Business Line dt 15.12.22

Indian exporters on Amazon clock 100% growth in high sales week

Our Bureau
Bengaluru

LOWER FEE. This year, Amazon slashed the subscription fee for new exporters joining its global selling programme for the first three months

Indian exporters on Amazon Global Selling clocked over 100 per cent business growth compared to business as usual (week in November), during the Black Friday and Cyber Monday (BFCM) sale events held globally between November 24 and 28 November.

Customers across Amazon global marketplaces like North America, Europe, the Middle East and Africa, shopped the highest from Indian exporters with Australia, Japan and Singapore also reporting high growth for sellers. The highest growth was seen in categories such as toys (60 per cent), kitchen (40 per cent), home (25 per cent), jewellery and grocery (20 per cent).

According to Amazon, globally popular Indian brands such as Vahdam, Skillmatics, California Design Den, VirVentures and Kart It, among others remained in high demand during the sale.

'MADE IN INDIA'

Bhupen Wakankar, Director, Global Trade, Amazon India, said, "The accelerated growth of Indian exporters is a testament to the momentum we are seeing in our e-commerce exports programme. With Amazon Global Selling, entrepreneurs of all sizes from across India are able to leverage Amazon's investments in logistics and infrastructure to cater to customers across the world. We are humbled to play a role in taking their Made in India products global as we continue to work towards our pledge of enabling $20 billion in cumulative exports from India by 2025.

This year, Amazon slashed the subscription fee for new exporters joining its Global Selling program for the first three months, among other initiatives, leading to about 50 per cent jump in new seller sign-ups.

WHO TOPPED?

According to Amazon, globally popular Indian brands such as Vahdam, Skillmatics, California Design Den, VirVentures and Kart It, remained in high demand during the Black Friday, Cyber Monday sale

Business Line dt. 15.12.22

Govt eases import rules to give agro chem technology a 'Make in India' push

Prabhudatta Mishra
New Delhi

The Centre has asked officials to encourage pesticide companies to import formulations and produce necessary agro chem in the country. It has, therefore, relaxed some rules under ease of doing business while continuing with the compulsory registration of technology with the Central Insecticide Board (CIB).

"We have taken some decisions that will help improve the "Make in India" push, as any technology in operation for 20 years abroad should also be available in the country. However, importers of formulations have to register," said PK Singh, chairman of the Registration Committee (RC) of the CIB.

For instance, in the 442 meeting of the RC, which was held last month but minutes were made public a few days ago, it has been decided that accelerated storage data could be considered for the grant of a provisional shelf-life.

HUGE PROSPECTS. India has a growing market for agro chem, believes the parliamentary committee

DATA PROTECTION

"However, in such cases, the Certificate of Registration (CR) shall be issued with a validity of two years. Shelf life claim of up to two years, or as the case may be, (provisionally) be granted to the insecticides with the condition that the applicant is required to submit real-time/actual storage stability study data in the proposed construct and container of sale for a duration of minimum 30 months, within two-and-a-half years of the submission of the application for granting the registration, failing which the registration certificate shall stand invalid," it said. There has been a tussle between foreign companies and Indian firms, as many of the global firms do not bring in formulation due to fear of a data privacy breach.

Customs duty is another area of concern. CropLife India, an industry body of crop science companies, last year urged the government to retain a 10-per cent uniform basic customs duty for both technical raw materials and formulations.

The Parliamentary Standing Committee on Agriculture has rejected the pesticide industry's demand for data protection. In its 36th Report on The Pesticide Management Bill, 2020, the Standing Committee on the controversial issue of Protection for Regulatory Data (PRD) appreciated "the fact that no provision" of data protection for the introduction of new molecules or products has been consciously incorporated into the Pesticide Management Bill, 2020, by the government as it will not only protect the domestic industry, which primarily relies on the production of "generic pesticides," but also farmers, who will benefit from the availability of cheaper pesticides.

It said, "the Committee also believes that India has a very large and growing market for agro chem and with huge arable land, it will be able to attract the introduction of new molecules from foreign as well as domestic companies even without provision for any data protection."

Business Line dt. 15.12.22

Cotton rules at premium to global rates

DEMAND-SUPPLY IMBALANCE. Traders, mills worried as section of trade alleges farmers of holding back produce

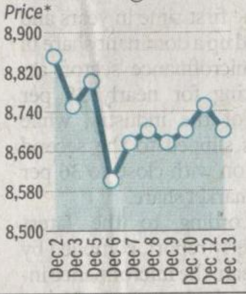
Subramani Ra Mancombu
Chennai

Cotton prices are ruling firm above ₹65,000 a candy (356 kg), but the trend has left the trade divided over reasons for lower arrivals this season. In view of the firm trend in prices, which are 20 per cent higher than global rates, the natural fibre consumption will likely be lower, stakeholders say.

Currently, Shankar-6 cotton, the benchmark for exports, is quoted at ₹67,500 a candy. On the InterContinental Exchange in New York, cotton is quoted at 79.69 US cents a pound (₹52,150/candy) for delivery in March. On MCX, cotton for delivery this month is quoted at ₹31.310 for a bale of 170 kg (₹65,566/candy).

RULING HIGH. At the Rajkot APMC yard, the modal price of raw cotton is currently ₹8,700-8,800 a quintal PTI

Fluctuating trend*



*Prices in ₹/quintal at Rajkot APMC, Gujarat
Source: Agmarknet

ARRIVALS LOWER

At the Rajkot agricultural produce marketing committee (APMC) yard in Gujarat, the modal price (rates at which most trades take place) of raw cotton is currently ₹8,700-8,800 a quintal, at least ₹500 higher than the same time a year ago. "This is because arrivals are low as farmers are holding back the produce hoping to get a higher price," said Rajkot-based cotton, yarn, and cotton waste trader Anand Popat.

"Over 125 lakh bales of cotton have been harvested. But hardly 50 per cent of the harvested crop has arrived in the markets. Looks like farmers want prices like last year, but the chances of cotton prices ruling high are remote," he said. "Till December 15, 65 lakh bales of cotton have arrived across APMC yards in the country. Even if 20 lakh bales arrive until December 31, at least 240 lakh bales will have to arrive between January 1 and June 30, taking into account the 340-350 lakh bales production estimate," Ramanuj Das Boob, a sourcing agent for multinationals in Raichur, Karnataka.

This would mean 1.3-1.4 lakh bales of cotton will have to arrive daily from January 1.

"It is difficult to see that much cotton arriving. Probably, the production, which looked bright until two months ago on higher acreage and a quality crop, may have been hit by the vagaries of weather in States such as Telangana and Karnataka," he said. But Popat said last week, arrivals were 8 lakh bales. The high prices for cotton are now deterring the textile industry. "Spinning mills are working at 50 to 70 per cent capacity," Popat said.

Last week, the Indian Cotton Association President Atul S Ganatra wrote to Union Commerce Minister Piyush Goyal urging the Centre to scrap the 11 per cent import duty on cotton in view of domestic prices ruling over 15 per cent higher than global rates. "Import duty removal will play a crucial role in determining the competitiveness of the value chain in immediate future order bookings for apparel exports," said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation.

"Domestic demand for cotton is muted due to low fabric demand. The high price compared to other countries is affecting the overall competitiveness whendemand is price sensitive," said Ronak Chiripal, CEO, Nandan Terry.

report by audit firm Mazars. extradition

Business Standard dt 15.12.22

Global trade jumps to record $32 trn in 2022

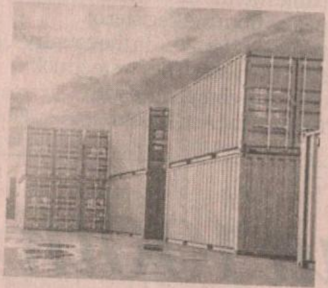
BLOOMBERG
13 December

The value of global trade is set to reach a new record this year, increasing by about 12 per cent to an estimated $32 trillion, according to a UN report that signaled a slowdown heading into 2023.

Trade in merchandise goods soared to $25 trn, increase of about 10%; trade in services grew 15% to nearly $7mn

"The substantial trade growth during the last year was largely due to increases in the value of the trade of energy products," the United Nations Conference on Trade and Development said in the report released Tuesday.

Trade in merchandise goods soared to $25 trillion, an increase of about 10 per cent versus the prior year. Trade in services grew 15 per cent year-over-year to nearly $7 trillion, according to the report.



The UN body expects the inflation-adjusted value of global trade will diminish next year because of the combined impact of geopolitical frictions, lower economic growth, higher prices for goods and record levels of global debt. Based on volumes, "trade continued to increase throughout 2022, a signal of resilient global demand," the report stated.

Still, weaker economic growth and inflation are likely to hamper international commerce in the year ahead. "While the outlook for global trade remains uncertain, negative factors appear to outweigh positive trends," Financial Express dt. 15.12.22

Spinners, apparel hubs in crisis as US & EU orders dry up

NAYAN DAVE & SAJAN C KUMAR
Ahmedabad/ Chennai,
December 13

EXPORT WOES
PART-I

The first report in this series looks at how the country's textiles hubs are hit by a fall in overseas orders & witnessing job losses already.

IF INDIA'S EXPORTS of goods fell 16.6% on year in October, the first monthly contraction in 19 months, the fall had begun in the two largest labour-intensive sectors — textiles & clothing and gems & jewellery — much earlier and was even sharper. Consider this: the country's exports of readymade garments fell to a 28-month low of $988.7 million in October; cotton yarn exports plunged by 46% to $719 million in the month; knitwear exports from the largest hub Tirupur declined 17.4% on year in August, 33.1% in September and 39.8% in October. Textile and garment exports as a whole contracted 8.5% to $18.3 billion in the first half of FY23 from a year before, far underperforming a 17.8% growth in overall merchandise exports.

Similarly, gross exports of gems & jewellery plummeted 22.4% in October to $3.135 billion.

With the country's top two textiles and apparel export markets — the US and the EU — witnessing a sharp demand slowdown, shipments will continue to remain under pressure in the coming months. Given the multiple shocks that weigh on the global economy and the forecast that growth in world trade volumes will fall to a dismal 1% next year, the short-term outlook for apparel exports is grim. A moderation in input costs, a fall in ocean freight and an easing of congestion at key shipping routes, may give some relief to exporters at this juncture, but may not suffice to avert a crisis.

In fact, there has been an erosion of India's export competitiveness in textiles and apparel segments in recent years and the target to accelerate the shipments to $100 billion in five years looks daunting, if not impossible.

"The current fiscal is the worst in history for the entire textile value chain. Record high domestic cotton prices between April-August added to the woes," says Rahul Shah, member, Textile Export Promotion Council. For the first time in history, India had to import cotton yarn in June and July, he notes.

Sivaramakrishnan Ganapathi, executive vice chairman and managing director at Gokaldas Exports, however, remains optimistic. "Shipping constraints have reduced compared to last fiscal. Also, ocean freights have eased considerably," he says, adding that the medium- to long-term prospects for Indian apparel exports are likely to remain strong. The company, he says, is "closely watching" the demand scenario in the US market.

Continued on Page 10

from year-to-date highs.

The 2-year Treasury yield is down 52 basis points from its peak. The Fed is expected to deliver a smaller 50 basis points rate increase this week after four back-to-back hikes of three-quarters of a percentage point. — **Reuters**

Our bureau adds: Currency market experts said the relative stability of the rupee in recent weeks had reassured the central bank the volatility has been contained. "The RBI seems to be less worried about volatility in the Indian currency," said a dealer with a bank.

In October, there was a fairly wide variance between the spot rupee and the NDFs, causing volatility and pressure on the rupee. That had prompted the RBI to monitor the positions held by banks in the offshore or NDF market and later to ask them not to take positions exploit the arbitrage.

Meanwhile, the interest rate differential between the US and India is narrowing. The RBI is expected to end the rate-hike cycle in February while the US Federal Reserve is expected to moderate rate hikes following the better-than expected inflation data for November. The US Fed Funds rate is expected to rise to 5%, or at most 5.25% while the repo rate is tipped to rise to 6.5% after another 25 basis point hike in February. Since 2008, at the time of the global financial crisis, the differential in the interest rates between US, has been, for the most part, approximately four percentage points.

On Tuesday, the rupee fell to 82.8050 against the dollar, losing 27 paise over Monday's levels. It was not clear whether the central bank intervened in the market. "If the rupee loses more value, the RBI may step in," said a dealer.

P/10 contd. from P/1

Spinners, apparel hubs in crisis as US orders dry up

A TOP EXECUTIVE with a leading Ahmedabad-based company says that it will likely be a "long winter in Europe" due to the energy crisis. Moreover, high inflation and resultant tight monetary policy in the US and EU, possible recession in the west and continuous depreciation of euro will make things even tougher for India's textile and apparel companies, he adds, on condition of anonymity.

Industry players also note that cost of living in Europe has increased considerably in the wake of soaring gas and crude oil prices, caused by the Ukraine war. All these factors, they observe, have seriously dented the overall demand for products in the entire textile value chain — from yarn, fabrics, to made-ups and garments.

Cotton yarn manufacturers are facing even bigger challenges. A sharp decline in exports has reflected on nearly 600-odd spinning mills in Gujarat, where 60% of the total production is exported, mainly to the US and EU, says Gautam Dhamsania, secretary, Spinners Association of Gujarat.

Though domestic cotton prices have fallen compared to all-time high levels a few a months ago, these are still hovering at elevated levels of ₹68,000-₹70,000 per candy (356 kg per candy), higher than international prices. According to Dhamsania, spinning mills in the state are incurring losses of ₹15-20 per kg of yarn and are running below 60% capacity.

Knitwear exports from Tirupur cluster, one of Asia's largest export hubs, have been hit hard by the slowdown in the US and the EU, which conventionally accounted for over 70% of the shipments. Year-on year decline in shipments started in August and has since been sharper. Export of knitwear from the hub fell to $0.264 billion in October from $0.329 billion in August.

While new orders have dried up, many buyers in the US and EU have withdrawn past orders citing unsold stocks. Exporters in the town hope that with in the Christmas and Thanksgiving season, the EU and US buyers will be able to clear the stocks and book fresh consignments.

Kumar Duraiswamy of Eastern Global Clothing, one of the major exporters from Tirupur, says: We have been impacted since August. Around 30-40% of the exporters are working with half the capacity, but are still not resorting to layoffs." Apart from the summer season orders from western markets, Tirupur exporters are also pinning their hopes on demand from West Asia, which accounts for 15% of the exports.

Chintan Parikh, founder and chairman of of Ahmedabad-based Ashima, believes uncertainty is prevailing due to recession in the US market. "It is difficult to forecast exports prospects in the current situation, but we are hoping for things to improve in coming months," he adds.

Amidst all these odds, the easing of the global logistic movements, a narrowing of the spread between international and domestic cotton prices, and fresh arrival of the fibre are a few positive factors, says Chintan Thaker, group president at Welspun Group. While export sales are down, the ongoing wedding season in the country too has come to the rescue for the Indian textile and garment sector, says Himanshu Bodawala, president of Suratbased South Gujarat Chamber of Commerce & Industry.

Given the difficult situation, the Tirupur exporters have started exploring possibilities in "man-made fibre" (MMF) based exports, shifting away from the traditional cotton-centric approach. Big US and EU retailers and brands may scale up buying from India if the MMF is used for knitwear manufacturing, according to Tirupur industry circles. "We are going to create an ecosystem to develop MMF-based products," Duraiswamy adds. Also, thanks to India's free trade agreement with Australia, the Tirupur exporters are now looking at making a footprint Down Under. The UK market also look promising for exporters from the garment hub.

However, it is clear that the textile and garment industry, the largest employment creator after agriculture, needs policy support to meet the targets set. A historical policy bias towards the cotton-based value chain when global consumption pattern veers towards manmade fibre and technical textiles products, domination of small and medium businesses with limited scale, inflexible labour rules for decades, and high logistics costs have hurt this sector. The government came out with a ₹6,600-crore package for garments exporters in 2016. It also allowed fixed-term employment to address the issue of seasonality in order flows. However, the relief hardly paid off.

The government announced a ₹10,683-crore production-linked incentive scheme for only manmade fibre-based and technical textiles products, and selected eligible companies this year. Since the incentive offtake is now expected to be lower, it's planning to roll out a second PLI scheme for the sector.

DH 15.12.22

BUMPER OUTPUT SEEN THIS CROP YEAR

Wheat exports ban review likely in Mar

Shipment of 2.5 MT allowed since ban

BANIKINKAR PATTANAYAK
New Delhi, December 13

THE GOVERNMENT WILL likely review a ban on wheat exports in March 2023 when it will have greater clarity on the harvest of the key winter-sown crop, official sources told *FE*.

With about a fortnight remaining for the winter sowing to be over, the area under the wheat crop has jumped 25% from a year before. This has prompted the government to expect a bumper wheat production in the current crop year through June 2023 if weather remains favourable, said the sources.

The wheat yield in the 2021-22 crop year was curtailed significantly by intense heatwave in March, which led to a fall in production from the expected level and the subsequent ban on the grain's exports in May. Wheat output dropped 3% on year in 2021-22 to almost 107 million tonne, according to official estimates, but private traders pegged it below 100 million tonne (MT).

"A review of the wheat export ban could be done in March when the government will assess the demand-supply situation. So far, the production prospect looks encouraging but we will have to closely monitor the weather," said an official.

While imposing the export ban in May, the Centre, however, allowed wheat despatches that were backed by letters of credit (LCs) issued prior to the ban, and also through government-to-government deals.

Official sources said the Centre has allowed wheat exports of 2.5 MT since the May ban, only about 2,00,000-250,000 tonne of which have taken place through government-to-government deals. After taking into accounts the despatches of 2.2 MT before the ban, wheat exports this fiscal stand at 4.7 MT, way below those of 7.2 MT in the entire FY22 when there was no prohibition.

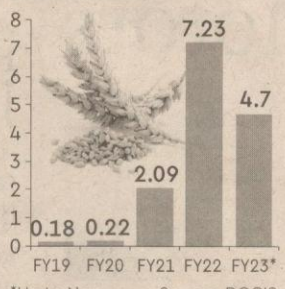
The requests for government-to-government deals from other countries dropped after New Delhi allowed wheat exports against the earlier LCs, one of the sources said.

At the wholesale level, wheat inflation eased for a second straight month since August in the wake of the ban, but it still remained elevated at 16.25% in October. However, wheat inflation is expected to have dropped further in October.

Wheat stocks with the state-run Food Corporation of India (FCI) hit 19.03 MT as of December 1, lower than the buffer requirement of 20.52 MT for October 1 each year. However, they are higher than the requirement of 13.8 MT stipulated for January 1.

WHEAT EXPORTS

(Million tonnes)



*Up to Nov Source: DGCIS

Business Line dt. 15.12.22

Edible oil imports up 12% in November

Our Bureau
Mangaluru

Import of RBD palmolein increased 58% to 2.02 lakh tonnes driving the overall trend up

India imported 15.28 lakh tonnes (lt) of edible oil in November, against 13.65 lt in October, a growth of 11.92 per cent.

Imports increased by 34.24 per cent in the first month of the 2022-23 oil year (November to October). Imports of edible oil increased to 15.28 lt in November 2022-23, against 11.38 lt in November 2021-22, data from the Solvent Extractors' Association (SEA) of India showed. BV Mehta, Executive Director, SEA of India, said the country imported 9.31 lt of CPO in November against 7.56 lt in October, recording a growth of 23.05 per cent. November's CPO import was the highest for a single month.

DUTY DIFFERENTIAL

India's import of RBD palmolein increased to 2.02 lt in November, against 1.27 lt in October, a growth of 58.07 per cent.

During November, India imported 2.83 lt of CPO and 29,900 tonnes of RBD palmolein from Malaysia; and 5.19 lt of CPO and 1.72 lt of RBD palmolein from Indonesia.

Stating that the excessive import of RBD palmolein hits domestic refiners, Mehta said the current import duty difference of 7.5 per cent between CPO (5 per cent) and refined oil (12.5 per cent) encourages import of refined palmolein, as opposed to CPO. Palmolein imports increased by 168 per cent during the just concluded oil year 2021-22, he said, adding, the import of RBD palmolein crossed over 2 lt in November alone.

"Needless to say, the import of finished goods is contrary to our national interests and affects the capacity utilisation of our palm refining industry. The main reason for the rise in palmolein imports is the encouragement given by exporting countries (Malaysia and Indonesia) to their industry. They have kept high export duties on CPO and low export duty on palmolein (finished product). The import duty difference of 7.5 per cent levied by India between CPO and palmolein is insufficient to block palmolein imports," he said.

Import of crude soyabean oil came down to 2.29 lt in November from 3.34 lt in October

Business Line dt. 15.12.22

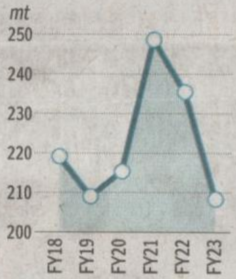
Coal imports to rise to 219 mt in FY23

Rishi Ranjan Kala
New Delhi

Coal imports are expected to grow by 5 per cent y-o-y to 219 million tonnes (mt) in the current financial year with inbound shipments of coking coal pegged at 60 mt and non-coking coal at 159 mt. "As per the annual plan for 2022-23, the targets for domestic production of coal is 911 mt and import 219 mt," Coal Minister Pralhad Joshi said in a written response to a starred question in Lok Sabha.

As per government data, the total quantum of coal imported during the January-September 2022 period stood at 179.95 mt with the average landed price at ₹19,324.79 per tonne. India's cumulative coal requirement in FY23 is expected at 1,087 mt, with the power sector requiring 775 mt, steel 70 mt and the non-regulated sector industries such as sponge, iron and cement 242 mt. Coal import for the power sector rose in FY23 due to a lower supply from domestic sources and higher demand during the summer peak power demand.

Year-wise imports



Source: Coal Ministry

STOCK ON HAND

Against the total import of 27 mt in FY22, the import of the key commodity during April-October period of FY23 stood at 38.84 mt. As per the Central Electricity Authority, the stock of imported coal available at power plants as of January 2022 was 1.1 mt, which rose to 6.3 mt as of October 2022.

India largely imports coking coal and high grade coal which are essential as domestic production is limited due to scarce reserves or non-availability. Coal is kept under Open General License and consumers are free to import coal from the source of their choice as per their contractual prices on payment of applicable duty.