Business Line. Dt: 27/08/24

LNG imports in May-July hit a 4-year high driven by heatwave, power demand

Rishi Ranjan Kala
New Delhi

India's imports of liquefied natural gas (LNG) rose to a multi-year high during May-July 2024 driven by an unprecedented heatwave coupled with record high temperatures pushing electricity consumption to a new high.

According to energy intelligence firm Vortexa, India's monthly LNG imports in May, June and July 2024 hit a four-year record, averaging 2.57 million tonnes (mt).

"This was largely driven by record high temperatures that plagued the country since May, resulting in a spike in gas-fired power generation to meet increased cooling demand. This comes despite Asian spot LNG prices reaching a seven month high of around $12 per million British thermal units," said Vortexa's LNG Analyst Miko Tan.

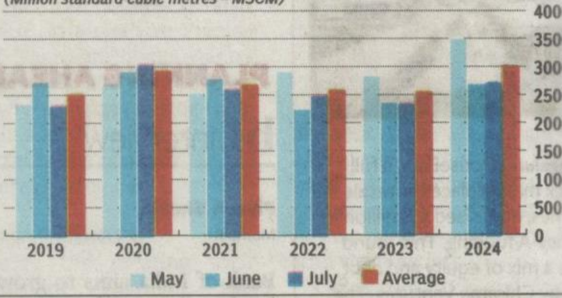
The previous LNG import highs across 2020 occurred in a significantly different market where LNG prices fell to record lows, creating an incentive for coal-to-gas switching in power generation across India, she added in a commentary earlier this week. However, power demand has softened in July with the start of the monsoon season and easing temperatures, thereby putting downward pressure on gas-fired power generation, Tan said.

POWER DEMAND

India's power demand has been rising at around 7-9 per cent on an annual basis driven by an expanding industrial and commercial base coupled with rising household consumption.

Rising LNG imports

(Million standard cubic metres – MSCM)



Source: PPAC

Tan pointed out that record high temperatures led to an uptick in total power generation across the country in May and June. While the increased demand was met largely by hydropower, the share of gas-fired power generation doubled from level in the first quarter.

Capacity utilisation and electricity generation by gas-based power plants, with 23.64 gigawatts (GW) capacity under operation, was the second highest on record during April-June 2024.

In April-June 2024, gas-based plants clocked a capacity utilisation, or plant load factor (PLF), of 25.8 per cent generating 13,338.23 million units (MU) on a provisional basis. This is second only to April-June 2020 when PLFs hit 28.6 per cent producing 14,961.55 MU of electricity.

Higher production by gas-based power plants pushed up gas' contribution in India's power generation mix increasing from 2 per cent in June 2023 to 2.8 per cent in June 2024, Crisil Market Intelligence & Analytics said in a report.

However, power demand fell in July with the start of the monsoon season and easing temperatures, thereby putting downward pressure on gas-fired power generation, Tan said.

"While LNG imports remained strong, demand is likely to taper off as the current price point is unattractive to most buyers in the country. GAIL and state-owned refiner IOC did not award their recent tenders seeking cargoes in September and October, as offers were deemed unattractive," she added.

US REPLACES QATAR

In June, the US overtook Qatar as India's largest LNG supplier, importing a monthly record 851,000 tonnes in 12 cargoes. The majority of volumes came from Sabine Pass and Cove Point LNG terminals, with which India's state-controlled gas distributor GAIL has term contracts totalling 5.8 million tonnes per annum (mtpa), said Tan.

"Historically, GAIL has optimised their contracted volumes by swapping US term cargoes with supplies in closer proximity. June marks the first time that monthly flows from Sabine Pass and Cove Point combined in mtpa equivalent have reached total contracted volumes, potentially indicating full offtake," she added.

Business Line. Dt:- 27/08/24

Centre may raise import duties on palm oil, soyabean oil

Prabhudatta Mishra
New Delhi

The Agriculture Ministry has reportedly suggested a hike in the import duty of edible oils to protect domestic farmers so that they receive at least the minimum support prices for the oilseed crop. It is hopeful of a favourable decision soon.

Currently, the import duty (including cess) on crude palm oil, soyabean oil and sunflower oil is 5.5 per cent and on refined edible oils 13.75 per cent. Industry officials said there is zero duty on import of crude edible oil, which is very rare in any country and unless it is raised, farmers will not be motivated to grow oilseeds. The government is likely to soon announce the ₹6,800-crore national oilseeds mission. The Food Ministry is not averse to a hike as it also wants farmers be encouraged to grow more oilseeds, particularly in view of the upcoming rabi sowing season, when India's largest oilseed crop mustard will be sown, sources said. However, a final call on duty will be taken by the committee of ministers, headed by Cooperation Minister Amit Shah, the sources said. The Agriculture Ministry, without suggesting exactly how much increase in import duty should be made, has opined that the final import price of edible oil should not be less than costs of edible oils processed from any of the domestically grown oilseeds, the sources said. As the groundnut and soyabean crops will start arriving from next month, a decision is likely to be taken soon, the sources said.

UNUSUAL SITUATION. Industry officials said there is zero duty on import of crude edible oil, which is rare in any country KSL

Ajay Jhunjhunwala, President of Mumbai-based Solvent Extractors' Association of India, last month said in a statement that the industry was disappointed because of no announcement in the Budget regarding raising import duties on edible oils, as well bringing back the duty difference between crude oils and refined oils to minimum 15 per cent.

LOWER THAN MSP

On the other hand, the freshly harvested soyabean, which has started arriving in small quantities, is selling at an average ₹4,150/quintal in Madhya Pradesh and at ₹4,185/quintal in Maharashtra against the MSP of ₹4,892/quintal.

Even the new crop of groundnut is also selling lower than its MSP of ₹6,783/quintal, farmers said.

Business Standard Dt:- 27/08/24

UTTAR PRADESH

Govt plans agri clusters for ₹50K cr farm exports

VIRENDRA SINGH RAWAT
Lucknow, 26 August

The Uttar Pradesh government is targeting farm exports of ₹50,000 crore in the next three-four years with export-oriented agricultural and horticultural clusters.

Currently, the state's annual farm export is around ₹20,000 crore.

The state government plans to leverage the Centre's ₹1,800 crore Clean Plant Programme to enhance the quality of horticultural exports. Key export crops will include mangoes, non-basmati rice, Indian gooseberry (amla), and bananas.

In 2022-23, India harvested 355 million tonnes (mt) of horticulture crops whereas the export value of fresh fruits and vegetables reached ₹15,000 crore in 2023-24. Recent developments, such as Canada granting conditional market access for Indian horticultural products, are expected to further support these efforts.

Recently, Union Agriculture Minister Shivraj Singh Chouhan announced the establishment of 100 export-oriented horticulture clusters in the next five years. With nine distinct climate zones, fertile Indo-Gangetic plains, and abundant water resources, Uttar Pradesh is well-positioned to benefit from central schemes, a senior official in the Uttar Pradesh government said.

"Recognising the transformative potential of cluster farming, the state is upgrading existing agricultural clusters along with creating new ones for a range of fruits and crops," he said.

The state plans to leverage the Centre's ₹1,800 crore Clean Plant Programme to enhance the quality of horticultural exports

Additionally, the state is upgrading districts under flagship One District One Product (ODOP) farming for grading, packing, branding, and marketing through Common Facility Centres (CFCs).

Also, agricultural goods are being transported via the inland waterway from Prayagraj to Haldia. The state plans to extend this route to Ayodhya to benefit farmers in the Central and Eastern regions of the state. The upcoming Jewar International Airport is also expected to boost farm exports from the western region of the state.

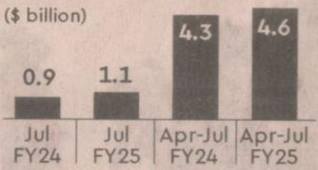
FINANCIAL EXPRESS. Dt: 27/08/24

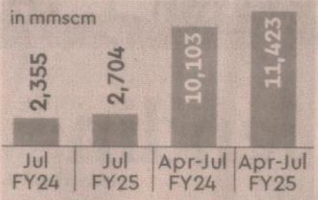
Natural gas imports rise 7% in Apr-Jul on high demand

ARUNIMA BHARADWAJ
New Delhi, August 26

TAKING STOCK

Imports of natural gas
($ billion)





Gas import dependency (%)

Source: PPAC

INDIA'S IMPORT BILL for natural gas rose by 7% to $4.6 billion during the first four months of the current fiscal, compared with $4.3 billion in the same period a year ago. The increase was due to a rise in consumption, particularly by the city gas distribution (CGD) companies and the power sector, data from the Petroleum Planning and Analysis Cell showed.

The import bill for July stood at $1.1 billion, registering an increase of 22% from the same period last fiscal. The country imported 11,423 million standard cubic metre of LNG (liquefied natural gas) during April to July, up by 13% from the corresponding period of FY24, the data showed. The growth was also supported by stabilised prices of natural gas from the earlier highs recorded in FY23, enabling consumers to buy more imported gas, as per analysts.

During the period, the country's consumption of natural gas rose by almost 9% to 23,364 mmscm, with major demand coming in from the CGD, fertiliser, and the power sector.

The power sector consumed 4,031 mmscm of natural gas in the first four months of FY25, up significantly by 31% from 3,071 mmscm in April-July of FY24 after the government mandated gas-based thermal plants to run at full capacity in order to meet the rising power demand.

Natural gas producing companies use some quantity of gas for their own use as internal consumption, while some quantity of gas is flared as a part of technical requirement. After flare, loss and internal consumption by gas producing companies, the net production for sale of gas to consuming sectors like power, fertiliser, CGD, refinery, and petrochemicals among others was approximately 83.2% of the gross production during July 2024, PPAC said.

In 2022, the sudden outbreak of war between Russia and Ukraine had led to a sharp increase in prices of natural gas in FY23, as a result of which gas lost its cost-competitiveness to the alternate fuels. Accordingly, natural gas consumption declined in FY23. However, with range-bound prices, analysts expect the consumption to grow in the medium term.

"With imported LNG prices expected to remain range-bound (at $10-$12/mmbtu), growth in domestic natural gas production and sizeable demand from key user industries, natural gas consumption is slated to grow significantly in the medium term," CareEdge Ratings had earlier said in a report.

As the imports continue to grow, the country's production of natural gas also saw a marginal increase of 4%. However, the production growth has remained below the set targets. State-owned ONGC produced 6,271 mmscm of natural gas in the period, 4% lower than the same period of last fiscal and much lower than the target of 6,548 mmscm for the period, according to PPAC data. Oil India, however, saw an increase of 6% in gas production from last year at 1,052 mmscm, but failed to reach the target of 1,272 mmscm gas production.

As a result, the country's dependence on imported gas rose to 48.9% from 46.9% in April-July of FY24.

Business Line. Dt:- 20/08/24

At WTO, India seeks consultation with Indonesia over safeguard duty on ceramic tile exports

Amiti Sen
New Delhi

India is in consultations with Indonesia at the WTO on the latter's proposal to extend safeguard duties on import of ceramic tile products from November, this year, for another two years, as it may further hit Indian exports of the item to the island nation, sources have said.

"India has requested for consultations with Indonesia at the WTO on its proposal to extend safeguard duties on ceramic tile products for another two years, from November 18 2024 till November 17 2026. It said that exchanging views with Indonesia on the extension of the measures was important as it had substantial trade interest in the export of the products concerned," the source told *businessline*.

Safeguard duties are custom duties that can be imposed temporarily by a member country of the World Trade Organisation to protect a specific domestic industry from an increase in imports of any product which is causing, or which is threatening to cause, harm to the industry.

DUTY ON INDIA

Indonesia proposes to impose safeguard duties of 12.72 per cent in the first year and then reduce it slightly to 12.44 per cent in the second year.

"While it is China that is primarily responsible for the continued inflow of ceramic

tile products into Indonesia, the extension of safeguard duties beyond November 2024 for another two years will hurt Indian exports, which have already dwindled over the last few years because of the country's safeguard measures," the source said.

The initial definitive safeguard measure on ceramic tile products was imposed by Indonesia from October 12, 2018, until October 11, 2021, and was then extended for another three years from November 18, 2021, until November 17, 2024.

While India was initially amongst countries exempted from safeguard duties, Indonesia decided to remove India and Vietnam from the exemption list in August, 2020.

DIP IN EXPORT

"There has been a steep fall in India's exports of ceramic tile products to Indonesia since 2020, indicating that the shipments don't pose a serious threat to domestic producers in the country," the source said. Exports of ceramic products to Indonesia fell from $76.08 million in 2019-20 to $26.08 million in 2023-24, per government figures. While China account for over 88 per cent of tota imports of ceramic til products to Indonesia, In dia's share is just 2.77 pe cent, per figures shared b the Indonesian government Although India's export o ceramic products to Indone sia have taken, its total ex port of the item has in creased. In 2023-24, Indi exported ceramic product worth $ 3.04 billion, 18.5 per cent higher than exports worth $2.57 billion, the pre vious fiscal.

Business Line, dt. 29/8/24

Black pepper prices lose sting on higher imports

V Sajeev Kumar
Kochi

Higher imports, coupled with reports of a higher carry forward of stocks in the market, have dragged black pepper prices down, registering a ₹14 per kg drop in the last three weeks.

Prices at the Kochi terminal market were quoted at ₹646 for the ungarbled variety, and it was ₹666 for the garbled varieties.

The quantities offered at the Kochi terminal market are 20-25 tonnes daily, mostly imported pepper, the Indian Pepper and Spices Trade Association said.

Kishor Shamji, Director of IPSTA, said pepper imports from Sri Lanka were on the higher side and in July alone, they made up 4,400 tonnes out of the total imports of 5,085 tonnes.

HIGHER INFLOW. Sri Lankan imports in July were 4,400 tonnes of the total 5,085

The market is witnessing a selling spree as importers are trying to liquidate their overbought stocks. This has created a panic in the market, fearing a further fall in prices, he said.

Besides, most of the Indian consuming markets are flooded with imported pepper, which is having quality problems of high moisture, low bulk density and presence of mould.

This has forced dealers to liquidate their stocks at discounted rates, which also resulted in the prices falling.

FESTIVAL DEMAND

The festival demand is yet to pick up in the upcountry markets in the wake of unfavourable climatic conditions that led to heavy rain in most of the consuming States, which witnessed a subdued buying, he said.

The reports of carry forward stock of pepper from 2022 to 2024 are unrealistic and have created unnecessary fear among the trade, prompting it to liquidate stocks, he said.

However, Shamji expressed the hope that the prices will likely stabilise in the coming weeks with the starting of the festival season in the North Indian markets, which is expected to perk up the demand.

Business Line, Dt. 29/8/24

Provide incentives for fishermen to adopt sustainable practices, say marine experts

Our Bureau
Kochi

Marine fishery experts have suggested offering incentives to encourage fishermen to adopt sustainable fishing practices and ensureing traceability in the sector. According to them, this is essential for maintaining sustainability and India's attempt to secure international certification for its fishery.

They were expressing their views at a consultative meeting held in Kochi to review the progress of the ongoing fishery improvement project aimed at achieving the Marine Stewardship Council (MSC) certification for deep sea shrimps, coastal shrimps and cephalopods from India.

BOOSTING THE SECTOR. The adoption of sustainable fishing practices will help secure global certification and enhance the reputation of India's seafood industry

Sunil Mohamed, Chair of the Sustainable Seafood Network of India, stressed the need for a robust system that tracks the origin of seafood from the catch to the buyer.

"Traceability is a critical factor in ensuring the sustainability of marine fisheries and gaining international recognition." he said.

"By incentivising fishermen to adopt traceable practices, India can enhance its reputation as a responsible seafood producer and secure access to lucrative markets," he said. The fishery improvement project (FIP) for 10 prioritised species was initiated in 2019.

The meeting was jointly organised by the World Wildlife Fund-India (WWF) and the Seafood Exporters Association of India.

ENHANCING VALUE

George Ninan, Director of CIFT, said by demonstrating commitment to sustainable practices, Indian fisheries can attract premium markets and improve the livelihoods of fishermen.

"By adopting stricter regulations, promoting traceability and fostering collaboration, the country can ensure that its marine resources are managed sustainably for generations to come," he said.

During the meeting, the Central Institute of Fisheries Technology (CIFT) said the use of square mesh will significantly reduce accidental catch of juvenile fish. "Adopting square mesh codends can lead to fuel savings of 2 to 3 litres per 12-hour operation," said V R Madhu, Principal Scientist at CIFT.

FINANCIAL EXPRESS. Dt:- 29/08/24

Import duties on edible oils may be raised soon

Subdued prices of oil seeds & demand from millers prompt move

SANDIP DAS
New Delhi, August 28

THE GOVERNMENT IS considering a proposal to raise import duties on crude and refined edible oils, with the domestic mandi prices of most oil seeds ruling below the minimum support prices for several months.

The agriculture ministry has suggested that the duty should be fixed in a way so the prices of imported oils are not less than the cost of cooking oils processed from any domestic variety of seeds. The government had reduced the tariffs on these products in early 2022, in the wake of lower domestic output and elevated prices. The global prices of edible oils, especially palm, soyabean and sunflower, had remained elevated in 2022-2023 but softened since the second half of last year, resulting in record imports. Easier crude oil imports have been adversely affecting the domestic oil processors.

A final decision on how much to raise the import duties on edible oils is likely to be taken by a committee of ministers, chaired by cooperation minister Amit Shah soon, sources said. Harvesting of kharif oilseeds, mainly soybean and groundnut, is likely to commence in October.

Currently, crude palm, soybean and sunflower oil imports attract no basic customs duty but only 5% agri infra cess and 10% education cess, resulting in a total tax incidence of 5.5%. To bring down prices last year, the Centre had reduced the import duty on refined soybean and sunflower oils to 13.75% from 17.5%.

The Solvent Extractors Association of India has urged the government to increase the gap between import duty of crude and refined edible oils to at least 13% from current level of 8.25% for protecting the domestic processing industry. The government has extended the lower import duty structure for palm, soybean and sunflower oils till March 31, 2025. Sources said that in addition to raising the import duty on oils, the government will have to intervene by purchasing the commodity at MSP as earlier announced by agriculture minister Shivraj Singh Chauhan.

Trade sources said that robust crop prospects and cheaper imports impacted the mandi price of soybean, which is currently ruling at around ₹4,300/quintal, around 12% below the MSP of ₹4,892/quintal in Madhya Pradesh and Maharashtra, the key producing states.

India is the world's second-largest consumer and the number one importer of vegetable oils. It meets about 58% of its annual consumption of around 24-25 million tonne (MT) through imports.

India's import of edible oils — palm, soybean and sunflower — rose 17% on year to a record 16.47 MT in the 2022-23 oil year (November-October), helped by lower import tariffs. The import of edible oil last oil year was valued at ₹1.38 lakh crore.

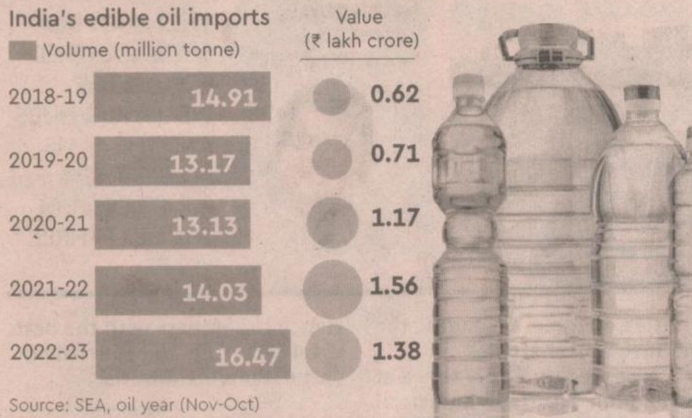
Currently, India produces about 42% of its domestic edible oil consumption requirement. Mustard (40%), soybean (24%) and groundnut (7%) are other oils that have a share in domestic production.

According to an official note, a lower import duty structure on cooking oils ensures that farmers find it less profitable to grow oilseeds due to lower selling prices compared to imported prices. According to the Soybean Processors Association of India (SOPA), the output of oilseed variety in the 2023-24 crop year was estimated at 11.9 MT, while the agriculture ministry has estimated the output at 13.05 MT.

"As of today, the output for 2024-25 crop is expected to be better than last year," D N Pathak, executive director, SOPA, told *FE*, while adding the actual crop conditions can be assessed by early October when the harvesting of oilseed commences.

In the last rabi season, despite having a record mustard production of 13.16 MT, the mandi prices were ruling below the MSP.

STABILISING DOMESTIC MARKET



Business Lines- Dt: 30/08/24

Tyre exports surge 17% to ₹6,219 crore in first quarter

Our Bureau
Kochi

Tyre exports recouped in the first quarter of FY25 and increased by 17 per cent to ₹6,219 crore. Tyre exports had declined by 14 per cent in the corresponding quarter in the previous year, according to data released by the Commerce Ministry.

Arnab Banerjee, Chairman of the Automotive Tyre Manufacturers Association (ATMA), said that sustained focus on R&D and development of advanced technology products aided by competitive pricing and branding efforts helped manufacturers drive growth in exports despite a challenging environment. Improving demand prospects in key export destinations and expected monetary easing also helped growth, he said.

Banerjee added that the country's globally-aligned regulatory environment for tyre manufacturing also augurs well for Indian-manufactured tyres. In terms of numbers, Passenger Car Radial (PCR) tyres accounted for the largest exported category from India, followed by Motorcycle and Farm/Agri tyres in Q1FY25. Indian-manufactured tyres are being exported to over 170 countries. The US was the largest export destination, with a 17 per cent share, followed by Brazil, Germany, France, and Italy.

In Q1, motorcycle tyres experienced the highest growth in export volumes, 38 per cent, followed by Truck & Bus Radial (TBR) tyres, 31 per cent. According to Banerjee, downside risks to Indian tyre exports include global supply chain disruptions, geopolitical risks, the West Asia crisis and rising shipping costs.

Business Lines. Dt:- 31/08/24.

Govt prepares for trade meetings with Kenya, Tanzania to push exports

Amiti Sen
New Delhi

India is preparing for joint trade council meetings with its top trading partners in Africa — Kenya and Tanzania — scheduled in September this year as the country eyes doubling trade with African nations to $200 billion by 2030.

"The Commerce and Industry Ministry is consulting with industry councils and other ministries and departments for the JTC meetings with Kenya and Tanzania next month with a focus on existing barriers and opportunities. An inter-ministerial consultation has been planned for the same. Africa is an important market as it holds a lot of potential and could help in its efforts to diversify," a person tracking the development told *businessline*.

In a note to the industry, the government sought information on tariffs barriers as well as non-tariff barriers such as regulatory issues and SPS measures. "Both Tanzania and Kenya are promising markets and with some focussed attention there is a possibility for trade and investment to grow manifold," the source said.

PROBLEMS FACED

Some of the general problems faced by Indian exporters in the two African countries include procedural obstacles leading to administrative and bureaucratic delays as well as standards and measures imposed for various sectors impeding imports, the source added. "The government hopes to identify specific problems affecting different sectors so that solutions could be sought," the source said.

India-Tanzania bilateral trade increased to $7.9 billion in 2023-24, posting a 22 per cent growth over the previous year, which elevated Tanzania to the position of India's second-largest trade partner in Africa, up from the third position last year, per a statement issued by the Indian High Commission in Dar es Salaam earlier this year. India's exports were valued at $4.6 billion during the fiscal, imports were at $3.3 billion.

Tanzania exports a variety of agriculture products to India including cashew nut, pigeon peas and soybean

India exports essential commodities such as petroleum products, industrial machinery, and tractors, which facilitate industrialisation and economic growth, the statement added. It also supplies life-saving pharmaceutical products at competitive prices. "Indian motorcycles and automobiles are quite popular among Tanzanians," the statement added.

Tanzania exports a variety of agriculture products to India including cashew nuts, pigeon peas, soybeans and avocado and also gold and coal.

India's exports to Kenya in 2023-24 were valued at $ 3.35 billion while imports were at $176.34 million. Exports from India to Kenya are similar to those exported to Tanzania.

Kenya's exports to India comprise tea, coffee, soda ash, edible vegetables, copper and articles, fertilizers, metal scrap, miscellaneous chemical products, lead and articles and zinc and articles.