chennai

The Centre's decision to allow exports of 1.43 lakh tonnes (lt) of white rice to Singapore, Mauritius and Bhutan through the National Cooperative Exports Ltd (NCEL) has been welcomed as a boost to the co-operative sector.

But a section of the trade is of the view that NCEL, which was allowed to be set up by the Union Cabinet in January this year, lacks experience in the export market and may not stand up to the demands of buyers abroad. "The Centre's move to allow exports of white rice through NCEL is a welcome step. It will further boost the co-operative societies and also farmer producer organisations (FPOs)," said Rajesh Paharia Jain, a Delhi-based exporter. NCEL has been set up under the Multi-State Cooperative Societies Act, 2002. All co-operatives are eligible to become its members.

PADDY FPOS TO BENEFIT

NCEL will have an authorised share capital of ₹2,000 crore in which the initial paid-up share capital will be ₹500 crore. The initial contributions for the capital have been shared equally by Indian Farmers Fertilizer Cooperative (IFFCO), Krishak Bharati Cooperative (Kribhco), National Agricultural Cooperative Marketing Federation of India (Nafed), Gujarat Cooperative Milk Marketing Federation (GCMMF) and National Cooperative Development Corporation (NCDC).

"There are 160 FPOs that deal with paddy. Haryana co-operative federation HAFED trades in Basmati. Nafed and Kribhco purchase from the open market. And GCMMF is well-versed with not just procuring from farmers but also ensuring remunerative payment for them. In such circumstances, giving NCEL permission to export rice is a good decision," said an agricultural expert who did not wish to identify.

IN DOUBT. Experts are concerned as to whether the NCEL can withstand the challenges in global market

A Kribhco official said rice exports would be done through procurement of rice from cooperatives and FPOs only as mandated by NCEL bylaw.

GOVT'S OBJECTIVE

"The Centre is wrong in allowing only NCEL to export white rice to the three countries. Bureaucrats do not know much about trading. We can only pray that they will not damage our reputation," said a South India-based trader without wishing to identify.

NCEL could probably handle exports now since there is no competition and it is the sole agency permitted. But when exports open up, the organisation could stand exposed, said the trader.

"The Indian government's objective of floating the NCEL is to make the co-operative sector strong so that farmers can begin to be directly involved in exports," an agricultural expert said.

Business Line Dt:- 07/09/23

Govt may impose 25% export duty on molasses

TURNING CAUTIOUS. Move comes amid fears of drop in sugar output; ISMA has estimated production at 31.68 mt for next season

Prabhudatta Mishra
New Delhi

Amid a possible drop in sugar production next season which may lower the availability of molasses, a key feedstock for ethanol production, the Government is considering imposing a 25 per cent duty on the export of molasses to curb shipments and make it available for domestic distilleries.

Though the proposal to levy a duty on export has been under discussion for quite some time, the Finance Ministry is understood to have realised its importance now and may soon notify it, sources said.

"The decision is very crucial to check shipments as the target of ethanol blending with petrol has been set at 15 per cent during the 2023-24 season (November-October) against 12 per cent current season," an official source said.

OUTPUT ESTIMATE

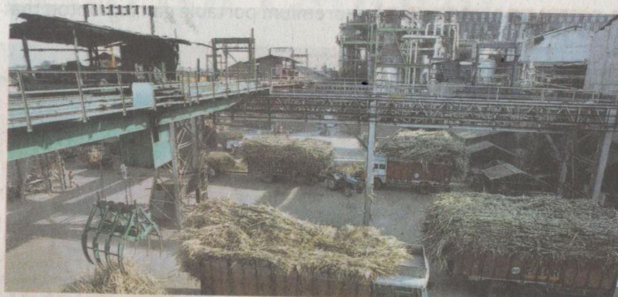
The Government is yet to release the sugar production estimate for next season (October-September), while the Indian Sugar Mills Association has pegged it at 31.68 million tonnes (mt), lower from an estimated 32.8 mt in ongoing 2022-23 season.

Export of molasses in the first quarter (April-June) of the current fiscal has been recorded at 2,83,598.19 tonnes worth ₹361 crore whereas in the entire 2022-23 fiscal it was 16,08,906.7 tonnes worth ₹2,034 crore, official data show.

Industry officials said the main season for export starts from November after sugarcane crushing picks up and by April most of the crushing is completed in Maharashtra, Karnataka and Gujarat, the three major exporters of molasses.

The country could have produced about 38 crore litres of ethanol from the molasses volume that was exported during 2022-23 fiscal, officials said. India exported mostly C-Heavy molasses which normally has a ratio of 235 litres ethanol from each tonne.

Countries such as the Netherlands, the Philippines, Vietnam, South Korea and Italy are the top five destinations of Indian molasses which are used for cattle feed manufacturing.



RISING TREND. Export of molasses in the first quarter of this fiscal has been 2,83,598.19 tonnes worth ₹361 crore, whereas in the entire FY23, it was 16,08,906.7 tonnes worth ₹2,034 crore

A WELCOME MOVE

"It will be a welcome step if the government decides to restrict export of molasses. There is already apprehension of lower sugar production as sugarcane crop in Maharashtra and Karnataka has been affected due to dry August.

"Sugar mills in Maharashtra who have invested in setting up distilleries for ethanol production fear that they may not even be able to utilise 80 per cent of their capacities," said BB Thombare, President, West Indian Sugar Mills Association.

However, a top official of a co-operative body of Maharashtra said though the ethanol blending programme (EBP) is a national scheme and should be given priority, the government should equally consider the impact of such a move on the small sugar mills who do not have distilleries and get better price realisation from export than selling the molasses to the domestic industry.

Business Line. Dt: 08/09/23

Disclose lentils stock, Centre tells importers of pulses

Our Bureau
Bengaluru

In a bid to ensure improved availability of pulses and control rising prices, the Centre has asked stakeholders to mandatorily disclose the stocks of masur (lentil) with immediate effect.

The Department of Consumer Affairs on Wednesday issued an advisory for mandatory stock disclosure of masur with immediate effect.

"All the stakeholders should mandatorily disclose their masur stock on the stock disclosure portal (https://fcainfoweb.nic.in/psp) managed by the department every Friday. Any undisclosed stock if found, will be considered as hoarding and suitable action under the Essential Commodities Act would be initiated," an official release said.

Rohit Kumar Singh, Secretary, Department of Consumer Affairs, during the weekly price review meeting, instructed the department to broad-base lentil buffer procurement. The objective is to procure available stocks at prices around the MSP.

This comes at a time when Nafed and NCCF had to suspend their tenders to purchase imported lentils due to exorbitantly high bids received from few suppliers amid hints of cartelisation, the release said.

REINING IN PRICES. The move is aimed at preventing hoarding, easing supplies in the festive season ahead

Singh said when lentil imports from Canada and tur imports from African countries are taking place, a few players are trying to manipulate the market against the interest of the consumers and the nation. "The government is watching the developments very closely and would initiate stringent measures to get the stock released into the market so that availability of all pulses at reasonable prices in the festival season is ensured," the statement said.

He said judiciously balancing the interest of the farmers vis-à-vis the consumers is paramount and that the department will not hesitate to initiate stern action against those trying to hurt the interest of Indian consumers and farmers in an unscrupulous manner.

BULLISH TREND

From March this year, the Centre has stepped up its efforts to monitor the stock disclosure of pulses after a shortfall in production of tur and urad due to erratic weather last year. The decline in output has led to a bullish trend in these pulses over the past few months. Further, with deficit rains impacting the acreage in the ongoing kharif 2023 season, the bullish trend in the pulses complex has been sustained and the Government is relying on imports to augment supplies and keep prices under check.

As of September 1, the kharif pulses acreage were down by 8.5 per cent at 119.09 lakh hectares compared with 130.13 lakh hectares in the same period last year.

AHEAD OF RESTRICTIONS FROM NOV 1

The Economic Times. Dt:- 08/09/23

IT Hardware Imports Surge in Aug after Licensing Order

Cos stock up fearing supply crunch; imports jump by up to 50% from July

Subhrojit.Mallick@timesgroup.com

New Delhi: India's IT hardware imports surged as much as 50% in August from July, ahead of licensing rules taking effect on November 1. Companies advanced procurements fearing a supply crunch, said manufacturers and a leading system integrator that buys from distributors and producers and supplies to enterprises.

The Director General of Foreign Trade (DGFT) put the import of IT hardware, including laptops, PCs and servers, under the restricted category last month, calling for a licence. The notification, passed on August 3, was amended a day later, deferring implementation to November 1, giving the industry three months to recalibrate. The order, however, has led to fears of supply disruptions and price increases once the restrictions kick in. August imports exceeded 1.2 million units, up from 800,000 in July, due to increasing orders from enterprise customers as well as original equipment makers (OEMs) that want to ensure adequate stocks during the festive season and for corporate requirements, an expert said. An industry grouping pegged the import spike at 20-30%. Both expect September to see another surge as most consignments take four-six weeks to reach India.

August imports top **1.2 m units**, up from 800,000 in July, say sources

Industry grouping pegs import spike at **20-30%**

Enterprise customers as well as OEMs want to ensure adequate stocks during festive season and for corporate requirements

September to see another surge as most consignments take four-six weeks to reach India

Companies wary of getting devices made by Chinese cos, fearing a ban in future

'Realme Hopes to Fully Localise Production'

Realme is looking to expand local production in India via contractors several of whom are domestic firms besides asking its global suppliers to set up shop in the country, global CEO Sky Li said. **Writankar Mukherjee** reports. ▸▸ 4

Financial Express. Dt:- 08/09/23

China shows signs of US decoupling as FDI, exports fall

CHINA IS SLOWLY decoupling from the US, with businesses slashing investment into America to the lowest since the global financial crisis and official data showing trade dependency slumping.

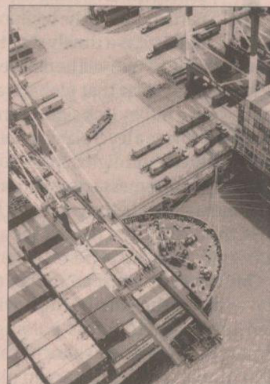
The value of completed Chinese foreign direct investment transactions in the US was $2.49 billion last year, less than half the amount in 2021 and the smallest since 2009, according to new research from consulting firm Rhodium Group. "In the past seven years, China has gone from one of the top five US investors to a second-tier player surpassed by countries such as Qatar, Spain, and Norway," Rhodium researchers including Thilo Hanemann wrote in a report.

Separately, data from China's customs department on Thursday showed the share of Chinese imports from the US has fallen since 2018, when former US President Donald Trump ramped up his trade war with the Asian country.

The US in recent years has taken steps to limit Chinese investment, especially acquisitions in the advanced technology sector, which it deems a threat to national security. It's also moved to limit Chinese companies' involvement in the production of electric vehicles sold in the US. On top of that, China's Covid Zero policy — which was only lifted at the end of last year — made it more difficult for Chinese executives to travel overseas, curbing offshore expansion.

Rhodium cited US official data to show the size of assets held by Chinese companies in the US has stagnated in recent years — to $282 billion as of 2021, roughly the same level as in 2017. Employment by Chinese firms in the US dropped to just 140,000 in 2021, a decline of more than 60% from 2017 levels, according to the report. Investment by Chinese companies into the US peaked in 2016, when there was a string of high-profile asset purchases in sectors like entertainment and hospitality.

—BLOOMBERG



China has cut share of imports coming from US

US curbs on microchips, Boeing troubles limited exports to China

Source: China Customs Administration, Bloomberg

Business Line. Dt:- 11/09/23

Marginal growth in tractor sales in August, exports show improvements

G Balachandar
Chennai

Domestic tractor sales in August were the lowest in 2023 (on a monthly basis). Volumes grew marginally year on year but were down on a month-on-month basis. Production hit an 11-month high last month, while exports continued to improve on a monthly basis.

Total domestic volumes stood at 53,259 units in August 2023 compared with 52,691 units in August 2022 due to deficient monsoon, which impacted the demand.

However, last month's volumes were down 9 per cent compared with July 2023's volumes of 58,583 units, according to data from the Tractor & Mechanization Association.

Top tractor maker Mahindra & Mahindra reported a 3 per cent increase in its August 2023 volumes at 20,647 units, while Escorts Kubota reported a decline of 2 per cent at 5,198 units. While there has been positive momentum in some markets due to government subsidy programmes, the deficient monsoon in other regions during August coupled with the shifting of the key festive season to the third quarter of this fiscal impacted sales in August, according to Escorts Kubota.

GOOD TIDINGS. Mahindra & Mahindra Ltd reported a 3 per cent increase in its August 2023 volumes at 20,647 units REUTERS

Total production stood at 94,125 units in August compared with 89,196 units in July 2023 and 98,745 units in August 2022.

Tractor production in August hit an 11-month high as the industry expects wholesale numbers to pick up this festive season as overall kharif sowing is on track.

POSITIVE CUES

Market conditions remain favourable for rural farmers with inputs inflation cooling off and crop prices holding firm.

While other macroeconomic factors remain intact, if monsoon catches up in September in regions that witnessed deficiency, demand may witness a good pick up in the upcoming festive months, according to tractor makers.

Meanwhile, Escorts Kubota announced that it would be increasing the prices of its tractors effective September 16, 2023 onwards. The reason for the price hike was not disclosed.

Exports increased to 8,874 units in August compared with 8,460 units in July 2023. However, exports were significantly lower compared with 12,118 units in August 2022.

The Economic Times. Dt: 11/09/23

JCB Plans to Increase Exports of India-made Construction Gear

Backhoe maker aims to export 45% of gear from India, to start testing hydrogen engine here

Shally.Mohile@timesgroup.com

Staffordshire: JC Bamford (JCB) Excavators, the world's largest manufacturer of backhoe loaders and telescopic handlers — the construction machines used for excavating and heavy material lifting jobs, among other equipment — plans to export 45% construction equipment machines it produces in India. The Bamford family-owned company is also looking to test its recently developed hydrogen combustion engine — a first for a construction equipment firm globally, in India, its largest market outside Europe.

STARTING PRODUCTION

It is also looking to make electrolysers, a unit within which water is split into hydrogen and oxygen using electricity for producing hydrogen for testing its zero-emission back-hoe loaders.

To be produced for captive consumption, it plans to commence production of the electrolysers in the next 18 months at its UK facility. Subsequently, it will also be produced in India.

"We are investing in India all the time — more there than other parts of the world. We try to reproduce everything we do here, in your country and we are happy about that. If we make the hydrogen engines here commercially, we will be making them in India as well," Lord Bamford, chairman, JCB, told reporters at the company's global headquarters in Rocester, UK. Given India's high dependence on imported fossil fuel the urgency to find a solution should be more, he stated.

Co has been working on multiple green tech but it's only hydrogen which has emerged as the most appropriate solution, said co executive

Globally, various companies including India's Reliance Industries and Adani Enterprises have been working on green hydrogen as an alternative to fossil fuel. The mass-scale production and dispensation of the fuel, however, is still a few years away.

Last year the company announced an investment of £100 million in a greenfield facility in Vadodara in Gujarat to consolidate manufacturing and fabrication of parts meant for its global factories. JCB's team of 150 engineers had been working on developing the hydrogen combustion engine since 2019 and the company has pumped in £100 million for the project. The hydrogen engines are already powering prototype backhoe loaders and telescopic handlers. On Friday, the company showcased its locally developed hydrogen, a first for any construction machinery firm globally, to a group of Indian reporters.

The company has been working on multiple green technologies but it's only hydrogen which has emerged as the most appropriate solution, said Tim Burnhope, chief innovation, and growth officer, JCB. "The unique combustion properties of hydrogen enable the hydrogen engine to deliver the same power, the same torque, and the same efficiency that powers JCB machines today, but in a zero-carbon way," said Burnhope.

Bamford believes as a country that imports much of its fossil fuel requirement, India could easily be one of the leaders in hydrogen to find a solution. As a nation if you are dependent on importing fuel from Russia and Iran, they aren't reliable as countries," he said.

"Hydrogen combustion engines are an exciting prospect for JCB India. Hydrogen is a mobile fuel, perfect for the Indian market," said Deepak Shetty, managing director, JCB India. In line with India's National Hydrogen Mission, as the hydrogen economy develops in India, the opportunity for this zero CO2 fuel for use in construction machinery is significant, he said.

Calendar year 2022 was a record year for JCB in India and it expects 2023 to be yet another record year in terms of revenue and profitability, said Graeme Macdonald, chief executive officer.

A strong domestic market where road and infrastructure projects are fuelling the growth and where it commands half of the total market in addition to exports, will drive the growth, said Macdonald.

"This year we expect 45% of what we manufacture in India will be exported from 10% five years ago." Over the years, India has emerged as a global export hub not only for the traditional Southeast Asia and Middle East but also for America and other regions, he added. JCB already exports to over 110 countries from India.

(The journalist was in Rocester, Staffordshire at the invitation of JCB India)