

Business Line Dt: 07/11/23

Faced with glut, lower prices, Bengal potato growers export to Bangladesh

Mithun Dasgupta

Kolkata

Facing a supply glut and lower prices in markets, potato growers from West Bengal have started exporting the tuber to neighbouring Bangladesh. "It is getting difficult to sell the potato stock that the State currently has. Farmers are not getting the prices they want due to over-supply. So, some big farmers have started exporting to Bangladesh," Kamal Dey, member of the State agriculture marketing task force, told *businessline*.

At Sealdah's Koley market in Kolkata, wholesale prices of the Jyoti potato variety hover around ₹15-16 per kg, which is lower than that quoted in the same period last year. The State government has control over market prices of the widely used Jyoti variety, which is also a high-yielding variety of the tuber.



Potatoes from Ranchi have already arrived in the West Bengal markets, and supplies from Punjab are likely to arrive from early December.

OLD STOCKS

Moreover, Bengal's early varieties of potato like Pukhraj, are expected to hit the markets from the third week of December. "After the arrival of fresh produce, people do not want to buy old stocks. That is why potatoes are being exported to Bangladesh for a few days. Without exports, growers with old stock, would face a difficult

situation," Dey said, adding last year West Bengal had exported a very small quantity to the neighbouring country.

During 2022-23, potato was cultivated in around 4.60 lakh hectares in West Bengal, the country's second largest potato-growing State, and total production was around 100 lakh tonnes, which was higher than that in 2021-22. "The current prices are significantly lower than that of the last year. It is difficult to predict whether prices would remain in this range. Potato arrivals from Uttar Pradesh can change many things," said Patit Paban De, a member of the West Bengal Cold Storage Association. Full scale sowing of potatoes starts from mid-November in Bengal, while the crop is harvested the following January. For 2023-24, full scale sowing is expected to commence during the same period given favourable weather conditions prevail.

Business Line Dt: 07/11/23

Centre to promote exports of processed food products for better price realisation

Prabhudatta Mishra

New Delhi

The government will continue promoting the export of processed food products in place of raw agriculture commodities, said Commerce Secretary Sunil Barthwal while highlighting that the share of processed foods in the agri export basket has increased to 27 per cent from 14 per cent in the past decade.

After visiting stalls at the ongoing World Food India 2023 exhibition in Delhi, Barthwal said that over 1,000 buyers from abroad have come from 80 countries, including about 135 from the Middle East, at the invitation of Agricultural and Processed Food Products Export Development Authority (APEDA), Marine Products Export Development Authority



Sunil Barthwal,
Commerce Secretary

(MPEDA), Spice Board, Tea Board and Coffee Board.

He said the priority will always be for the government to ensure sufficient availability for the 1.4 billion people of the country, and only the surplus has to be exported. Since the better price realisation comes from processed foods, the government would like exporters to process those raw products in the country and ship them

after converting them to value-added products as per global demand.

MoU WITH LULU

APEDA on Friday, signed an MoU with LuLu Hypermarket to work agri products in the global market. The MoU, aimed at boosting exports of agricultural products to the Gulf Cooperation Countries, was signed between APEDA Chairman, Abhishek Dev and Chairman-cum-Managing Director of LuLu Group, Mr Yusuf Ali MA at the World Food India 2023. The LuLu Group International (LLC) has its presence across the GCC, Egypt, India and the Far East with 247 stores in operation and 24 shopping malls.

As per the MoU document, LLC will actively promote and showcase a wide range of products in APEDA basket of agricultural and processed

food products in its retail outlets. A dedicated shelf space will be allocated within LuLu stores to display Apeda's products prominently and to enhance their visibility. Besides, APEDA and LLC will also engage with consumers through joint interactive events, sampling/tasting campaigns, season specific campaigns for fruits and vegetables and the promotion of products arising from Himalayan/North Eastern States, organic products, according to a statement by Commerce Ministry released Monday.

APEDA also facilitated signing of MoUs of Marketing Boards of Arunachal Pradesh, Jammu and Meghalaya as well as Sher-e-Kashmir University of Agricultural Sciences & Technology with Lulu group aimed at boosting exports potential from Himalayan and North Eastern States, it said.

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Coonoor auctions: Erbil Expo boosts CTC leaf exports

V Sajeev Kumar

Kochi

Tea exporters in Coonoor are pinning hopes on getting orders for more shipments, thanks to a strong demand from Iraqi buyers after Erbil Expo was held in that country two weeks ago.

Dipak Shah, president of South India Tea Exporters Association told *businessline* that there has been considerable interest shown by Iraqi buyers for larger grades of CTC leaf in which its prices went up by ₹15 per kg over a period of three weeks. Coonoor is the main market for these particular grades and Iraq is the only country buying the grades in large quantities, he said.

The emerging situation, according to Shah, would be a relief to the tea exporting community in South India. It would generate more business,

especially when there has been a subdued overseas demand for the brew due to the ongoing West Asian crisis. However, he went on to add that the overseas markets are very volatile in the changing situations and the buyer community is vary of taking orders for large quantities. Meanwhile, in Coonoor tea auctions, 81 per cent of the leaf offerings was sold of the offered quantity of 14,43,640 kg. The dust market also witnessed good selling at 80 per cent out of the offered quantity of 4,24,461 kg in sale 44.

Global Tea Auctioneers said better medium sorts in CTC leaf were dearer by ₹1 to 2 and more at times in line with quality. But high-priced and better liquoring sorts were generally easier and, occasionally some quality lots sold dearer by ₹4 to 5 and more at times. The brokens were occasionally dearer by ₹1 to 2 and more at times.

4 nations to make up for India's rice export curbs

FOOD SECURITY CONCERNS. FAO says global rice reserves to increase this year on accumulation by New Delhi

Our Bureau
Chennai

stock drawdowns in all other major rice exporters," the report done thrice a year said.

Indian exports will be lower in view of various curbs imposed by India on rice shipments since September 2022.

The Government banned shipments of broken rice in September 2022, while banning white rice exports in July this year. It has imposed a 20 per cent duty on parboiled rice from August 26 and fixed \$950 a tonne as the minimum export price for basmati shipments.

The measures have been taken to ensure food security in the country in view of the paddy crop being affected by truant weather. The Agriculture Ministry has estimated rice production at 106.31 mt against a target of 112 mt.

Last year, kharif production was 110 mt.

Rice exports by countries such as Thailand have helped to bring down rice prices by 2 per cent in October from September.



TO GATHER STEAM. World rice reserves at the close of 2023-24 marketing season (September-August) are forecast to recover by 1.5 per cent year-on-year to a peak of 198.9 mt.

"International rice prices dropped by 2 per cent amid generally passive global import demand," the FAO said in its price index.

UP 24% Y-O-Y

In its Rice Price Update, the UN arm said the FAO All Rice Price Index averaged 138.9 points in October 2023, but it was 24 per cent above the year-ago value.

"Export quotations de-

clined in all the major market segments in October," it said. The price weakness was "most evident" in the Japonica and Glutinous markets, where generally quiet trading activities were compounded by harvest progress of Calrose rice in California and Glutinous rice in Thailand.

This resulted in the Japonica Index shedding 8.9 per cent of its September

value to arrive at its lowest level since December 2021, while the Glutinous Index retreated by 5.3 per cent to a three-month low.

BUYERS SHY AWAY

In Asian markets of Indica rice, which India produces, substantial deals were largely confined to continued purchases by Indonesia's Bulog in October.

India also approved shipments of one million tonnes to seven nations to meet food emergencies in African nations and fulfil its bilateral commitments with countries such as Singapore.

However, buyers continued to refrain from making substantial purchases, resulting in exports falling across much of Asia, the FAO update said.

In Thailand, the sustained weakness of the baht against the US dollar added to the weak offshore demand. New crop arrivals in Pakistan helped defy the upward influence of a rebound in the value of the

Pakistani rupee on prices.

Vietnamese quotations proved somewhat more resilient, especially those of lower grade rice, as availability for export was tighter.

ASIAN RICE

According to the Thai Rice Exporters Association, between August first week - when prices zoomed on Indian export curbs - and now, prices of Thailand's 5 per cent broken white rice have dropped by 5 per cent to \$584 a tonne from \$612, while its 25 per cent broken white rice is quoted nearly eight per cent lower at \$558 against \$605.

Bangkok's parboiled rice prices have dropped to \$584 from 615.

In India's case, parboiled rice prices are currently ruling at \$498-502 against \$478-482 a tonne.

Like India, Vietnam's quotes for white rice have increased, while Pakistan is offering its cereal at substantial discount to Thailand's prices ranging from \$20 to \$60 a tonne.

Thailand, Pakistan, Myanmar and Cambodia will likely compensate for reduced shipments of rice from India and Vietnam and exports from Asia are likely to be 55.4 million tonnes (mt), 6 per cent higher than the five-year average, the Food and Agriculture Organisation has said.

The UN body, in its Global Information and Early Warning System on Food Agriculture's "Crop Prospects and Food Situation" report, said world rice reserves at the close of 2023-24 marketing season (September-August) are forecast to recover by 1.5 per cent year-on-year to a peak of 198.9 mt.

"However, much of this increase is envisaged to take place in India, where another accumulation, coupled with carry-out recoveries in Pakistan and the US, could overshadow

China exports tumble; IMF raises GDP growth forecasts

Beijing is owed more than \$1 trillion in BRI project debt, says report

BLOOMBERG & REUTERS

7 November

China's exports of gasoline, diesel and other fuels fell to the lowest in four months in October as refiners risk exhausting government quotas that expire at the end of the year.

Overseas shipments of oil products fell 5 per cent from a month earlier to 5.17 million metric tons in October, according to customs data released Tuesday. Imports of crude rose.

Refiners in the world's biggest oil consumer are facing a shortage of export permits after the government told them in September it wouldn't increase

the number, which is already above last year's total. That could potentially tighten global markets and increase fuel prices in a boost to processors outside China that are grappling with declining margins.

Oil processors had used up 80 per cent of their export allowances by end-September, according to Li Chunyan, an analyst with industry consultant OilChem. That rate could rise to 95 per cent by the end of this month on the basis of preliminary export plans, she said. China will publish a breakdown of oil product exports on Nov. 18. The category also includes fuel oil, jet fuel and naphtha.

IMF upgrades GDP growth forecasts

China's economy is set to grow 5.4 per cent this year, having made a "strong" post-Covid recovery, the International Monetary Fund said on Tuesday, making an upward revision to its earlier forecast of 5 per cent growth, while expecting slower growth next year.

The IMF said continued weakness in the property sector and subdued external demand could restrict gross domestic product growth to 4.6 per cent in 2024, which was still better than the 4.2 per cent forecast contained in its World Economic Outlook (WEO),

published in October.

The upward revision followed a decision by China to approve a 1 trillion yuan (\$137 billion) sovereign bond issue and allow local governments to frontload part of their 2024 bond quotas, in a move to support the economy.

World's biggest debt collector

China is owed more than a trillion dollars through its Belt and Road project, making it the biggest debt collector in the world, a report said this week, with an estimated 80 per cent of the loans supporting countries in financial distress.

India may slash EV import tax to secure UK trade deal

30% tariff being considered on 2,500 EVs imported annually from UK

BLOOMBERG
8 November

India is proposing reducing import taxes on some electric vehicles from the United Kingdom (UK) in an effort to clinch a free-trade deal between the two nations by the end of the year, according to two people familiar with the discussions.

New Delhi is considering a concessional tariff of 30 per cent on 2,500 electric vehicles imported annually from the UK priced above \$80,000 (about ₹66 lakh), the people said, asking not to be identified as the talks are private. India currently levies taxes between 70 per cent and 100 per cent on cars imported as completely built units, depending on their value.

The UK's demand for import concessions on electric vehicles is one of the few outstanding issues in the free trade talks. British Prime Minister Rishi Sunak and Prime Minister Narendra Modi had hoped to finalise the agreement by the end of last month, but it's unlikely a deal will now be announced until December, Bloomberg News previously reported.

India's trade ministry did not immediately respond to a request for information.

A spokesperson for the UK trade department declined to comment as the talks are still ongoing. India is the world's most populous country, with demand for electric vehicles rising among middle-class and wealthy buyers.

ILLUSTRATION: BINAY SINHA



INDIA'S EV PLAY

- The government is treading cautiously on the EV imports as it seeks to build a domestic manufacturing industry for electric vehicles and parts
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The adoption of EVs in the country has been held back by the high cost of the cars, a dearth of options and lack of charging stations. Opening up the EV segment of the market could also speed up cleaner transport in a nation with the world's most toxic air.

Electric vehicle sales in India stood at 49,800 last year, making up just 1.3 per cent of the 3.8 million passenger vehicles sold, according to BloombergNEF.

In India's cost-conscious market, the country's best-selling electric car, Tata Motors's Nexon.ev, is priced at less than \$18,000 (about ₹15 lakh). German luxury automakers BMW AG, Mercedes-Benz Group AG and Volkswagen AG's Audi sell electric cars above \$80,000 in India.

Modi's government is treading cautiously on the EV imports as it seeks to build a domestic manufacturing industry for electric vehicles and parts.

EV import duty cut in the works

Concessional rate of 30% on cars priced above \$80,000 proposed

SHRUTI SRIVASTAVA
November 8

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WORK-IN-PROGRESS

■ India currently levies taxes between **70-100%** on cars imported as completely built units, depending on their value

■ For vehicles purchased from overseas unassembled, the tax ranges from **15-35%**

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■ The two countries expect the free trade deal would double bilateral trade by 2030 through lower tariffs and increased market access



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Electric vehicle import duty reduction in the works

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Modi's government is trading cautiously on the EV imports as it seeks to build a domestic manufacturing industry for electric vehicles and parts. The government in 2021 announced a \$3.1 billion production-linked incentive program for local EV production.



A final decision on India's position on import duties on EVs has yet to be made, according to people familiar with the discussions.

India and the UK had already softened their position on a number of issues, including reducing tariffs on

British cars and scotch whisky, Bloomberg News previously reported.

The two countries expect the free trade deal would double bilateral trade by 2030 through lower tariffs and increased market access. It would also be a political win for both leaders, with the UK-India pact seen as a key prize of Brexit and a way to boost India's manufacturing ambitions.

India imposes a range of import duties on cars. For vehicles purchased from overseas unassembled, the tax ranges from 15% to 35%.

— BLOOMBERG

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'India's forex reserves import cover stood at 10.2 months as at June-end'

Our Bureau

Mumbai

India's foreign exchange reserves cover of imports (on balance of payments basis) increased to 10.2 months as at June-end 2023 from 9.6 months at end-March 2023.

Import cover is a trade-based indicator of adequacy

of reserves. This cover improved in sync with rise in forex reserves, which stood at \$595.051 billion as at June-end 2023 against \$578.449 billion as at March-end 2023.

As at end-September 2023, the Reserve Bank's gold holding rose to 800.79 tonnes of gold (794.64 tonnes as at March-end

2023), as per RBI's Half Yearly Report on Management of Foreign Exchange Reserves: April - September 2023.

The gold holding includes gold deposits of 39.89 tonnes (56.32 metric tonnes). The ratio of short-term debt (original maturity) to reserves, which was 22.2 per cent at end-March 2023, decreased

to 20.8 per cent at end-June 2023.

The ratio of volatile capital flows (including cumulative portfolio inflows and outstanding short-term debt) to reserves remained at 70.3 per cent between end-March 2023 and end-June 2023.

As at end-September 2023, out of the total foreign

currency assets (FCA) of \$521.37 billion (\$509.691 billion as at March-end 2023), 81.43 per cent invested in securities (80.76 per cent), 13.49 per cent was deposited with other central banks and the BIS (14.82 per cent) and the balance 5.08 per cent comprised deposits with commercial banks overseas (4.42 per cent).

Vegoil body chief pegs imports at 16.20 mt for 2023-24 season

Our Bureau
Mangaluru

Indian vegetable oil imports would be around 16.20 million tonnes (mt) for the oil year 2023-24 (November to October), according to Sudhakar Desai, President of Indian Vegetable Oil Producers Association (IVPA).

Speaking at the Global Economics and Marketing Conference of the International Palm Oil Congress and Exhibition (PIPOC) 2023 at Kuala Lumpur on Thursday, he said the import of palm oil during the oil year 2023-24 is expected to reach 9 mt and soft oils to be around 7.12 mt.

Desai forecast that palm oil production of Malaysia could increase to 18.85 mt during the year from 18.61 mt of the previous year, an increase of 240,000 tonnes. Indonesia's production is expected to remain steady at 49.26 mt.



While Malaysia will witness stock build-up of approximately 2.7 mt, the market is anticipated to transition to tighter end stocks by April-May 2024, he said.

In his palm oil price outlook, Desai said Bursa Malaysia Derivatives (BMD) will fluctuate within the range of Malaysian ringgit 3,600-3,900 for the next three months. He also hinted at the possibility of prices rising to Malaysian ringgit 4,200 by March due to

the tightening stock situation, particularly in Malaysia.

LOW PRICES

Speaking on the huge surge in Indian vegetable oil imports, he said imports reached a record 16.9 mt during the oil year 2022-23. This remarkable increase after two years of de-growth was attributed to the attractive low prices in the market, which not only triggered substantial stock build up in the pipeline but also stimulated a big bounce back in consumption.

Forecasting a normal consumption growth of around 2.8 per cent in the oil year 2023-24, Desai said the total consumption could reach a level of 25.20 mt.

He touched upon the pivotal dynamics of the Indian market and its profound influence on the global vegetable oil market on the occasion.