Business Line. Dt: 17/10/23

Domestic steel mills hold back on export offers

UNFAVOURABLE MARKET. The move follows sluggish demand, China's competitive pricing

Abhishek Law
New Delhi

India's steel mills have held back on export offers following sluggish global demand and competitive pricing from China. The focus incidentally has shifted to the domestic market, where the price of the benchmark hot rolled coils (HRCs) have moved up by ₹750-₹2,000 per tonne, across categories, since the beginning of this month.

According to trade sources, the October export price put out by various mills was at $579 per tonne; the same as the September price; indicative of sluggish demand. In August, HRC prices were slightly lower at $569 per tonne. In comparison, offers from China were cheaper in the global market.

Competing offers from China dropped further in October over September, dropping 2 per cent month-on-month (m-o-m) to $564 per tonne (against $574 per tonne). Price drops from Chinese mills were even sharper compared with August, which stood at $ 589 per tonne. "At current price points, exports are not viable and hence India's steel mills withdrew offers in October. The focus is on the domestic market where demand seems to be stable and prices have improved," said a trade source.

PRICE PUZZLE. A possible realignment in prices is expected, as mills continue to remain "cautious" ahead of the festive season

According to a report by the market research firm, SteelMint, demand remains subdued in the Middle East and European Union markets. On a week-on-week basis, there has been a close of $10 per tonne price drop for offers made to Middle East markets by China, which further dampened sentiments of Indian mills which are now unable to compete at such low prices. "Market demand in Europe is weak and buyers are having sufficient stocks, while downstream demand is also low. European mills are offering lower but trading activities remain limited," said the report.

PRICE HIKE

In India, the price of HRCs is currently at ₹58,300-₹58,900 per tonne range (around $700-$707 per tonne), up two per cent m-o-m . The price in September was ₹57,600-₹58,800 per tonne ($691-$705 per tonne).

Considering the recent hike in coking coal prices, which are currently at $366 per tonne range, further price hikes were also announced by some of the mills, but have not yet been absorbed in the market, sources said. A possible realignment in prices is also expected, as mills and trade continue to remain "cautious" ahead of the festive season.

Business Standard Dt: 17/10/23

Two-wheeler exports skid 20% in H1FY24 on geopolitical issues

Forex crises in key markets add to woes; PV sales reach highest ever quarterly mark: Siam

DEEPAK PATEL
New Delhi, 16 October

Two-wheeler exports from India have decreased by 20 per cent year-on-year (Y-o-Y) to 1.69 million units in the first half (H1) of 2023-24 (FY24) due to a challenging geopolitical situation and foreign exchange (forex) crises in key markets such as South Asia, industry body Society of Indian Automobile Manufacturers (Siam) said on Monday.

On the other hand, passenger vehicle (PV) exports in H1FY24 increased by 5 per cent to 336,754 units because the key markets are much more diversified worldwide, Vinod Aggarwal, president, Siam, told reporters during a press conference.

The Russia-Ukraine war, which started in February 2022, has brought significant instability to global fuel prices. As a result, developing economies, already struggling due to the pandemic-induced slowdown, have been severely affected.

Domestic sales of PVs in H1FY24 grew by 6.9 per cent Y-o-Y to 2.07 million units, driven by high demand for utility vehicles.

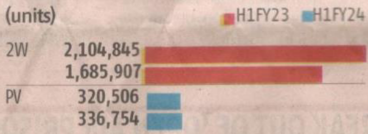
PV wholesales in India, too, rose to their highest level in any quarter so far in the July-September period.

Two-wheeler domestic sales in H1FY24 rose by 4.1 per cent Y-o-Y to 8.7 million units, according to Siam data.

"If you look at two-wheeler exports, the fundamental factors are the geopolitical situation and the forex-related issues in some of the countries. So that is leading to sluggish demand in some of these markets," Aggarwal mentioned.

Bajaj Auto witnessed a significant 22.3 per cent Y-o-Y decline in its two-wheeler exports, with the total reaching 722,662 units during H1FY24.

2-WHEELER EXPORTS FALLING BUT PV EXPORTS RISING



Y-o-Y: Year-on-year

Source: Siam

Approximately 90 per cent of Bajaj Auto's exports are directed to nations in Africa, Latin America, and South Asia, many of which are grappling with economic challenges and forex crises. TVS Motor Company's two-wheeler exports decreased by 20.4 per cent Y-o-Y to 436,033 units in H1FY24.

"We are very hopeful that things will improve because a lot of work is going on in this area such as (the push for) rupee trade (by the government). Let's hope we will see some more concrete action on that," Aggarwal noted. He added that the issue of shipment delays is "mostly resolved" now.

'Israel-Gaza conflict impact on auto industry negligible'

The impact of Israel-Gaza conflict on the Indian auto industry till date has been negligible, Vinod Aggarwal, President, Siam, said on Monday. "We have not seen any immediate impact (of the conflict on the industry). I think our dependence on Israel for trade is not that high. So, there is negligible impact," he told reporters. When asked if there could be logistics-related issues due to the conflict, he added, "I think we have to wait and watch. If it escalates, there would be more concern. As of now, there is no concern." On October 8, Israel started a military conflict against Hamas, a day after numerous fighters breached the heavily-fortified border and carried out brutal attacks. **DEEPAK PATEL**

Maruti Suzuki India's PV exports remained steady during H1FY24, with no significant growth or decline.

In contrast, Hyundai Motor Company, India's second-largest car manufacturer, experienced a 16.2 per cent Y-o-Y increase in its exports during the same period, reaching 86,105 units.

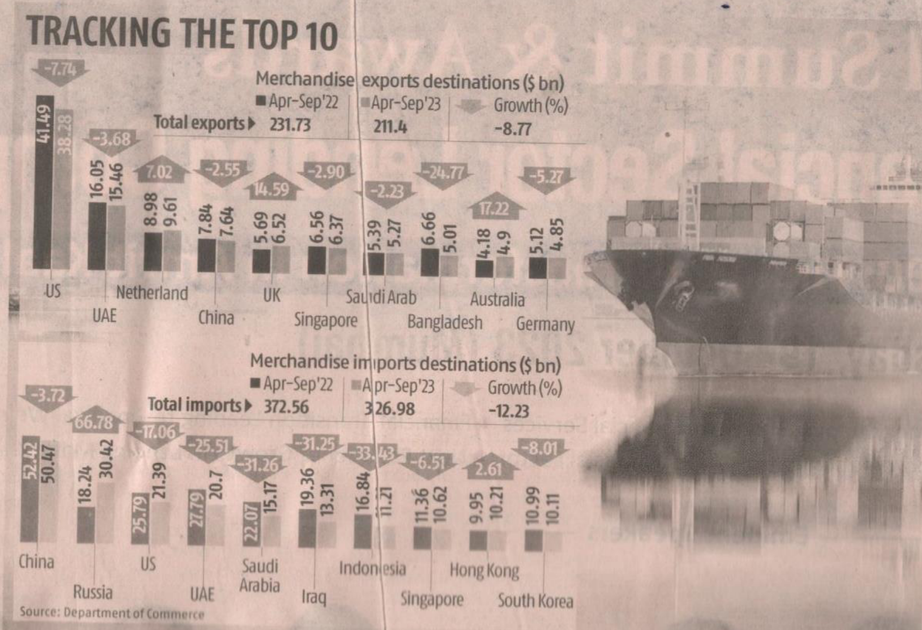
Agarwal noted, "PV exports are somewhat widespread, so the impact on its exports is not as substantial."

The entry-level PVs and two-wheelers did not grow in H1FY24. This could be due to the migration of passengers to higher -level vehicles and low incomes in rural areas, he added.

Business Standard. Dt: 17/10/23

Imports from only Russia and Hong Kong rose in Apr-Sept

SHREYA NANDI
New Delhi, 16 October



Among India's top 10 import partners, only Russia and Hong Kong saw growth in inbound shipments during the first months of the current financial year (2023-24). This occurred at a time when the country's overall imports declined by 12.2 per cent, owing to tepid demand and falling commodity prices.

Data compiled by the commerce department reveals that imports from Russia grew two-thirds to $30.4 billion during April-September. Russia became India's second-largest import partner, after China. Although disaggregated country-wise trade data was not available until September, the trend for the first five months indicated consistent growth, primarily due to crude oil imports from Russia. In the case of Hong Kong, the rise was 2.6 per cent, totalling $10.2 billion. This growth was primarily driven by imports of electrical machinery during the first five months of the current financial year.

Among India's top 10 import partners, a contraction in inbound shipments was observed in the case of China (minus 3.71 per cent), the US (minus 17.06 per cent), the UAE (minus 25.51 per cent), Saudi Arabia (minus 31.26 per cent), Iraq (minus 31.25 per cent), Indonesia (minus 33.43 per cent), Singapore (minus 6.51 per cent), and South Korea (minus 8.03 per cent). They account for over 59 per cent of merchandise imports. The overall imports have been contracting for nine months in a row. In H1, the contraction has been due to tepid local demand and a fall in global commodity prices.

Non-gold imports, which serve as a proxy for domestic demand, have remained weak, declining by 10 per cent compared to a 35.7 per cent increase last year, as reported by Bank of Baroda economist Aditi Gupta.

In the case of the top 10 export markets, only the UK (14.6 per cent), the Netherlands (7.02 per cent), and Australia (17.22 per cent) saw growth during the first six months of FY24. This was driven by demand for items such as petroleum products, apparel, and machinery. India's overall merchandise exports witnessed an 8.8 per cent contraction.

Business Line Dt: 18/10/23.

Govt to prohibit sugar exports indefinitely

TAKING PRECAUTION. Decision to ensure ample supplies for domestic market, ethanol supply; organic sugar exports too may be curbed

Prabhudatta Mishra
New Delhi

The Centre will continue its probition of sugar exports in the current season (October 2023-September 2024) after an expected drop in production, higher requirement for ethanol, and to have an adequate quantity available in the domestic market as the top priority in an election year.

"The Director-General of Foreign Trade will notify the sugar export policy this week as the validity of the previous notification expires on October 31," an official source said. While there will be a continuation of the earlier policy, there are only two changes likely this time – there will be no deadline (means indefinite curbs), and organic export will not be exempted from restriction, sources said.

businessline was first to report in August about a possible export restriction on sugar during the 2023-24 season.

FEARS OF SHORTAGE

In a notification issued on October 28, 2022, the Directorate-General of Foreign Trade said the restriction on sugar exports – mandatory for exporters to have a prior permit from the Food Ministry – would be in place until further orders or October 31, 2023, whichever was earlier.

Exports were restricted from June 1, 2022, to ensure the country had ample stocks for domestic consumption amid fear of a shortage during the festival period and the decision helped curb any rise in retail prices of the commodity. The government initially capped shipments at 10 million tonnes (mt) for the 2021-22 season (October-September), but later allowed additional shipments of 1.2 mt. For the 2022-23 season, permits were issued for export of 6.2 mt. "Though it is not a ban, it is the same meaning if permits are not issued for export. However, an early announcement will help mills plan how much sugarcane to be diverted to make sugar and how much for ethanol," an industry expert said.

PRICES UNDER CHECK. Exports were halted from June 1 to ensure the country had ample stocks ahead of the festival season. This helped curb any rise in retail prices of the commodity

Sugar mills in Maharashtra are expected to start sugarcane crushing around Dussehra, and in Uttar Pradesh from the last week of this month.

ETHANOL DIVERSION

The Centre had earlier expected 5-5.5 mt of sugar diversion towards ethanol against 4.1 mt last season due to a higher blending target of 15 per cent fixed for 2023-24 against 12 per cent in 2022-23. However, considering the crop situation in Maharashtra and Karnataka, the diversion may not be that high, sources said.

Actual sugar is not diverted to produce ethanol. Molasses or sugarcane juice/syrup or grains are used to make ethanol. The estimate is based on how much quantity of sugar could have been produced from the same quantity of sugarcane that gets diverted towards ethanol.

Though the Indian Sugar Mills Association had, on August 2, estimated sugar production for the current season to drop to 31.68 mt (after diversion towards ethanol) from 32.8 mt in the 2022-23 season, it decided to review the forecast after the monsoon rainfall in August was the lowest since 1901. Sugarcane commissioners have informed that sugar output will be 29.5-30 mt.

Business Line. Dt: 18/10/23

Iron ore exports treble in H1FY24

LION'S SHARE. China bought 95 per cent of shipments

Abhishek Law
New Delhi

India's iron ore exports nearly trebled on a year-on-year basis to 18.68 million tonnes (mt) in the first half of the fiscal (April–September of FY24), with China buying 95 per cent of shipments.

Exports of iron ore, a key steel-making ingredient, stood at 6.98 mt in H1FY23. On a y-o-y basis, lumps or pellet offers rose 240 per cent to 14.88 mt in H1FY24, while concentrates rose 44 per cent to 3.80 mt.

FACTORS RESPONSIBLE

Easing of Covid restrictions in China and improved demand after opening up, have led to an increase in orders for Indian iron ore during the period under review.

Another determining factor was withdrawal of duty (in India), which had an impact on FY23 numbers, that in turn led to a low base effect in case of y-o-y comparisons, said a Steel Ministry official.

Cheaper Indian offerings were also picked up, as Chinese steel mills looked to use the ingredient as a cost-saving measure and protect margins in the face of weak demand.

China purchased 17.82 mt of iron ore – lumps, fines, pellets and concentrates put together – which is nearly four times the 4.75 mt ordered in H1FY23. Current shipments are the second highest since FY20, data collected from research firm SteelMint said.

Shipments in the April–September period were at 13.28 mt in FY20, 27.67 mt in FY21 – the highest in the last five years – and 16.72 mt in FY22, respectively.

Over the last three months, prices of iron ore (benchmark of fines with 62 per cent iron content) have firmed up following increased demand, from $90 per tonne in August, to $107 per tonne in September, and is currently trading at $110 per tonne in October.

Increased buying of lower grade ores saw the price of fines with iron content of less than 58 per cent, jump from $67 per tonne in August to $84 per tonne in September, and currently settle at $85 per tonne. Other buyers were Indonesia, Malaysia, Brazil and the UK, and the "numbers were not so significant," a trade source said.

According to a SteelMint report, the higher export demand saw iron ore production increase to 129 mt for H1 FY24, up 15 per cent y-o-y , against 111 mt of H1 FY23.

Incidentally, crude steel production rose saw a 14 per cent rise to 70 mt in H1. India's crude steel production was 126 mt in FY23, with 46 per cent coming from the blast furnace route, and the remaining via electric arc furnace.

The price of iron ore in the domestic market (Fe content 62 per cent) was $60 per tonne in October (₹5,000 per tonne) in Odisha, which has improved from $57.67 per tonne (₹4,300 per tonne) in August. The September price was $58.87 per tonne (₹4,900 per tonne).

Going great guns

Country	FY20	FY21	FY22	FY23	FY24
China	13.283	27.675	16.722	4.752	17.819
Indonesia	0	0.223	0.448	0.421	0.287
Malaysia	0.269	0.330	0.202	0.231	0.150
Brazil	0	0	0	0.111	0.085
United Kingdom	0	0	0	0.068	0.067
Qatar	0.057	0	0	0.060	0.055
South Korea	0.478	0.144	0.44	0.070	0.054
United Arab Emirates	0.057	0.013	0	0	0
Poland	0	0.075	0	0.055	0
Others	3.248	1.312	1.071	1.209	0.171
Total	**17.391**	**29.771**	**18.883**	**6.976**	**18.688**

Sourcce: SteelMint

Business Line. Dt:- 19/10/23

Food imports for re-export no longer need FSSAI nod

Meenakshi Verma Ambwani
New Delhi

The Food Safety and Standards Authority of India (FSSAI) has waived the need for clearances for certain imported ingredients and food items.

In an advisory, the food safety authority said the customs department would no longer need to obtain FSSAI clearances for food ingredients or items that are imported into India for re-export or for the production of value-added items for export markets.

Several importers had earlier flagged the delay in clearance of imported food consignments "intended for captive use or production of value-added products meant for 100 per cent export or re-exports".

MAKING IT EASY. Food safety authority says waiver of clearance for export-oriented food imports will lead to ease of doing business BLOOMBERG

EASE OF DOING BIZ

The food safety authority says its decision to waive the clearance would lead to ease of doing business. "Unless otherwise specified, the customs authority need not refer the imported articles of food to Food Authority for clearance if such articles of food are meant for exports as per the extant instructions and export rejected or re-imported articles of food meant for re-export," it stated.

"The articles of food or ingredients or additive imported by the manufacturers or processors for their captive use or production of value-added products for hundred per cent exports; or for use of their sister concerns or wholly owned subsidiary companies, to be used for hundred per cent export production and accompanied with sanitary/health certificate issued by the competent authority of an exporting country" would also not require FSSAI clearance, it added.

The importers would need to give a declaration to the authority that the food imports are not meant for domestic consumption.

Business Line. Dt: 19/10/23

Oilmeals export up 29% in H1 this fiscal

Our Bureau
Mangaluru

India exported 22.76 lakh tonnes (lt) of oilmeals during April-September of 2023-24 against 17.62 lt in the corresponding period a year ago, registering a growth of 29.15 per cent.

Data provided by the Solvent Extractors' Association of India (SEA) showed that India exported 3.30 lt of oilmeals during September 2023 against 2.40 lt in September 2022, up 37.35 per cent.

BV Mehta, Executive Director of SEA, said India was outpriced in the international market in the case of soyabean meal last year.

India exported 5.86 lt of soyabean meal during the first six months of 2023-24 against 1.21 lt in the corresponding period of 2022-23.

Export of rapeseed meal increased to 13.44 lt during April-September 2023-24 against 12.40 lt during the period. Castor seed meal export from India increased to 1.81 lt (1.54 lt).

RICE BRAN DOWN

However, there was a decline in the export of ricebran extractions during the first six months of the current financial year.

India exported 1.51 lt of ricebran extractions during April-September 2023-24 against 2.04 lt in the corresponding period of 2022-23.

Mehta said India exports around 5-6 lt of de-oiled ricebran every year to Vietnam, Bangladesh, Thailand, etc.

Stating that India exported around 1.5 lt during April-July 2023-24, he said the Government prohibited export of of de-oiled ricebran with effect from July 28 until November 30.

This decision has seriously affected domestic ricebran processors and export of de-oiled ricebran, he said.

Business Line. Dt: 20/10/23

DGFT operationalises online system for authorisation of laptop imports

Amiti Sen
New Delhi

The Directorate General of Foreign Trade has operationalised its fully-automated online authorisation system for imports of laptops, computers and tablets from Thursday as the transition from a free import regime to a restricted one for select IT hardware products is set to come to an end on October 31.

Import authorisations will be issued automatically through the online system to importers once they enter the value and volume of their proposed imports and the countries from where they plan to source. These authorisations, with no restrictions on quantities, volumes or sourcing, will be valid till September 30, 2024, after which the government will decide on further action, according to Director General of Foreign Trade (DGFT) Santosh Sarangi.

IN TRANSITION PHASE. The DGFT had issued a notification on August 3 this year imposing licensing conditions on identified IT hardware products, including laptops and computers.

LICENSING CONDITIONS

"Import data will be studied till September 30 to take decisions on establishing trusted supply chains. We will have consultations with industry and other stakeholders. Based on the data collected and the consultations, further steps will be taken," Sarangi said at a press briefing on Thursday.

The DGFT had issued a notification on August 3 this year imposing licensing conditions on identified IT hardware products, including laptops and computers.

The industry pressed the government for more time following which it was decided to postpone implementation till October 31.

The DGFT explained that while the import authorisation system was part of an import restriction regime, it was a lot simpler than the earlier licensing system.

"This is an online authorisation system which is seamless. Earlier licensing system that we had, one had to go and register with a port physically. For changing from one port to the other, importers were required to take a TRA and do it. None of it will be required in the new system. It will take only 2-3 minutes to register online with any port. So, a lot of system improvements have been done to make the entire process seamless and easy for importers," he said.

NEW REGIME

The new authorisation regime, which is applicable for laptops, personal computers (including tablet computers), microcomputers, large or mainframe computers, and certain data processing machine, is largely to ensure that the items being imported do not pose cyber security risk for the country, per officials.

"Cyber security has been a concern for us. We have to identify and figure out where most of the risks are coming from and what kind of malware is coming in...There has to be system wise cyber security awareness. Application-based cyber security issues need to be looked at. End point issues also need to be looked at," said S Krishnan, Secretary, Ministry of Electronics and Information Technology. If the import data, which is collected over the next nine months, throw up facts such as abnormally high imports from certain countries such as China, Hong Konk and Singapore posing security risk, the government could consider some curbs, another official pointed out.

In 2022-23, China accounted for 59 per cent share of imports of the seven identified IT hardware items while Singapore and Hong Kong accounted for 16 per cent and 9 per cent respectively.

Sarangi said that it was not correct to directly link the new import regime with the government's intention to boost domestic manufacturing.

"Our manufacturing is already happening. There are several applicants who have committed investments in the sector through the PLI scheme," he said.

The DGFT provided several exemptions to different entities including SEZs, imports for supply to the government and imports under baggage rules.

The Economic Times. Dt:- 20/10/23

EARNINGS SCORECARD: OF FESTIVE PUSH & MONSOON WOES

ITC Profit Jumps Over 10%, But Revenue Flat on Export Curbs

Profit up at ₹4,927cr; lower monsoon and high prices impact demand, says co

Our Bureau

FILE PHOTO

Kolkata: ITC on Thursday reported 10.3% year-on-year jump in its net profit at ₹4,926.9 crore for the second quarter ending September 30, while revenue from operations grew marginally at 3.1% y-o-y to ₹17,705 crore which was impacted due to restriction on exports of wheat and rice. The conglomerate said excluding the export component of these two commodities, ITC's gross revenue was up by 8.9%.

ITC in its earnings release said while public investment remains strong, consumption demand has been relatively subdued especially in the value segment and rural markets due to lower monsoon and continued food inflation which saw a sharp spike during the quarter. "Green shoots of recovery are visible, with prospects of improved agri-output, onset of the festive season, increase in rural wages and government spending on infrastructure auguring well for a recovery in rural markets," it said.

The conglomerate's flagship cigarette business grew segment revenue by 10.1% y-o-y to ₹7,657.73 crore, while the segment result went up by 8% to ₹4,781.7 crore. The company said there was a sharp escalation in costs of leaf tobacco and certain other inputs, along with increase in taxes, which were largely mitigated through improved mix, strategic cost management and calibrated pricing.

The non-cigarette fast-moving consumer goods business grew segment revenue by 8.3% y-o-y to ₹5,291.6 crore, while the segment result went up by 36.8% to ₹438.6 crore. This include businesses like packaged food, personal care, education and stationary amongst others. The business Ebitda margin expanded 150 basis points y-o-y to 11%. ITC said atta, spices, personal wash and agarbatti drove growth amidst relatively subdued consumer demand environment in the quarter under review.

"Certain categories such as biscuits, snacks, noodles, popular soaps witnessed increasing competitive intensity including from local/regional players in the backdrop of commodity price deflationary conditions.

FINANCIAL EXPRESS Dt:- 20/10/23

Centre dilutes norms for laptop imports

MUKESH JAGOTA
New Delhi, October 19

THE GOVERNMENT ON Thursday sought to allay the concerns over the decision to put imports of certain computer hardware in restricted category, with mandatory licensing, by coming up with a liberal authorisation process. In what would provide relief to the importers, which include the likes of Apple, Dell, HP and Samsung, the new system doesn't put any immediate cap on the volume or value of imports either at the firm or the aggregate level. Also, there won't be any restrictions for now with respect to imports from any particular country.

The new system, to take effect from November 1, would run till September next year, and data captured will be used for deciding on the next course of action, if any.

For now, the 'restricted import authorisation' system will provide approvals on tap to importers; all that they have to provide is the name, quality and value of the items they want to bring in. While the system will auto populate the firm-level data, the companies will also have to provide turnover and their export and import numbers.

India's imports of IT hardware are mainly from China, Singapore, Hong Kong, the US and Malaysia. The total imports of the items on the restricted list were $ 8 billion last year.

"The importers are allowed to apply for multiple authorisations. The authorisations issued shall be valid up to September 30, 2024," the Director General of Foreign Trade (DGFT) said in a public notice.

Once the data for imports is captured for an extended period we would study and decide on further course of action in consultation with the stakeholders, secretary in the ministry of electronics and information technology (MeitY) S Krishnan told reporters.

A notification issued on August 3 put the curbs imports of laptops, tablets, all-in-one personal computers, ultra small form personal computers and some servers still stands.

RELIEF TO INDUSTRY

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Continued on Page 2