

Crude oil imports down for second consecutive month

THE DRIVERS. Refinery maintenance, low consumption during monsoon behind trend

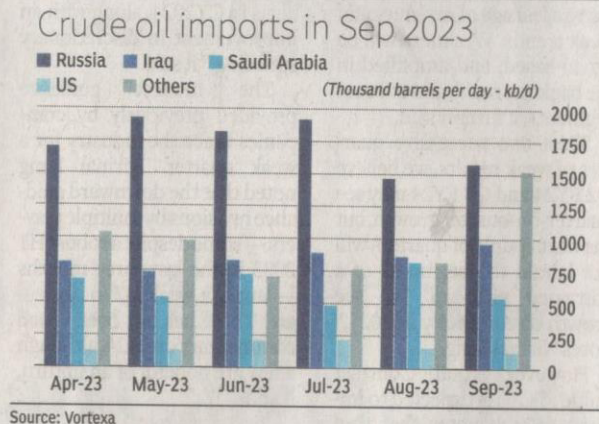
Rishi Ranjan Kala
New Delhi

India's crude oil imports fell for the second consecutive month in September 2023 impacted by rising prices of medium sour grades Urals and Arab Light as well as lower requirements due to autumn refinery maintenance and low consumption during monsoon.

The world's third largest crude oil importer bought around 4.2 million barrels per day (mb/d), which is the lowest in FY24. The decline was partly compensated by lifting more cargoes of Iraq's Basrah, which is also a medium sour grade similar to Urals and preferred by Indian refiners.

According to the energy intelligence firm Vortexa, India imported 1.58 mb/d of crude oil from Russia last month accounting for 38 per cent of India's total exports. Imports were higher by 7.5 per cent m-o-m.

Voluntary production



cuts by Saudi Arabia and Russia, the world's top two crude oil exporters, led to prices hitting \$97 per barrel last week, the highest in 2023. The scenario led India to procure more cargoes from Iraq.

REFINERS TURN TO IRAQ

Indian refiners purchased higher supplies of Basrah as the prices of Urals and Arab Light went further north. Imports from Iraq rose more than 11 per cent to

965,080 barrels per day (b/d). In line, shipments from Saudi Arabia fell over 33 per cent m-o-m to 520,000 b/d.

"In light of lower Saudi crude supplies, Iraq is the next largest sour crude supplier for India, so it comes as no surprise that Iraqi imports into India picked up in September," Vortexa's chief analyst for Asia Pacific, Serena Huang told businessline.

Higher crude shipments

to India in September helped Iraq clock its highest export earnings in 2023 calendar year so far.

Ural shipments during September were largely flat at 1.12 mb/d against 1.08 mb/d in August. Trade sources said that as discounts are lower at around \$5 per barrel, coupled with higher prices of the grade discouraged Indian refiners.

"Discount lower than \$5 makes Ural unviable due to logistics. It was trading at over \$85 a barrel last week (Primorsk and Novorossiysk ports). Similarly Arab Light prices were also raised for September. In contrast, Iraq offered discount on Basrah coupled with lower transport costs, it was the preferred choice. However, Russia will remain the largest supplier," an official from a leading Indian refiner said.

India procures Russian crude oil from spot markets, whereas Middle Eastern crude is largely through term contracts.

Business Standard. Dt: 03/10/23

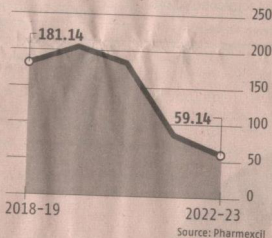
Depleting forex hits India's pharma exports to Iran

EXPORT GLOOM

MONTHWISE EXPORTS TO IRAN (\$ MN)



YEARWISE PHARMA EXPORTS TO IRAN (\$ MN)



SOHINI DAS
Mumbai, 2 October

India's pharmaceutical exports to Iran have been hit owing to depleting rupee reserves in the West Asian country because of India stopping the import of crude oil from it in 2019 following US sanctions.

Pharmaceutical exports dropped 71.25 per cent in April-August this year over the same period last year. The data from the Pharmaceutical Exports Promotion Council (Pharmexcil) showed exports to Iran had declined 31.29 per cent in 2022-23 as against the previous financial year.

Uday Bhaskar, director general of Pharmexcil, told *Business Standard*: "India's exports to Iran reduced in the first few months of this year by about 71 per cent owing to India buying less oil from Iran and the rupee-trade taking a hit."

Pharmexcil is trying to hold a dialogue with Iran to boost trade. Bhaskar recently met Heydar Mohammadi, head of administration, Food and Drug Administration, Tehran, and Mohammad Abdehzadeh, chairman of the board, Syndicate of Iranian Pharmaceutical Industries, to discuss potential areas of collaboration between the two countries in pharma and biopharmaceuticals. Iran primarily imports bulk drugs and interme-

diates from India while it depends on European countries for formulations. Bulk drugs constitute almost 65 per cent of pharma exports to Iran.

Iran is an important market in the West Asian and North African region for Indian pharma exports. Value-wise it is small compared to the US (\$8.3 billion in FY23) or Europe (\$5 billion). India's pharma exports to Iran stood at \$59.14 million in FY23, down from \$86 million in the previous financial year. Exports were \$205.1 million in FY20. Between April and August this year, they were \$8.03 million.

Bhaskar said Iran's pharma market in 2022, was \$2.6 billion and the market is forecast to decline by 6.4 per cent in dollar terms in 2023.

A pharmaceutical exporter to Iran said: "China is making inroads into the Iranian market with bulk drugs because Iran has the yuan to support this trade. China continues to buy discounted Iranian crude oil even after sanctions."

India is fast losing its advantage in this market, he added. Not just pharmaceutical products, other trade items like basmati rice and tea have been hit due to depleting rupee reserves.

The data from UNComtrade shows in 2021 Iran's imports of formulations from China, the Netherlands, and Türkiye grew 91.1 per cent, 62.2 per cent, and 205 per cent, respectively.

Business Line. Dt: 04/10/23

Maize exports come to a halt as domestic prices surge

DOUBLE WHAMMY. Local demand rises from ethanol, feed manufacturers; Pakistan turns competitive in Asia with prices at least \$30/tonne lower

Subramani Ra Mancombu
Chennai

Maize (corn) exports from the country have come to a virtual halt as surging domestic prices have affected its competitiveness in the global market with Pakistan taking advantage of its currency depreciation.

"Indian prices are not competitive in the global market, particularly in Asia. Pakistan is dominating the Asian market, offering maize at least \$30 a tonne lower," said New Delhi-based export Rajesh Paharia Jain.

"Pakistan has been a strong competitor throughout this season as its currency has weakened drastically compared to India," said Mukesh Singh, Director of Mumbai-based MuBala Agro Commodities

Pvt Ltd. Pakistan is offering maize at \$240 a tonne cost and freight (C&F), while the Indian produce is quoted as high as \$305 C&F, said M Madan Prakash, President, Agri Commodities Exporters Association (ACEA).

PAK VS INDIAN RUPEE
As of Monday, the Pakistan rupee was quoted at 287.03 to the dollar. In comparison, the Indian rupee is quoted at 83.19. Maize is delivered at the ports at around ₹22,000-23,000 a tonne, said Prakash.

"Domestic prices have seen an upward movement since the (rabi) harvest. Stocks ex-Pune in Bihar are currently quoted between ₹18,000 and ₹21,000 a tonne. Prices are getting support around ₹22,000," Jain said.

The weighted average price of maize in agricul-



EAR TO THE GROUND. A section of the trade feels maize production could be lower this year since the yield could be affected due to a truant monsoon

tural produce marketing committee (APMC) yards is currently ₹1,971 a quintal.

ETHANOL DEMAND

"Though Pakistan's quotes are competitive, there are problems with its quality.

However, buyers are willing to take a risk with its shipments," said Prakash.

As a result, the export market is sluggish for Indian maize. On the other hand, the domestic crop is robust, Jain said. "Domestic demand for maize

Jain said the other problem with maize supplies is that it is now being distributed through the public distribution system in the place of wheat and rice.

OUTPUT LOWER?

On the other hand, a section of the trade feels maize production could be lower this year since the yield could be affected due to a truant monsoon.

"Bihar, North Karnataka and Maharashtra depend on rains for farming. Temperatures are high in these areas and rainfall has been deficient this year," said a trade analyst.

The maize crop, in particular, has been affected by a 36 per cent deficient rainfall during August.

This year, the south-west monsoon, a key factor for Indian agriculture, has been affected by the development of El Nino.

The sea temperature rises due to El Nino and Asia is usually affected by drought and prolonged dry periods. The water weather phenomenon will likely last until February-March 2024.

However, India is likely to benefit from the Indian Ocean Dipole that developed in September and brought in excess rainfall across the country.

It may last until December, bringing good rainfall in South India.

"We have got reports that the stalk growth in maize has been stunted in parts of Maharashtra, which points to a lower yield," said ACEA's Prakash.

As a result, maize prices could rule around ₹2,200-2,300 a quintal in APMC yards and ₹2,500-2,600 at the users end, the analyst said.

Govt likely to lower basmati MEP by 30% to \$850/tonne

SANDIP DAS

New Delhi, October 4

THE GOVERNMENT is likely to reduce the minimum export price (MEP) of basmati rice to \$850 per tonne from \$1,200 a tonne imposed in August following a series of consultations with exporters, farmers and state government officials in the key growing states of Punjab, Haryana and Uttar Pradesh. Sources told *FE* that a formal announcement is expected in the next couple of days.

During a meeting with basmati rice stakeholders recently, commerce and industry minister Piyush Goyal initially stated that the government would lower the MEP to \$900/tonne, however following insistence by the exporters, the minister agreed to lower the duty further, sources said.

Exporters said that about 75% of India's 4.5 million tonne (MT) of basmati rice exports annually are shipped at an average value in the range of \$ 700 - \$ 1000 a tonne. In August, a temporary MEP of \$1200/tonne was imposed till October 15 on basmati rice shipment to restrict 'illegal' shipment of white non-basmati rice in the garb of pre-

BASMATI RICE EXPORTS



Source: APEDA



western Uttar Pradesh, Jammu & Kashmir and Uttarakhand. The aromatic and long grain rice commands a premium in the global market. India has a share of around 75%-80% in the global aromatic rice market.

The MEP for basmati rice and the export duty on par-boiled rice until mid-October imposed in July, commerce ministry officials said, would give the government time to get an estimate of the kharif rice output for 2023-24. The early maturity basmati rice varieties such as Pusa 1509 has started to arrive in the mandis and exporters had stated that if MEP of basmati rice is not reduced to realistic levels, it would hit mandi prices and hit farmers' income.

India has exported 1.6 million tonne (MT) of basmati rice valued at \$ 1.7 billion in the April-July period of the current fiscal, an increase of 13.1% in terms of value compared to the same period previous year. The average value of shipment of aromatic rice in April-July (2023-24) was \$ 1107/tonne.

In 2022-23, the country exported 4.56 MT of basmati rice valued at \$ 4.78 billion with an average price of 1050/tonne.

According to the All India Rice Exporters Association, 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,

Shri Ra

April 1

Business Line. Dt: 06/10/23

Coffee exports down a tad on lower green beans offtake

TURNING COLD. Weak economic conditions in parts of EU, the largest buyer, impacted the shipments

Vishwanath Kulkarni
Bengaluru

The country's coffee exports fell marginally in volume during the first half of the current financial year on reduced off-take of green beans.

But shipments value increased. Exporters said the outlook for the remaining year would depend on the crop size, which is seen influenced by erratic weather pattern.

Based on the provisional data issued by the Coffee Board, exports in volume terms were down by 8 per cent to 1,92,596 tonnes during April-September of the current financial year compared with 2,09,818 tonnes in the same period last year. In dollar terms, exports were up by 2.9 per cent at \$605 million (\$588 million).

However, the growth in rupee value terms was higher at 8.3 per cent at

₹4,991 crore (₹4,608 crore) aided by a weaker currency.

Weaker economic conditions in parts of European Union, the largest buyer of Indian coffee, impacted the shipments of green beans as a section of buyers resorted to value buying shifting their preference to the instant coffees.

"The availability of arabicas was also an issue during the season as growers and the trade in the interior parts of the growing regions held back the coffees, which is now coming into the market," said Ramesh Rajah, President of the Coffee Exporters Association. Also the order books were not strong for the green beans during the year. "Hopefully, the second half looks better, but it would all depend on the size of the upcoming crop," Rajah said.

"Currently, the order books are not looking very healthy as everyone is waiting to see the new crop," Ra-



jah said. Most of the orders get booked during October-November and it is early days yet. While the orders for Arabicas look muted, there are some orders for Robustas, Rajah said.

WEATHER CONCERNS

The uncertain weather is seen as a major concern for the new crop for 2023-24 as key-producing regions in Karnataka witnessed unusual rainfall pattern during the monsoon season.

After a bad blossom showers, the dry spell during August is seen weighing on the development of beans.

"Key growing regions wit-

Losing aroma

	April-Sept	
	2023	2022
Volume in lakh tonnes	1.92	2.09
Value in million	605	588
Value in ₹ crore	4,991	4,608
Unit Value (₹/tonne)	2,59,155	2,19,663

Source: Coffee Board

nessed a rainfall deficit of upto 50 per cent during the monsoon. Though rains are happening now, which is boon for us. We don't need the rains beyond October 20. We need a break from rains in November for the crop to ripen better," said KG Jagadeesha, CEO and Secretary of the Coffee Board.

The crop is likely to be lower than last year, but too early to quantify, he said.

In its post-blossom or early estimates, the Coffee Board had pegged the 2023-24 crop size at 3.74 lakh tonnes — higher than previous year's final estimates of

3.52 lakh tonnes. Further, Jagadeesha said the prices are expected to hold firm and we may cross the last year's export levels in value terms, provided the crop standing on the plants is realised by the end of the year.

India, which produces around 3.5 lakh tonnes of coffee, exports over two-thirds of its produce. European Union accounts for about 57 per cent of the shipments.

SOLITAIRE PRICE INDEX

6th October, 2023

5,039*

1.31% ↓
Over last
Month

11.61% ↓
Over last
Year

Nationwide Standard & Transparent Pricing since 2006.

Released on the 1st of every month.

*This is an average of Divine Solitaires Price List

DIVINE
SOLITAIRE

SIMA seeks relief measures, exemption of import duty on ELS cotton

Our Bureau

Chennai

The Southern India Mills' Association based in Coimbatore has appealed to the Union Finance Minister Nirmala Sitharaman for financial relief measures and exemption of import duty on Extra Long Staple (ELS) cotton. A delegation from SIMA met her at Coimbatore on Tuesday and submitted a memorandum.

The association's chairman SK Sundaraman in a release said that the country produces around 5 lakh bales of ELS cotton as against the requirement of 20 lakh bales.

Exporters have established their market share in the manufacture of superfine cotton textiles made out of ELS fibre, particularly the PIMA cotton produced in the US and GIZA



cotton in Egypt. SIMA appealed to the Finance Minister to exempt the American PIMA and Egyptian GIZA ELS cotton from the import duty as India does not produce similar quality cotton, and therefore will not affect the farmers.

India consumes around 45 per cent of the PIMA and GIZA cotton produced annually. The import duty removal is essential to sustain the market share already established by India, Sundaraman said.

The association also

sought conversion of Emergency Credit Line Guarantee Scheme short-term loans offered as a Covid relief measure with a repayment period of three years to six years term loan. This is to reduce the financial burden for the textile units and avoid becoming NPAs.

SIMA Chairman has pointed out that the steep increase in power tariff for the SME spinning mills upto ₹2.35 per unit and for HT and EHT consumers by ₹1 per unit has increased the cost of production significantly as power accounts over 40 per cent of the total manufacturing cost.

SIMA has appealed to the Centre to exempt the cotton from 11 per cent import duty during April to October (off-season) as was done during the cotton seasons 2021-22, the release said.

FINANCIAL EXPRESS. Dt: 06/10/23.

Schneider Electric to expand India ops and exports

ARUNIMA BHARADWAJ
New Delhi, October 5

FRENCH ENERGY AUTOMATION company Schneider Electric has lined up plans to bolster its India base, and leverage it for world markets, Deepak Sharma, zone president of greater India and managing director & chief executive officer, told *FE* on Thursday. The firm, clocked 20% growth in exports from India in 2023.

"We recognise the immense potential and growing demand in international markets and are determined to capitalise on these opportunities.

Through a strong emphasis on innovation, we will continually develop state-of-the-art products and solutions to meet the evolving needs of cus-

tomers," Sharma said.

India is the third largest market for Schneider Electric and the country is the biggest employer base of Schneider with an employee strength of 37,500.

"We remain focused on further strengthening our presence in India and leveraging its potential as a key growth driver for the group," Sharma said.

The company is also foraying into the manufacturing of solar panels with setting up of a new factory in Haridwar, Uttarakhand which is likely to be functional in the mid of 2024.

The solar factory will be among the new smart factories that the company intends to build over 1.2 million square ft up to 2026. "In line with our growth ambitions, we have plan-

DEEPAK SHARMA, ZONE PRESIDENT
OF GREATER INDIA & MD AND CEO

We recognise the immense potential and growing demand in international markets and are determined to capitalise on these opportunities"



to invest ₹3,200 crore in expanding our industrial footprint," Sharma said.

"These investments are spread over Gujarat, Telangana, Karnataka, West Bengal, Odisha, Tamil Nadu, Maharashtra,

Himachal Pradesh, and Uttarakhand."

The factory will be the company's first solar panel assembling factory. "This will give us a very good portfolio of a completely Indian home grown

offers," Sharma said.

"Once we have stabilised this, then we can think about adding more to the portfolio."

On being questioned whether the company plans to increase investments, Sharma said that everything depends on market. "So far, this is the best estimation we have taken.

As the demand goes, well adjust the demand." Currently, Schneider Electric has 30 active factories in India and it acquired a small company named Zenatix three months ago in order to expand its portfolio. Among others, the company's primary targets involve decarbonised and decentralised energy landscape for which it has come up with a strategic plan.

The company plans to have carbon neutral operations by

2025, 'net-zero ready' in its operations by 2030, end-to-end carbon neutral value chain by 2040, and net zero CO2 emissions across the entire value chain by 2050.

To achieve the same, we have identified top 1,000 suppliers and are working on their ambitions as well to commit to 2050 renewable energy target, the company said. The company plans to add another 200 suppliers including micro, small & medium enterprises to meet its expansion plans in the country.

The company currently is managing 700 MW of renewable power purchase agreements and providing sustainable solutions which involves on-site solar installations and the procurement of off-site solar and wind energy.