Business Line Dt: 24/12/24

Cold snap likely to trigger 30% drop in banana exports

Suresh P Iyengar
Mumbai

The extreme cold weather prevailing in most parts of the country is expected to bring down banana exports by 30 per cent, leading to a loss of about ₹200 crore for exporters. India is the largest banana producer. The temperature in key growing States such as Maharashtra, Uttar Pradesh, Andhra Pradesh and Karnataka has dropped below 12 degrees Celsius, distorting the colour and causing internal damage to bananas that were ready for harvesting.

TURNING SOUR. The drop in temperature in key growing States has distorted the colour and caused internal damage to bananas that were ready for harvesting

The Agricultural and Processed Food Products Export Development Authority has warned that the economic repercussions of chilling injuries could result in a 15-30 per cent decline in export volume, translating into huge loss. Competing nations, such as Ecuador and the Philippines, will likely benefit from this setback.

Kaustubh Bhamare, Business Head of Pinnacal Agrotech, said some traders who had booked their deals with farmers at ₹24-₹28 a kg had lowered prices to ₹8-₹14 after spotted red dots on the skin emerged on bananas that were ready to be harvested.

The cold weather has stifled plans of a few exporters, who had received orders from Russia and Iran for the first time, he said, even while the demand from West Asia and the Gulf countries remained strong.

NO IMPACT

Bhamare said the raging war in Russia and Iran did not have any impact as demand for table fruit remains strong, and India is the largest exporter globally.

Grown largely at Jalna and Sholapur in Maharashtra, Robusta bananas are in much demand globally.

To beat the impact of cold weather, farmers are planting in October and November to harvest bananas by July-August.

HUGE SHORTAGE

However, Bhamare said there is a huge shortage of small plants grown in labs through tissue culture for planting in the field.

Ajay Kumar, Director of Kedia Commodities, said banana prices in the domestic market will also go up in the coming days as farmers will not be able to transport the export surplus due to poor quality. The problem could be sorted somewhat by planting early and harvesting before the cold weather sets in, he said.

Business Line, dt. 24/12/24

Tea export set to be higher this year despite geopolitical tensions

BULLISH OUTLOOK. This year's export of tea could be in the range of 245-260 mkg compared with 231.69 mkg last year

Mithun Dasgupta
Kolkata

Despite geopolitical tensions, India's tea export will likely be higher this year compared to last year, mainly due to an increase in shipments to Iran and Iraq.

The US and Russian markets also witnessed higher demand for Indian tea.

According to exporters' associations, this year's export of the brew could be in the range of 245-260 million kg (mkg) compared with 231.69 million kg last year. In 2022, shipments to the overseas markets stood at 231.08 mkg.

"This year exports will increase substantially compared to last year. We are expecting it to grow to 260 mkg. We have seen export growth in all overseas markets, especially Iran and Iraq," Indian Tea Exporters Association (ITEA) Chairman Anshuman Kanoria told *businessline*.

TAKING RISKS

"Despite war and geopolitical tensions, our exporters have taken efforts and risks to grow the shipments. The Tea Board's approach to improve tea quality and reduce sub-standard tea has also helped export growth," Kanoria pointed out.

According to exporters, the government's drive to check pesticides in tea to improve quality is helping grow shipments to overseas markets, especially Iran and Iraq.Kanoria said price realisation in overseas markets has been a bit lower this year compared to last year as the markets where the exports had increased are mainly low-priced markets. "However, price realisation has been appropriate," said the ITEA Chairman.

IRAQ BUYS MORE CTC

"We are managing to hold on to the markets like Saudi Arabia and Syria. We are exporting to China but there the potential is much more," he said.

Dipak Shah, Chairman, South India Tea Exporters Association, said export for this year is likely to be around 245-250 mkg.

"This year markets have been good as far as Iran and Iraq are concerned. Russia has been quite good this time and also the US," Shah said."Iran is a orthodox tea market. The Russian market is both orthodox and CTC. And Iraq, of late, has been buying more CTC tea. South India has been a major exporter to Iraq as of this year," Shah said.

However, India's tea production for 2024 is likely to witness a fall compared to 2023. Last year, total production stood at 1,393.66 mkg.

FINANCIAL EXPRESS. DK 24/12/24

West Asian share of crude imports at 9-month high

- Russia continues to be the top oil supplier to India

NIDHI VERMA
New Delhi, December 23

CHANGING DYNAMICS

- India imported **2.28 mn bpd** of West Asian oil, an increase of **10.8%** over Oct
- This lifted the share of OPEC's oil in India's crude intake to an eight-month high of **53%**
- It shipped in **13%** less Russia oil compared with Oct at 1.52 mn bpd

- Some refiners reduced intake of Russian oil due to maintenance turnarounds at their plants
- India overall imported about 4.7 mn bpd of oil in Nov, up 2.5% from Oct and up by 5% from a year earlier

INDIA'S NOVEMBER CRUDE imports showed West Asian oil at a nine-month high while Russia accounted for its smallest share in three quarters, ship tracking data obtained from sources showed.

Refiners in India have been gorging on cheaper Russian oil despite problems posed by sanctions aimed at reducing Moscow's oil revenue to fund its war in Ukraine.

The world's third biggest oil importer and consumer in November shipped in 13% less Russia oil compared with October at 1.52 million barrels per day (bpd), about 32% of India's overall intake, the data showed.

It imported 2.28 million bpd of West Asian oil, an increase of 10.8% over October, accounting for about 48% of overall imports, the data showed.

Some refiners reduced intake of Russian oil due to maintenance turnarounds at their plants and continued to lift committed volumes under annual contracts with West Asian producers, an India refining official said.

Russia's oil exports from its key western ports in November fell due to higher demand from local refiners who had finished maintenance, sources said.

Also, Russia, an ally of Organization of the Petroleum Exporting Countries, promised to make additional cuts to its oil output from the end of 2024 to compensate for over-production earlier.

India imported about 4.7 million bpd of oil in November, up 2.5% from October and up by 5% from a year earlier, the data showed.

Russia continued to be the top oil supplier to India followed by Iraq and Saudi Arabia.

Increased purchases of the West Asian oil lifted the share of OPEC's oil in India's crude intake to an eight-month high of 53%.

In contrast, the share of Commonwealth of Independent States including Russia, Kazakhstan and Azerbaijan, in India imports declined to 35% in November from 40% in October, the data showed.

—REUTERS

FINANCIAL EXPRESS. Dt:- 25/12/24

BOOSTING DOMESTIC MANUFACTURING

Laptop import nods may be tied to capacity growth

RAVI DUTTA MISHRA
New Delhi, December 24

LOGGING ON

■ China is the world's largest exporter of PCs and laptops, holding a dominant market share of 81%

■ This strategy successfully attracted investment in the tyre manufacturing sector

■ India has faced pressure from the US over introduction of laptop 'import monitoring system

TO REDUCE IMPORT dependence and boost domestic manufacturing of laptops and other IT hardware items, the Union government may link import permissions to domestic capacity expansion going forward, it has been learnt.

The government is also considering the introduction of a credit system for such imports, with a final decision likely once domestic production in India reaches a critical threshold.

The strategy, a source said, mirrors the approach that successfully attracted investment in the tyre manufacturing sector where the government temporarily eased import restrictions on certain tyre categories, contingent on establishing local manufacturing facilities.

In 2020, the import of 'New Pneumatic Tyres' was classified under the 'restricted category'. However, in 2023, the Ministry of commerce and industry relaxed the guidelines for tyre manufacturers who committed to investing in India through "brownfield or greenfield projects for manufacturing tyres within the restricted category".

As a result, global tyre manufacturers such as Bridgestone, Michelin and Goodyear pledged investments worth over ₹1,100 crore in India.

India's commitment to WTO

The use of import permissions to promote domestic manufacturing in 'strategic sectors' arises as India cannot increase duties on laptops, PCs and similar IT products, which currently attract zero duty under the commitments made in the Information Technology Agreement of 1997 at the World Trade Organisation (WTO). China is the world's largest exporter of PCs and laptops, holding a dominant market share of 81%. In 2022, China's global exports of these items were valued at $163 billion.

Moreover, India has faced significant pressure from the US over the introduction of the laptop 'import monitoring system'. Many of the leading laptop producers in China, such as Apple, Dell and HP, are headquartered in the US.

US Trade Representative (USTR) Ambassador Katherine Tai had raised concerns during the G20 Summit in India, urging the country to ensure that the current end-to-end online system and related policies do not restrict trade in the future.

In addition, Japan and China have formally raised concerns over India's laptop import licensing measures.

According to the source, the government's aim is to achieve self-reliance in this sensitive sector for 'security reasons' rather than to impose restrictions on imports.

With domestic production of IT hardware such as laptops and tablets yet to reach desired levels, the commerce ministry earlier this month extended the validity of authorisations issued under the Import Management System (IMS) for restricted hardware items by another year, until December 31, 2025.

In 2023, the Ministry of Electronics and Information Technology (MeitY) notified a revamped version of the Production Linked Incentive (PLI) scheme for IT hardware to encourage manufacturers to increase local production through subsidies.

Government officials said that strict norms for laptop imports cannot be implemented at present because companies approved under the PLI scheme 2.0 for IT hardware have not yet achieved significant production levels. However, some of these companies are expected to begin operations in the next fiscal year. A total of 27 companies, including Dell, HP, Foxconn and Lenovo, have been approved for incentives under the IT hardware PLI scheme 2.0.

High import dependence

In the financial year 2023-24, India imported electronic components worth over $12 billion from China and $6 billion from Hong Kong, with the two regions accounting for more than half of India's total electronic imports.

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FINANCIAL EXPRESS. DT. 25/12/24

Duty-free import of yellow peas till Feb

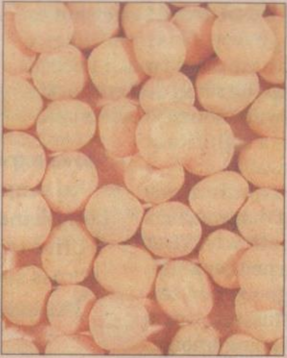
SANDIP DAS
New Delhi, December 24

THE GOVERNMENT ON Tuesday extended duty-free import of yellow peas, used as substitute of *chana*, for two more months till the end of February, with the aim to curb prices of the key pulses variety.

In December last year, the government had allowed the duty-free import of yellow peas while an import duty of 50% was imposed on the pulses variety in 2017 to encourage domestic production.

The duty relaxation on yellow peas has been extended till February 28. "Import of yellow peas is free without minimum import price condition and without port restriction, subject to registration under online import monitoring system," the directorate general of foreign trade (DGFT) stated in a notification.

Sources told *FE* that around 2.3 million tonne (MT) of yellow peas has been imported to improve domestic supplies. "We may not extend the duty-free import of yellow peas further as harvesting of chana would commence in the next couple of months," an official said.



Import of yellow peas is free without minimum import price condition

Meanwhile, the agriculture ministry approved the procurement of 0.3 MT of tur or arhar dal in Karnataka under the price support scheme (PSS) as early harvest of the key pulses variety has started to arrive in the market. The purchase by agencies such as Nafed and NCCF would commence in other key producing states, including Madhya Pradesh, Maharashtra and Rajasthan.

Agencies have registered 1.7 million farmers in major pulses producing states for carrying out PSS operations.

Business Standard. Dt:- 26/12/24

Electronics fastest-growing among top 10 export items

With 28% growth in Apr-Nov of FY25, electronics exports now occupy third rank

SURAJEET DAS GUPTA
New Delhi, 25 December

Driven by smartphone, electronics exports have reached $22.5 billion in value in the first eight months of the current financial year (FY25), a near 28 per cent growth over the $17.66 billion electronics exports during the corresponding period of FY24. This record performance makes electronics the fastest-growing among India's top-10 exports in FY25. Electronics, which was ranked 6th at the end of the first eight months of FY24, is now firmly entrenched in the 3rd position, only behind engineering goods and petroleum.

The main driver behind this massive surge has been the smartphone production linked incentive (PLI) scheme, which has led to smartphone exports reaching $13.11 billion in the first eight months of FY25. This is a whopping 45 per cent increase over smartphone exports of $9.07 billion during the same period of FY24.

While smartphones constituted 51 per cent of electronic goods exports during the first eight months of FY24, its contribution has increased to 58 per cent in April-November 2024. It is expected that smartphones' contribution to the overall electronics exports could reach 60-65 per cent by the end of FY25.

Nearly 40 per cent of the electronics exports this year have come from Apple's iPhone exports. Following Apple's entry into India after the smartphone PLI scheme, its three vendors — Foxconn, Pegatron (both in Tamil Nadu), and Tata Electronics (in Karnataka) — have led the charge on smartphone exports.

Apart from smartphones, the other big categories of exports in electronic goods include solar modules, desktops & servers, routers, and components.

"Electronics exports have benefitted immensely from the PLI scheme. To maintain this growth, we are working with the government on tariff, tax, and logistics reforms, which are critical to maintaining India's competitive edge in a cut-throat global industry, where we are determined to grab market share from China and Vietnam," said Pankaj Mohindroo, chairman, India Cellular and Electronics Association (ICEA).

The sector's exports are not only growing, but also improving performance vis-a-vis the 2nd-placed petroleum exports. In the first eight months of FY24, electronics was less than a third of petroleum exports. This year, for the same period, electronics has reached the halfway mark of petroleum exports of $44.60 billion.

In the last three years, mobile manufacturing industry has urged the government to reduce India's effective tariffs on mobile phone components, which range from 7-7.2 per cent. These are significantly higher than the near-zero tariffs on mobile inputs in China, as most of the production there happens in bonded manufacturing zones. Vietnam's FTA (free trade agreement) weighted average tariffs at 0.7 per cent are also significantly lower than India's.

Additionally, the industry argues that India's complex six-tier tariff structure remains a barrier to achieving global competitiveness. It increases costs and creates easily avoidable uncertainty. Recognising this disability, the Union Budget in July 2024 stated that in the next six months, the government will review the custom duty rate structure to ensure domestic manufacturing becomes competitive, incentivises exports, and supports India's transition to an export-led growth model.

Electronics exports, especially smartphones, have also become a key element in exports to the US.

April-November 2024 export of smartphones, mostly led by Apple iPhones, has replaced diamonds as the largest exporter to the US, based on HS (harmonised system) code. Smartphone exports in this period grew by 46 per cent to hit $3.6 billion while diamond exports fell by 13 per cent to reach $3,0 billion.

FINANCIAL EXPRESS. Dt:- 26/12/24

Export duty on onion to stay till retail prices cool

SANDIP DAS
New Delhi, December 25

DESPITE A SHARP fall in mandi prices of onions due to arrival of kharif crop, the government is unlikely to remove 20% export duty on the staple vegetable citing higher retail prices. "We have to wait till retail prices come down for (withdrawal of) export duty," an official with the department of consumer affairs said.

While the modal retail prices of onions were ₹40/kg on Tuesday, in several cities prices are around ₹50/kg which is still 'higher' in comparison to the mandi prices of the staple vegetable. With arrivals of the fresh kharif crops, the average mandi prices of onions at Lasalgaon, Nashik, Maharashtra, the hub of the country's wholesale trade has declined by more than 50% to ₹1,900/quintal on Tuesday from ₹4,000/quintal prevailing in the last month.

In May, the government lifted a ban on onion exports imposed in December last year and put a minimum export price (MEP) of $550/tonne and 40% export duty on the staple vegetable. Subsequently in September, the government announced a reduction of the export duty on onions to 20% while MEP was abolished.

Meanwhile, the government agencies — farmers' cooperative Nafed and National Consumers Federation of India have released 0.47 million tonne (MT) procured stocks into the market at ₹35/kg. These rabi onions were procured from farmers as a buffer under the price stabilisation fund.

The overall recovery rates for onion have increased from 72% in 2020-21 to 81% in 2023-24 for the buffer built with rabi onion, officials said. In the current fiscal, recovery has been 85% due to storing them in controlled atmosphere warehouses.

CAUTIOUS APPROACH

Inflation in onion (%, y-o-y)

Source: MosPI

Trade sources said that with robust arrivals of kharif crops across key producing states retail prices are expected to soften further over the next couple of weeks.

Last week, Ajit Pawar, deputy chief minister, Maharashtra in a communication to commerce minister Piyush Goyal, requested removal of 20% export duty on onion because of sharp fall in price due to fresh arrivals.

Kharif harvested onion, with higher moisture content, has around 25% share in the country's total output and the produce enters the market directly and meets the domestic demand till March. Rabi onion, harvested in April, has a share of 72-75% total production and is stored for meeting the domestic supplies till November.

Business Line. Dt: 27/12/24

With imports double the exports, India's steel trade deficit soars to ₹26,468 crore in April-Nov; China top supplier

Abhishek Law
New Delhi

India's finished steel imports, valued at ₹52,862 crore, are almost double the exports, valued at ₹26,394 crore. The steel trade deficit widened to a five-year high ₹26,468 crore in the April-November period of this fiscal (FY25), per a Steel Ministry report accessed by *businessline*.

China was the major supplier with nearly one out of three offerings coming from the East Asian nation, even as export markets, especially Europe, remained under stress.

For the period under review, India was a net importer of finished steel by 3.5 million tonnes (mt). India's net import of finished steel was 6.5 mt, up by 26.6 per cent, outpacing exports by 3.154 mt, with shipments down 23.6 per cent, during this period.

HIGHER INFLOW. Chinese shipments saw a near 23 per cent rise y-o-y for the April-November period to nearly 2 mt REUTERS

As per the Ministry report, Chinese shipments rose a near 23 per cent YoY for the April-November period to nearly 2 mt. In the year-ago-period, the imports were at 1.6 mt. China's supply dominance was in categories like stainless steel and alloyed offerings — at 0.7 mt — and in other finished steel categories such as plates, electrical sheets, coated galvanised coil and plates.

BEATS JAPAN, OTHERS

China overtook Japan — another key East Asian importer — in at least two-three categories. Imports from Japan saw an over 100 per cent rise (8-month period) to 1.4 mt, up from 0.7 mt in the same period last fiscal. Korea, Indonesia and Vietnam were the other big ticket sources of steel.

"Imports from Vietnam have not slowed significantly, but a DGTR probe has led to a slight reduction. In fact, there is also a high base effect because of which import growth from Vietnam is seen to be low, at around 11 per cent YoY," a market participant said.

EUROPE OFFTAKE DIPS

Steel exports continue to be hit. Apart from the UK and Belgium, in other big ticket European markets that include Italy and Spain, shipments were down 22 per cent and 32 per cent, respectively. In value terms, all the three European markets saw a decline in exports ranging between 5 per cent and 32 per cent, indicating continued pressure.

FINANCIAL EXPRESS Dt: 27/12/24

Rice exports surge after curbs eased

SHARP SPIKE

Agri & processed food products exports in FY25*

SANDIP DAS
New Delhi, December 26

INDIA'S EXPORTS OF agricultural and processed food products rose by over 8% to $14.01 billion during the April-November period of the current fiscal year compared to FY24 after the government removed most of the restrictions on rice shipment a couple of months back.

Rice exports during the first eight months of FY25 saw a sharp spike of over 13% to $7.31 billion compared to $6.44 billion reported during the same period last fiscal, according to the directorate general of commercial intelligence and statistics.

In September, the government removed virtually all restrictions on basmati as well as non-basmati rice exports imposed last year by removing minimum export price and export duties.

Exporters say that rice exports could see a rise of 10% more than in the current fiscal because of robust global demand. In FY24, India shipped rice worth $10.41 billion, a decline of 6.5% on year

"With an export target of 5 million tonne in the current fiscal, India has outpaced its closest competitor, Pakistan, which manages less than one million tonne annually," Ranjit Singh Jossan, MD, Jossan Grains, a leading exporter of Basmati rice in Punjab, told FE. Jossan said despite export restrictions to critical markets like Iran, the global demand for basmati rice continues to be robust.

Trade sources said that India's dominance in global rice trade is likely to be expected to be restored with a spike in shipment, especially to Africa and south-east Asian countries.

The shipment of buffalo meat, dairy and poultry products rose by over 9% on year to $3.13 billion during April-November of the current fiscal against the value of exports of $2.88 billion during the same period in 2022-23.

Officials said that in the last decade, there has been a rise in demand of the Indian bovine meat across the globe due to its quality, nutrient values and being risk-free as the buffalo meat is processed and exported as per the World Organization for Animal Health (OIE) guidelines for any risk mitigation.

The shipment of fresh fruits and vegetables in the first eight months of FY25 increased by over 5% to $2.31 billion compared to the same period last year. The exports of cereals preparation rose by more than 10% to $2.03 billion in April-November on year.

Officials said that there has been rising demand for several agricultural products such as bananas, mangoes, processed fruits and juices, fruits and vegetables seeds and processed vegetables across the world.

The agricultural and processed food products exports development authority (APEDA) has set an export target of $26.56 billion for FY25.

The share of exports of products under the APEDA basket is around 51% in the total shipment of agri-produce. Rest of the agricultural products exports include marine, tobacco, coffee and tea.