Business Line. Dt:- 02/07/24

H1 2024 coffee exports jump 43% to $926 m on higher prices, volume

Vishwanath Kulkarni
Bengaluru

India's coffee exports rose 43 per cent in dollar value terms to $926.55 million in the first half of calendar year 2024 on increase in global prices and aided by a 13 per cent growth in volume. In the same period last year, coffee exports stood at $647.76 million.

In rupee value terms, exports during January-June period were up 44 per cent at ₹7,713.74 crore over ₹5,329 crore in the same period a year ago. Indian exporters realised a higher per unit value of ₹3.16 lakh per tonne, an increase of 28 per cent over previous year's ₹2.46 lakh per tonne on rising global prices.

As per Coffee Board's latest, data export permits issued during January-June period of 2024 were up 13 per cent at 2.44 lakh tonnes against 2.16 lakh tonnes a year ago on rising demand from the European Union, the largest destination for the Indian coffee. India exported 3.76 lakh tonnes of coffee valued at $1.15 billion during 2023.


Robusta cherry volumes were up 22% y-o-y at 1.17 lt during January-June period

BUILDING INVENTORY

According to exporters, European buyers are building inventory ahead of the deadline of December 30, 2024, for compliance to the proposed European Union Deforestation Regulation (EUDR) norms, resulting in higher demand. The EUDR is aimed at minimising the importation of products linked to deforestation and requires strict due diligence and traceability measures for commodities such as coffee. It is likely to have an impact on the Indian exports.

The rise in export volumes is led by the growth in demand for the robusta cherry variety followed by robusta parchment, whereas the arabicas, both parchment and cherry, registered a marginal dip in shipments during the period.

Robusta cherry volumes were up at 1.17 lakh tonnes during January-June period, an increase of around 22 per cent over previous year's 96,375 tonnes. The robusta parchment shipments were up marginally at 17,679 tonnes over previous year's 17,664 tonnes.

The arabica parchment shipments were marginally down at 25,680 tonnes from the same period last year's 26,558 tonnes. Similarly, the arabica cherry exports were down at 4,529 tonnes from the previous year's 5,261 tonnes.

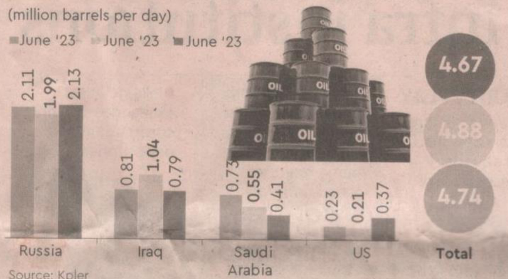
FINANCIAL EXPRESS. Dt: 02/07/24

Russian oil imports zoom to 13-month high in June

ARUNIMA BHARADWAJ
New Delhi, July 1

INDIA'S CRUDE OIL imports from Russia zoomed to a 13-month high in June even as the discounts on Russian crude have narrowed, according to an analysis of data provided by intelligence firm Kpler. The significant increase in Russia's share in India's oil imports can also be attributed to the resumption of imports of more grades of the commodity other than Urals, including Sokol, which faced some issues in the beginning of the year.

INDIA'S CRUDE IMPORTS BY ORIGIN COUNTRY



The country imported 2.13 million barrels of crude oil per day from Russia last month, up 7.2% from the previous month, the data showed. This was the highest since May 2023 when imports from Russia stood at 2.15 million barrels per day. In fact, imports of Urals reached at an all-time high 1.6 million barrels per day in June.

The share of US crude in India oil imports also increased by a steep 75% sequentially to 371,000 barrels per day last month as Indian refiners are seeking some lighter grades too, to counterbalance the density of heavier grades from Russia. India imported more than 370,000 b/d of oil from the US in June, the highest since January 2023, with the overwhelming majority of it being WTI Midland, according to the data.

Meanwhile, import volumes from Iraq and Saudi Arabia, the other top suppliers of crude oil to India, declined 24% and 25% on month respectively.

"India's imports of Urals have reached an all-time high, never on record did Indian refiners buy more than 1.6 million b/d. India has resumed purchases of Russian grades from the Far East such as ESPO or Sokol, however the quantities thereof are lower than they were on average in 2023," said Viktor Katona, lead crude analyst at Kpler. June imports from Saudi Arabia came in at a mere 430,000 barrels per day, the lowest monthly figure since January 2014. Katona noted that even in Covid times, India imported more and the main consequence thereof has been the cost of purchasing Saudi barrels.

"If Russian Urals cost around at a discount of $3-4 per barrel to Dubai, medium sour grades from Saudi Arabia would be lifted at a premium of roughly above $3 per barrel to Dubai. So there's a wide $6-$7 per barrel difference between the two, still," he said.

As a consequence, Saudi Arabia's market share in India's crude imports reduced to 9% last month compared to 11% in May. Iraq's crude market share, too, declined to 17% in June from 21% in May.

Cumulatively, the country imported 4.74 million barrels per day of crude oil in June, marginally up from 4.67 million barrels per day imported in June 2023.

Among Indian refiners, Reliance Industries bought the largest volumes of Russian crude oil in June at 542,948 barrels per day followed by the state-owned Indian Oil at 453,851 barrels per day.

Reports have earlier suggested that the country's state-owned refiners are in discussions with Russia to secure a term deal for crude supplies on a fixed discount after the conclusion of a similar deal between Russia and Reliance Industries.

Govt raises windfall tax on petroleum crude

The government has raised the windfall tax on petroleum crude to ₹6,000 per metric tonne from ₹3,250, with effect from July 2, according to a notification issued on Monday, reports **Reuters**.

Business Line. Dt:- 03/07/24

RBI unveils draft regulations covering export, import transactions

Our Bureau
Mumbai

In a bid to rationalise regulations covering export and import transactions, the Reserve Bank of India on Tuesday unveiled draft regulations.

This is expected to promote ease of doing business, especially for small exporters and importers.

The draft regulations, Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2024, are also intended to empower authorised dealer (AD) banks to provide quicker and more efficient service to their foreign exchange customers.

REMITTANCE RESTRICTION. The RBI said that no advance remittance for the import of gold and silver will be permitted unless specifically approved by it BLOOMBERG

EXPORT-IMPORT SET-OFFS

The amount representing the full export value of goods and services has to be realised and repatriated to India within nine months from the date of shipment for goods and the date of invoice for services, per the draft regulations.

The AD Bank (authorised to deal in foreign exchange) may, for reasonable and sufficient cause shown by the exporter, extend the specified period.

Similarly, the AD may grant an extension of time to the importer beyond the period specified in the contract in cases where there is delayed settlement of import payments and if the overseas supplier delays in fulfilling its obligation in cases of import advance.

AD banks may allow set-offs of export receivables against import payables in respect of the same counterparties, per the draft regulations.

However, they cannot allow the set-off of export receivables for goods against import payables for services and vice versa.

GOLD & SILVER IMPORTS

The RBI said that no advance remittance for the import of gold and silver will be permitted unless specifically approved by it.

However, an AD bank may allow a qualified jeweller to remit advance payments towards the import of gold and silver through India International Bullion Exchange IFSC Ltd. (IIBX).

RBI said AD banks have to monitor the progress of work in project exports till their completion by seeking regular progress reports from the exporters to facilitate the corresponding payments.

CAUTION LISTING

Where an export amount is outstanding in the Export Data Processing and Monitoring System (EDPMS) for more than two years from the due date of realisation (including extension of the period granted by AD bank, if any), AD banks have to ensure that the exporter is flagged as 'caution listed' in the system.

The exporter has to be duly informed before caution listing in EDPMS and should be given the opportunity to be heard.

Once all outstanding export proceeds are realised (including by way of setoff or reduction in realisable value), AD banks have to remove the exporter from the caution list

Business Standard Dt: 03/07/24

RBI looks to ease export, import transaction norms

Grants more autonomy to banks for efficient services to forex customers

ABHIJIT LELE
Mumbai, 2 July

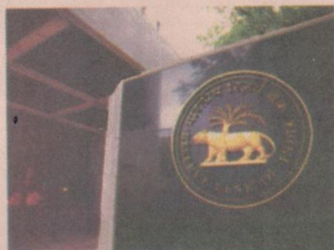
The Reserve Bank of India (RBI) has proposed rationalisation of norms governing export and import transactions to promote ease of doing business and empower banks to deliver quicker and more efficient services to foreign exchange customers. According to draft norms, every exporter should furnish a declaration specifying the amount of the full export value of the goods or services.

The amount representing the full export value of goods and services shall be realised and repatriated to India within nine months from the date of shipment for goods and date of invoice for services, the RBI said.

This was part of the draft regulations released by the central bank on Tuesday under the Foreign Exchange Management Act (FEMA) and directions to authorised dealer banks. It sought comments by September 1, 2024.

The draft proposed that the authorised dealer may place an exporter, who has not realised the full value of export within the time specified, in the caution list. An exporter who has been in caution listed can undertake export only against receipt of advance payment in full or against an irrecoverable letter of credit, to the satisfaction of the authorised dealer.

The draft said no advance remittance for the import of gold and silver should be permitted unless specifically approved by the central bank. Advance payment for export of goods and services can be received according to the export contract. Rate of interest charged on the advance for export shall not exceed the all-in-cost ceiling of trade credit.



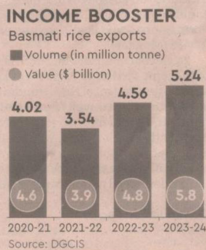
RBI said amount realised for exports must be repatriated within nine months

The RBI draft norms said if the exporter was unable to meet the export obligation according to the terms of contract, the advance received should be refunded immediately. The authorised dealer could grant extension of time for the completion of the export obligation.

As for project exports of goods and services on deferred payment terms, the RBI proposed that the exporter should submit the proposal for prior approval of the authorised dealer before entering into such export arrangement. This rule will be applicable for execution of a turnkey project or a civil construction contract under projects exports.

FINANCIAL EXPRESS Dt:- 03/07/24

Govt may reduce floor price for basmati exports



SANDIP DAS
New Delhi, July 2

THE GOVERNMENT IS likely to consider reducing the minimum export price (MEP) of $950/tonne imposed last year on shipment of basmati rice, as global prices of some varieties of the aromatic rice has already fallen below MEP because of robust supplies, and high carry-over stocks.

Exporters said higher MEP could adversely impact the domestic procurement of basmati rice for the next season and hit farmers' income. Prices of Indian varieties Pusa 6 and Pusa 1509 are currently quoting at around $750-800/tonne, the same level at which Pakistan sells similar varieties.

Sources told FE that a committee of ministers would soon meet to consider lifting or reducing the MEP imposed in October 2023. "There are several proposals like relaxing export restrictions imposed on non-basmati rice exports last year and measures for disposing of surplus rice held in the central pool stocks would be soon taken up," a source said.

During April–May period of 2024-25, the country exported 0.96 million tonne (MT) of basmati rice, which is 15% higher on year.

In terms of value, shipment of basmati was valued at $1.03 billion on year so far which was 13% higher on year.

"Importing countries have created a huge stock of basmati rice last fiscal and carry forward stocks have been higher because of bumper output last kharif season," Vijay Setia, managing director, Chaman Lal Setia Exports, a leading exporter of aromatic rice, told *FE*. Setia said that as new crops are expected to arrive in next few months in Punjab, Haryana and Uttar Pradesh, the government must reduce or abolish MEP so that farmers get remunerative prices.

In October last year, the government reduced MEP for basmati rice shipments to $950/tonne from $1,200/tonne to restrict 'illegal shipment of white non-basmati rice' whose shipment was banned in July last year.

In FY24, India exported a record 5.24 million tonne (MT) of aromatic rice valued at $5.83 billion.

Trade sources said that in the kharif season 2023, the country has produced 8 MT of aromatic rice, which is about 20% higher than previous year. Around 1.5 MT is consumed domestically. Sources said around 1.5 – 2 MT of basmati rice is carried forward into the current fiscal.

Business Line. Dt:- 04/07/24

Plexconcil urges govt to hike duty on value-added plastic imports

Our Bureau
Mangaluru

Plastics Export Promotion Council of India (Plexconcil) has submitted a comprehensive set of proposals for the upcoming Union Budget 2024-25 recommending an increase in the basic customs duty (BCD) on value-added plastics imports.

Sribash Mohapatra, Executive Director of Plexconcil, stated that this measure aims to bolster the domestic plastics processing industry, drive export growth, and reduce import reliance. It will support employment across the value chain and promote import substitution goals, fostering the production of high-quality 'Made in India' products.

To further boost the Indian plastics industry, the council recommended streamlining MSME schemes through online platforms and ensuring access to affordable raw materials.

KEY MEASURES

Key measures to boost exports and support MSMEs include providing reduced electricity rates for MSME manufacturing units, encouraging the development of dry port facilities in landlocked States, and offering affordable warehousing near ports. The council also recommended reviewing free trade agreements (FTAs) for reciprocity, and reducing value addition criteria in FTAs.

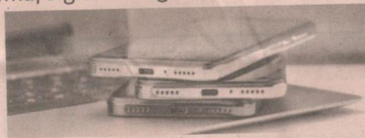
Hemant Minocha, Chairman of Plexconcil, said, "To further support MSMEs, we propose granting priority status for bank loans and offering concessional land rates for factory setup. These measures will reduce the financial burden on entrepreneurs and encourage industrial development."

Business Standard. Dt:- 08/05/24

Commerce min targets $100 billion electronics, textile exports by FY30

Looks to double pharma, organic/inorganic chemical exports

SURAJEET DAS GUPTA
New Delhi, 7 July



EYE ON THE PRIZE (in $ bn)

Source: From discussions with EPCs and Govt

The Ministry of Commerce and Industry held discussions last week on export targets for key sectors for 2029-30 (FY30), with representatives from export promotion councils.

The meeting, attended by Minister of Commerce and Industry Piyush Goyal, Secretary of the Department for Promotion of Industry and Internal Trade, top officials from the Directorate General of Foreign Trade, and others, focused on achieving $100 billion in exports of electronics and textiles, more than doubling exports in pharmaceuticals and organic/inorganic chemical, and achieving sizeable growth in agriculture and allied products.

However, a questionnaire sent to the ministry did not receive any response until the time of going to press.

In electronics, now India's fifth-largest export, discussions with stakeholders aimed to increase exports to $100 billion by FY30, up from $29.1 billion in 2023-24 (FY24), marking a 23 per cent annual increase. The bulk of current exports are in mobile devices, totalling $15.5 billion last financial year.

A senior executive from a mobile phone exporting company believes the $60 billion target for mobile device exports by FY30 is achievable.

The India Cellular and Electronics Association is already working on new targets under the revamped electronics policy (replacing the 2019 policy) under the Ministry of Electronics and Information Technology (Meity), aiming for a steeper target of $150 billion in FY30.

"With Apple Inc pushing to shift 25 per cent of its global production of iPhones to India by 2025-26 (FY26), it is a distinct possibility that we may surpass the $100 billion target," he argued.

Meity's vision document from 2022 aimed for $300 billion in electronics manufacturing and $120 billion in exports by FY26, now adjusted to achieve these export targets by FY30.

The other big push is in textile exports, which include ready-made garments (RMG), cotton, man-made yarns, fabrics, made-ups, jute manufacturing, carpets, and handicrafts. Discussions were aimed at achieving $100 billion by FY30, up from $34.43 billion in FY24.

The target for RMG alone is $43 billion by FY30, compared to $14.53 billion in FY24. Cotton yarn, fabrics, and made-ups aim to increase from $11.68 billion in FY24 to $27 billion by FY30.

Pharmaceutical exports are targeted to double to $55 billion by FY30, from $27.84 billion in FY24, focusing on drug formulations and biologicals.

In organic and inorganic chemical, the target is $65 billion by FY30, up from $29.38 billion in FY24. The agriculture and allied sector aims for $85 billion in exports by FY30, compared to $50 billion in FY24.