

Growers gain as basmati exports rise

HAPPY HARVEST. Returns up 12-24% as shipments increase 11% in H1; arrivals in October up by 20%

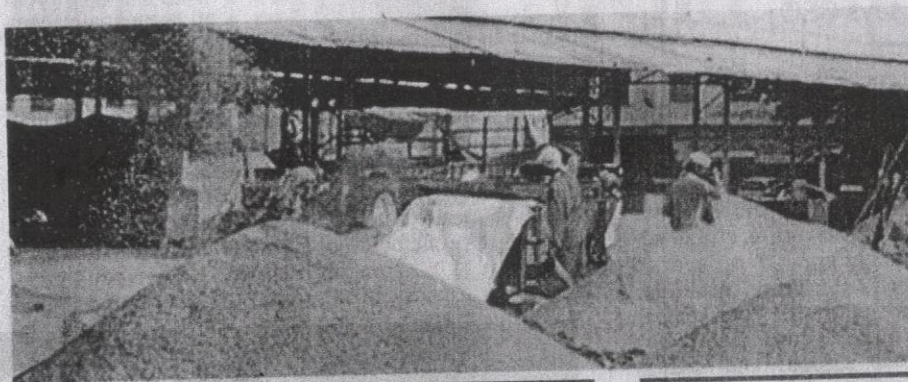
Prabhudatta Mishra

New Delhi

Basmati exporters are bullish on overseas demand and have bought paddy at prices which are 12-24 per cent higher than a year ago, encouraged by exports of the fragrant rice increasing by 11 per cent during the first half of the current fiscal.

The buying frenzy which has led to the price surge has been observed at agricultural produce marketing committee (APMC) yards despite the arrival of the crop being 20 per cent higher last month.

Arrivals of basmati paddy at APMC yards in Haryana, Punjab and Uttar Pradesh, which together make up 97 per cent of country's basmati production, have shot up by 20.3 per cent to 13.51 lakh tonnes (lt) in October from 11.23 lt a year ago, according to Agmarknet, a unit of the Agriculture Ministry. While Haryana



Higher paddy arrivals

	Arrivals (tonne)			Prices (₹/mt)		
	2022	2021	% Change	2022	2021	% Change
Haryana	265057	83683	216.7	3322	2802	18.6
Punjab	214321	373024	-42.5	2724	2205	23.5
Uttar Pradesh	871955	666818	30.8	3045	2732	11.5

has seen a surge in arrivals by over three times to 2.65 lt, there is 43 per cent drop in Punjab to 2.13 lt. Arrivals in Uttar Pradesh are up by 31 per cent at 8.72 lt in October. Normally prices drop on higher

supplies, but in the case of basmati, paddy prices have increased in October — as high as 18.6 per cent to ₹3,322/quintal in Haryana and by 11.5 per cent to ₹3,045/quintal in Uttar Pradesh. The average

Export in Apr-Sept

	2022	2021	% chg
Quantity (tonne)	21,57,091	19,45,526	10.9
Value (₹ cr)	17,897	12,268	45.9
Value (USD mln)	2,280	1,660	37.3

mandi rates in Punjab have surged to ₹2,724/quintal, up by 23.5 per cent from the year-ago period.

NEW PLAYERS

Basmati exports are no more

confined to old big players as many new people have joined the trade and are exporting small quantities, said an exporter. "Fortunately due to the past experience, these new players have become wiser and are not ready to supply on full credit, nor are they lowering the contract price unreasonably," he said. There were reports of payment defaults by buyers in some countries in 2020.

According to latest report of APEDA, shipments of basmati rice increased to 21.57 lt in April-September of the current fiscal from 19.46 lt a year ago. However, in terms of value, the surge was 37 per cent to \$2.28 billion from \$1.66 billion. Due to a depreciating rupee, the growth is even higher — 46 per cent — in Indian currency at ₹17,897 crore against ₹12,268 crore. In fact, export realisation in basmati rice has increased to \$1,057/tonne this fiscal from \$853/tonne a year ago.

India saw zero iron ore exports in September

HARD TIMES. September and October of FY23 are the worst two-month-period for Indian iron ore traders in the last four years

Abhishek Law
New Delhi

Drying up of orders from China because of Covid related restrictions and a high duty saw Indian iron ore exports hit rock-bottom in September and October months of this fiscal. Data compiled by the Ministry of Commerce and other trade sources show there were no exports for iron ore in September, while in October sales were barely 0.13 million tonnes (mt).

September and October of FY23 are now the worst two-month-period for Indian iron ore traders in the last four years (between FY20 and FY23), data accessed by *businessline* show. In October, exports saw an 80 per cent drop y-o-y vis-a-vis last



AT A LOSS. There were no orders in September with the China market closed due to Covid

year when it stood at 0.63 mt. Export for the seven-month period (April to October) of FY23 stood at 7.1 mt;

down 64 per cent YoY. Exports for the seven-month period of FY22 was 19.53 mt. Data show FY21 has been

the best year for exports with September and October sales being 4.78 mt and 4.28 mt, respectively. The seven-

month sales were 34.40 mt.

"There were no export orders in September with China market being closed because of Covid. In October, there was a slight recovery, but it is barely something to cheer about. The market condition remains depressed even in November," RK Sharma, Secretary General, Federation of Indian Mineral Industries (FIMI), said.

China is the largest buyer of iron ore from India and bought 21 mt iron ore and concentrates last fiscal, trade sources say.

DUTY BURDEN

According to Sharma, apart from China, a high export duty burden imposed here hit overseas sales and access to other markets. Low-grade offerings, which is over 90

per cent of iron ore export is the worst hit. The Centre in May raised the export tax on low-grade iron ore lumps and fines - with iron content below 58 per cent - to 50 per cent from zero. The duty on pellets was increased to 45 per cent.

"The duty has made Indian iron ore offerings very costly. Naturally, with the slowdown in metal or commodity cycle globally such costlier offerings have few to no takers," he said.

Global recessionary pressures played their part, too.

BUCKING GLOBAL TREND

Mobile Phones, Electronics, Tobacco Drive H1 Exports

Iron and steel, organic chemicals, plastic raw materials, cotton fabrics laggards

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New Delhi: Mobile phones, tobacco, processed food products, electronics, gold jewellery and leather goods have driven India's merchandise exports in the first six months of the fiscal at a time when global trade volume growth is slowing.

India's outbound shipments of telecom instruments rose 88.24% on-year in April-September FY23 at \$5.03 billion while those of gold and other precious metallic jewellery grew 22.24% at \$6.5 billion, buoyed by the consumer sentiment across the US, Middle East and Hong Kong. Thailand, Switzerland and Singapore have emerged as new growth markets for the country's gem and jewellery exports. Petroleum products exports grew a whopping 84.02% to \$52.6 billion. Processed fruits and vegetables exports increased 42.42% during the period and those of electronic instruments were up 24% to almost \$2 billion.

World trade growth is expected to slow down to 1% in 2023, down sharply from the previous estimate of 3.4%, due to global uncertainties, the World Trade Organization said in its October forecast.

"We have been working with

Mixed Bag

EXPORTS DURING APR-SEPT

DRIVERS	Growth (YoY, %)	LAGGARDS	Growth (YoY, %)
Petroleum products	84.02	Iron & steel	-36.86
Telecom instruments	88.24	Organic chemicals	-2.43
Consumer electronics	127.65	Cotton fabrics, madeups	-7.49
Gold jewellery	22.24	Cotton yarn	-45.64
Motor vehicles	22.33	Plastic raw materials	-16.67
Electronics instruments	24.03	Garments*	-8.09
Leather footwear	37.03	Handicraft	-30.02

Steel exports to Europe, North East Asia, Africa decline

Slowdown in Europe, China drag engg goods shipments

Gems & jewellery exports robust on consumer demand in US, Middle East, HK



India's Apr-Sep goods exports up 16.96% on-year

all the stakeholders such as farmers, exporters, and processors to ensure that quality agricultural and processed food products are exported from the country," said M Angamuthu, chairman, Agricultural and Processed Food Export Development Authority.

The country's overall export of agricultural and processed food products has risen 25% to \$13.7 billion in April-September FY23 compared to the same period last fiscal.

However, exports of iron and steel, organic chemicals, plastic raw materials, cotton fabrics and made-ups have been laggards, slowing the overall merchandise exports growth to single digits in the second quar-

WTO FORECAST

World trade growth is expected to slow down to 1% in 2023, down from previous estimate of 3.4%

ter of FY23. Their exports contracted 36.86%, 2.43%, 16.67% and 7.49%, respectively in the first half of 2022-23.

Slowdown in Europe and China also contributed to the fall in the exports of engineering goods—of which iron and steel are key components—which account for nearly one-fourth

of the total merchandise exports from the country.

"Engineering exports have been experiencing a downward trend. In September, they recorded a 10.85% fall whereas in cumulative terms, that is April-September 2022, they exhibited a meagre rise of only 1.15%," said EEPIC India chairman Arun Kumar Garodia, attributing the decline to an above 60% fall in iron and steel exports in September and a 15% export duty on iron and steel products' applicable since May 21, 2022.

Commerce and industry minister Piyush Goyal is likely to meet export promotion councils and industry representatives on Monday to discuss issues related to India's trade.



SHIPMENTS RESTRICTED

6 mt sugar exports allowed in 2022-23

Lower quota in view of high domestic prices, review later

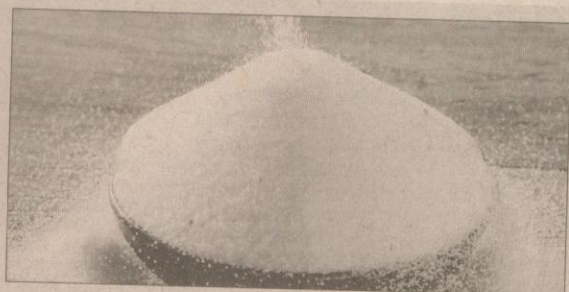
SANDIP DAS
New Delhi, November 6

THE GOVERNMENT ON Sunday allowed exports of 6 million tonne (mt) of sugar in the 2022-23 season (October-September), as against 11.2 mt shipped out in the last year. "By restricting the sugar exports, domestic prices will remain under control and no major inflationary trends will arise in the domestic market," according to a food ministry statement on Sunday.

It stated that the sugarcane production in the country will be reviewed periodically and based on the estimates, additional quantity of sugar exports would be considered. Sources said that another 2-3 mt of exports may be allowed later in the season.

The Indian Sugar Mills Association (ISMA) had earlier stated that the country could easily export 8 mt of sugar in the 2022-23 season.

As per food ministry's assessment, domestic consumption of sugar in the 2022-23 season has been estimated at 27.5 mt, while around 5 mt would be used for ethanol production and a closing balance of 6 mt is likely on September 30, 2023. The crushing of sugarcane has com-



BID TO CURB INFLATIONARY TRENDS

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■ In 2021-22, a record 11 mt of sugar was exported. India emerged as the world's 2nd largest exporter after Brazil.

menced and a new crop is expected to arrive in the market by December.

In the 2021-22 season, a record 11 mt of sugar was exported from the country and India emerged as the world's second largest exporter of sweeter after Brazil. The value of sugar exports last season was ₹ 40,000 crore.

The modal retail prices of sugar across key cities have remained unchanged at ₹ 42/kg since the beginning of September, as per the department of consumer affairs.

Officials said that by allowing 6 mt of sugar exports in the first tranche, mills will be able to take benefits of favourable global prices of sweetener so that cane dues of farmers in current sugar season would be paid

timely. This would reduce the working capital cost of mills because of the optimum level of stocks. According to ISMA, the country's sugar output for the 2022-23 season (October-September) is estimated to be around 41 mt which includes around 4.5 mt to be diverted towards making ethanol. The domestic consumption would be around 27.5 mt.

Meanwhile, the food ministry last month extended the deadline for implementing the export release orders (ERO) of sugar issued for the 2021-22 season till November 30, 2022. It implies that the export quota issue in the previous crop year (2021-22) could be executed till November 30, 2022. An ERO is a permit issued to mills for exports of sugar.