

# After Q1 a washout, exporters look to North America for turnaround

SHREYA NANDI  
New Delhi, 26 July

After the first quarter was washed out, exporters are now keeping their fingers crossed over a turnaround in outbound shipments to at least North America from September onwards.

This comes even as other key destinations such as Europe may take longer to revive in FY24.

Slowdown in key economies, as well as geopolitical tensions resulted in sluggish demand for Indian goods.

Exporters said that inflation has been a major cause for concern for most developed economies. This has also affected their appetite to import.

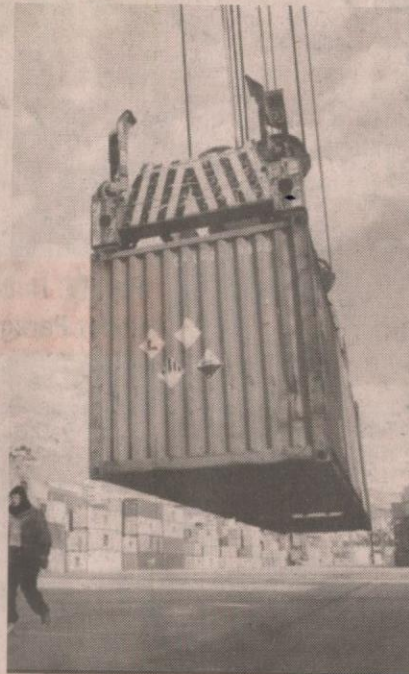
Orders were also put on hold due to piling up of inventory, although buying is expected to pick up.

That apart, continued Russia-Ukraine conflict has also disturbed the equilibrium in global trade, they said.

Ajay Sahai director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO), said that the exports outlook is a little challenging both with moderation in demand and softening of crude, metal and commodity prices. This will reflect in value-wise exports of the country.

“Europe is of particular concern as inflation is relatively very high in most countries. The US has brought it around 3 per cent,” Sahai said.

Exports saw 15 per cent contraction to \$102.68 billion during the April-June quarter. Non-oil, non-gems and jewellery exports, also known as core exports, declined nearly 8 per cent during the same period. Among the top-seven items exported from India, having a share of 74 per cent, only the electronics and drugs and pharmaceuticals segments witnessed growth. The 47 per cent year-on-year (YoY) rise in outbound ship-



ments of electronics items was driven by export of smartphones. And, in the case of drugs and pharmaceuticals, 5 per cent jump was due to the inelastic nature of the segment.

Engineering goods, which comprise 26 per cent of the value of total merchandise exports, contracted 7.5 per cent to \$26.8 billion during the quarter ended June 30.

Engineering Export Promotion Council (EEPC) of India chairman Arun Kumar Garodia said there could be a slight improvement in demand from August-September.

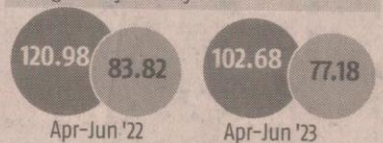
“Buying could start from some Western nations, especially North America and Australia. On the other

## PERFORMANCE REPORT

Merchandise exports (in \$ bn)

Growth (YoY in %)

|   |        |
|---|--------|
| Overall exports                                 | -15.13 |
| Trade excluding petroleum, and gems & jewellery | -7.92  |



| Key sectors *               | Value (in \$bn) | Growth (%) |
|-----------------------------|-----------------|------------|
| Engineering goods           | 26.81           | -7.46      |
| Petroleum products          | 17.96           | -33.28     |
| Gems & jewellery            | 7.53            | -26.43     |
| Organic & organic chemicals | 6.57            | -19.4      |
| Drugs & pharma              | 6.58            | 5.1        |
| Electronic goods            | 6.96            | 47.05      |
| Readymade garments          | 3.69            | -17.72     |

\*These 7 sectors comprise 74% of the Q1 merchandise exports  
Source: Department of commerce

hand, in the case of Europe, this may take more time. Need to wait till at least October for that,” Garodia said.

Exporters have been worried about demand from the US as well as the European market. This is because they are the largest and the most important export destinations for India.

The US is India's largest trading partner with 17 per cent share, followed by the European Union at 16.6 per cent share.

However, the entire Europe, including EU, four-member European Free Trade Association (EFTA) nations as well as other countries such as the UK comprise nearly 22 per cent of India's overall exports.

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# India, China accounted for 50% of coal imports till April: IEA

**Rishi Ranjan Kala**  
New Delhi

India and China accounted for almost half of the total global coal imports till April this year, with demand for the key commodity growing in both nations by 5.5 per cent in H1, said International Energy Agency (IEA) on Thursday.

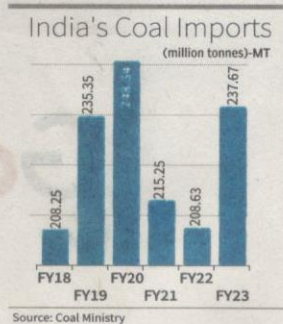
For the entire calendar year, the demand for coal in the world's top two coal consumers is expected to slow down, compared to the January-June 2023 period. The IEA expects India to clock an annual demand of 5 per cent in 2023, while China's demand for the dry fuel is likely to grow 3.5 per cent y-o-y. Stronger coal supply

and lower gas prices sent coal prices steeply downward towards the end of 2022, the agency pointed out, adding that the scenario attracted price-sensitive buyers from China and India.

## FALL IN PRICES

Price declines were partially offset by the depreciation of the Chinese yuan and Indian rupee against the US dollar. China and India ramped up imports at the beginning of 2023, with China ending its unofficial ban on coal from Australia.

"Until April, imports from China and India amounted to approximately 50 per cent of global coal imports, as the two largest coal producers and consumers are also the



largest importers," said IEA in its latest coal market report.

In China, coal demand grew by 4.6 per cent in 2022 to a new all-time high of 4 519 million tonnes (MT). Similarly, India's economy performed very well in 2022 with a growth of 6.9 per cent. This resulted in coal demand

increasing by more than 8 per cent to a total 1,155 MT, becoming the only country besides China to cross the 1.1-billion-tonne mark.

"Due to strong economic growth and coal reliance, India's coal demand grew by about 5.5 per cent in the first half of 2023. With growth in the power sector slowing down a bit in the second half, we expect a total increase of 5 per cent for the year totalling 1,212 MT," IEA projected.

In the first half of 2023, India's supply rose by about 10 per cent, reaching a new single-month production record of 107 MT in March, surpassing the 100 MT in a single month for the first time.

"For the entire year, we

expect an increase in coal production to about 989 MT (+7 per cent), close to the government's 1 billion tonne target," the agency noted.

## GLOBAL COAL DEMAND

IEA estimates that coal demand grew by about 1.5 per cent in the first half of 2023 to a total of about 4,665 MT, backed by an increase of 1 per cent in power generation and 2 per cent in non-power. It observed a continued increase in China, India and Indonesia, which more than offset declines in the US, the EU, and Japan.

However, it expects a decrease in global coal-fired power generation in H2 to more than reverse the gains in H1.

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# Rice export ban: NRIs need not press panic button, say exporters

**CALMING NERVES.** US has ample Sona Masuri stocks that can last 3-6 months

**K V Kurmanath**  
Hyderabad

The Indian diaspora in the United States need not press the panic button. The current stocks of Sona Masuri rice there will likely last for at least 3-6 months. Sources in the rice export business said US rice traders would have at least 12,000 tonnes of Sona Masuri stocked up and another 18,000 tonnes of rice is on its way. The stocks can last for at least six months.

"Sona Masuri is mostly consumed by the South Indians. And unlike in India, they don't have it for both meals. The US market requires about 6,000 tonnes of Sona Masuri a month. The NRIs need not panic," G Nagender, President of the Telangana State Rice



**RIISING HOPES.** Exporters are confident the Centre will soon review its decision keeping in mind needs of the Indian diaspora

Millers Association, told *businessline*.

Rice exporters are confident that the Centre will soon review its decision keeping in mind the needs of the Indian diaspora. Seeing a huge rush, several grocery and retail chains have increased the prices of rice by up to three times. A 9-kg bag, which used to cost \$15-18, is being sold at

\$46. "There are enough stocks available. This problem will not continue for long," Kiran Kumar Pola, Director of Decan Grainz India, a rice exporter from Hyderabad, said.

## ADDITIONAL STOCKS

A source from the milling industry said India is not the only source that supplies Sona Masuri to the US. "Some

traders export rice to the Gulf to tap opportunities from the free trade zones there. The traders there, in turn, sell it to the US market. So, the expats can expect additional arrivals from those countries as well," he said.

Meanwhile, Thailand and Vietnam rice prices have increased by at least \$30 a tonne in the export market since the ban. However, trade has been muted since most traders are on a "wait and watch mode".

According to the Thai Rice Exporters Association, prices of 5 per cent broken white rice have increased to \$572 a tonne from \$534 before the ban. Similarly, 25 per cent broken rice prices have increased to \$547 from \$512, to \$523-27 from \$478-82.

*With inputs from Subramani Ra Mancombu, Chennai*

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# China replaces Korea as biggest steel exporter to India

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India's steel imports from China are at a five-year high and the latter is now the largest exporter of steel to India in value terms, overtaking Korea.

Nearly 0.41 million tonnes (mt) of steel has come in from China in Q1FY24, indicating a 30 per cent jump since Q1FY20's 0.30 mt, and 60 per cent up y-o-y from 0.26 mt in Q1FY23, even as Indian traders continued buying deep-discounted Chinese offerings across categories like cold rolled coils, sheets and plates.

Cold rolled coils are the second most imported steel item in volume terms (after hot rolled coils/sheets), at



**THE NEW ORDER.** In Q1FY24, Chinese shipments were valued at \$512.4 million — the highest since Q1FY20 when they were at nearly \$333.1 million

0.38 mt and highest in value terms, at \$459 million, during the period under review.

According to TV Narendran, CEO and Managing Director, Tata Steel, Chinese exports (to India and other markets worldwide) were 8 mt a month, one of the highest since 2016, and “certainly a cause of concern”.

“But we believe that it’s

an outcome of Chinese steel producers producing more in the January-March quarter in anticipation of an economic recovery, which didn’t happen,” he said during an investor call.

## INCREASED BUYING

In Q1FY24, Chinese shipments were valued at \$512.4 million — the highest since

Q1FY20 when they were at nearly \$333.1 million. As per a report of the Steel Ministry, accessed by *business-line*, in Q1FY23, imports were valued at \$391.7 million. During Q1FY22, imports were 0.21 mt and \$261.3 million in value. In Q1FY21, it was 0.27 mt in volume and \$164.1 million in value terms.

Stainless steel and alloyed steel imports maintained a more or less upward trajectory throughout this five-year period — rising from 0.122 mt in Q1FY20 to 0.193 mt in Q1FY21, then dropping to 0.14 mt in the first quarter of FY22 (because of Covid-led restrictions in China) and again shooting up to 0.19 mt last fiscal. In Q1FY24, it was 0.18 mt.

However, a sharp upward trajectory was reported in

the import of non-alloyed steel during this period. From 0.17 mt in Q1FY20, it has now gone up to 0.233 mt in Q1FY24 — a 34 per cent increase.

For the most part of this year’s April – June period, Indian traders reportedly picked up, or entered into buying agreements with Chinese suppliers, at a \$30 – \$50 per tonne discount, said trade sources.

Narendran said due to higher steel exports from China, there was a moderation of global steel prices between May and June. But over the next few months, such exports could come down to 5 – 6 mt levels. “They also have carbon reduction targets. We expect the second half of the year to be more balanced,” he said.

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## Will the Pusa 1121 basmati go off the export menu?

The iconic rice variety known for its long grain, aroma and high yield may be ejected by PB 1885

**Prabhudatta Mishra**  
New Delhi

The darling of exporters — Pusa Basmati (PB) 1121 — is in danger of going off the export menu. The grain which took five years to get official recognition as Basmati in 2008 soon became a favourite of growers thanks to its higher yield, shorter duration and higher market price. Even before being notified as Basmati, it got into the export platter thanks to its unique features and aroma — it was the world's longest rice after cooking, upto 25 mm in length.

But now, A K Singh, Director of Indian Agricul-



**HIGH ADAPTABILITY.** The highlight of PB 1121 is that it can be grown in any part of the world

tural Institute (Pusa, and considered the “Basmati man” of India) has been pushing farmers to adopt PB 1885 in place of PB 1121, so that they save ₹2,000-3,000 per acre as there is no pesticides requirement since these varieties are resistant to

bacterial blight and blast.

“There are several advantages for the farmers when new varieties come. Also, reduction of chemical pesticides lowers cost of production for farmers and raises acceptance in global trade,” said Singh.

Singh was associated

with the development of PB 1121 under agricultural scientist Vijaipal Singh. Subsequently, he led the team of scientists in developing several other varieties — PB 1401, PB 1509, PB 1692, PB 1718, PB 1847, PB 1885 and PB 1886.

But there is a strong sentiment among rice exporters in favour of PB 1121, which has become quite a well-known brand. “A better version of PB 1121 is misconstrued as replacement by a section. PB 1121, the torch bearer export variety, cannot be phased out as it is a brand itself,” says S Chandrasekaran, who has authored a book on Geo-

graphical Indication of Basmati. The main feature of PB 1121 is such that it can be grown in any part of the world. For instance, after farmers in Dabra, Madhya Pradesh adopted PB 1121 a few years back, it is difficult now to find there a local paddy variety called ‘Kranti’. “Even Pakistan has been growing PB 1121 under Kainat. It has also been adopted by farmers in Turkey, Indonesia and Thailand,” said a trade source.

In its nearly 15-year journey, PB 1121 has risen to a commanding position — its export share is close to 95 per cent and only 4-5 per cent is left with traditional varieties.

# 'Prolonged Ethnic Violence has Dragged Down Manipur Exports by Nearly 80%'

## Closure of Land Port Moreh which acts as land route between India & Myanmar has hit exports

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**Kolkata:** The protracted ethnic violence in Manipur has brought down the state's exports of handwoven textiles, medicinal plants and food items by almost 80%, according to M Chandrakeshore Singh Pallel, vice-president (Manipur) of North East Federation of International Trade (NEFIT).

Manipur is famous for fabrics like moiraingphee, leirum, lasingphee and phanek, which have good demand in the US, Europe and Singapore.

Media reports say that 142 people have been killed and thousands displaced since violence broke out in the state between the Meiteis and Kukis in early May, following a court order for granting scheduled tribe status to the Meities. The violence and the ensuing restrictions imposed by the authorities on movement and internet service have hit the state's economy.

The closure of



**Manipur is famous for its special fabrics such as moiraingphee, leirum, lasingphee and phanek that have good demand**

Land Port Moreh in Manipur, which is 110 km from Imphal and acts as India's gateway to the East through the Moreh-Tamu border point-the only feasible land route for trade between

India and Myanmar and other Southeast Asian countries-has impacted exports from this small hilly state, whose cotton fabrics accounted for 44.18% of its merchandise exports in FY22.

"The banks and ATMs remain closed and truck movement through the Moreh land port is restricted. Only emergency vehicles are allowed," said NEFIT vice-president Pallel.

Manipur has the second-largest population of weavers in the country at more than 462,000, and the fourth-largest number of looms, which tops 280,000.

"Those who have handloom manufacturing units in Navi Mumbai or Delhi have been able to export since the outbreak of the current violence. Others have not been able to export. The daily wage earners

are worst affected," Pallel said. In July last year, Manipur for the first time exported 20 metric tonnes of fresh pineapples to Dubai under the Mission Organic Value Chain Development for North Eastern Region (MOVCDNER). It was under the initiative of Manipur Organic Mission Agency (MOMA). Manipur annually produces 135 tonnes of pineapples.

"Unless the law and order situation improves in Manipur and the issue is settled politically, FIEO (Federation of Indian Exports Organisation) cannot intervene to boost exports from the state," said Ajay Sahai, director general of FIEO. "Though the value of exports may not be big as it is a tiny state, many people depend on exports for their livelihood. But definitely we will step in once the situation normalises in the state."

In FY22, Manipur exported goods worth \$0.93 million.

"The ethnic violence comes at a time when the Jiribam-Imphal new rail project is nearing completion, which will help the state's local producers to export their produce outside the state faster," said a pineapple exporter.

**CENTRAL RAILWAY**  
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