India hopes to reverse rising trend in steel imports in 2025

Business Line, dt. 31.12.24

POLICY INTERVENTION. Commerce Department is mulling the imposition of safeguard duties

Abhishek Law
New Delhi

India is likely to end FY25 and CY24 as a net importer of steel, with mills anticipating continued headwinds on the export front.

Pressure from Chinese imports continues while policy intervention is expected with the Department of Commerce exploring the possibility of imposition of safeguard duties.

According to Steel Ministry data, India's imports at 6.5 million tonnes (mt), up over 26 per cent, were more than double the exports at 3.2 mt, down 24 per cent for the April-November period of this fiscal, and the steel trade deficit widened to ₹26,468 crore, which was amongst the highest in the last few years.

In the case of India's steel mills, the key European markets for exports are struggling with an economic slowdown while in the Middle East, there is stiff competition from Chinese offerings. Steel prices came down in November 2024 y-o-y in major markets like China, India, the US and the European Union (EU).

CHINESE EXPORTS

China has been aggressively dumping steel across the world at highly predatory prices and sometimes lower than the cost of production. "Saddled with excess inventory...China has been exporting steel overseas at throwaway prices," the top brass of an Indian steel mill said recently. The story in the case of India is no different with one out of every three steel products imported into India being Chinese.

According to market participants, a fall in domestic demand in China with the collapse of the property construction sector saw the share of consumption of the metal fall to 24 per cent in 2023 (from 40 per cent) and it is expected to come down further to 10 per cent this year, if global numbers are an indication.

FEELING THE HEAT. China has been aggressively dumping steel across the world at highly predatory prices and sometimes lower than the cost of production MOORTHY M

QUICK FACTS

- India's imports at 6.5 million tonnes were more than double the exports at 3.2 mt for the April-November period of this fiscal
- The steel trade deficit widened to ₹26,468 crore, which is among the highest in the last few years

Market intelligence firm, BigMint said, volumes from China increased just ahead of the expiry of some of the Bureau of Indian Standards (BIS) licences given to mills/exporters. "Chinese steel imports into India rose a whopping 98 per cent over January-October," the report said.

Vietnam used FTAs with India while maintaining a steady level of exports here "...punctuated by sharp spikes in November 2023 and August-September," the market intelligence firm noted.

Japan saw an over 100 per cent y-o-y increase in steel exports to India for April-November period, primarily taking advantage of FTAs, increased push for auto-grade steel in certain cases, among other factors.

Till September, import prices of steel were mostly at par with domestic prices which had put pressure on domestic sales. Mills had taken to discounting to compete with Chinese offers. As per BigMint, landed prices in rupee parity from China averaged at ₹56,417/t ($663/t) and from FTA countries at ₹54,667/t ($642/t) in FY24. In comparison, trade-level benchmark hot rolled coils, ex-Mumbai, stood at ₹56,008/t ($658/t). In FY25, India's prices are at ₹50,510/t ($593/t) versus Chinese offers that averaged ₹50,689/t ($595/t) and those from FTA countries, were at ₹49,011/t ($576/t).

Chinese offers rose in Q3FY25, post the stimulus packages, whereas Indian prices underwent corrections to counter the inventory pile-up. However, steel imports coming in through FTA prices were consistently lower. Consumption of steel in India has been increasing at double digit numbers which has helped mills here tide over volume sales concerns. Against a production of 95 mt of finished steel (up 5 per cent y-o-y) for April-November, consumption was 98 mt (up 12.3 per cent y-o-y), a Steel Ministry report noted.

OUTLOOK

In China, steel prices weakened m-o-m, and the Trump administration is likely to bring more uncertainty to global trade, making exports more challenging for China's steel and steel-made manufactured goods in 2025, a Steel Ministry official said, indicating the country needs to watch out for imports.

Following immense pressure from Indian companies, a notice for initiating the safeguard investigation by the Directorate General of Trade Remedies (DGTR) was issued. And the industry is hopeful of positive outcome that will stem imports. FTAs are being reviewed too even as murmurs around safeguard duties are getting stronger.

A cache of BIS licences have expired for Indian and Vietnamese mills too. "Currently, there are no active offers from Chinese mills," BigMint said in a report while adding that not many Chinese mills have a valid BIS permit to export to India. In Vietnam, except for Formosa, no other mill's licence has been renewed so far.

On the other hand, cement-makers, who have had a tough first half this fiscal (April-September 2024), are expecting uptake in construction activities possibly from January. driven by pent-up demand, a rebound in government capex, and sustained momentum in the real estate and housing sectors.

Business Line, Dt. 31.12.24

Despite rising imports, strong demand and high production cheer pepper growers in India

V Sajeev Kumar
Kochi

Strong demand, high production and a steady rise in prices brought cheer to the Indian pepper sector in 2024, despite rising imports. However, erratic weather could impact the output next year.

The spice recorded higher production of 1,00,000 tonnes against 80,000-85,000 tonnes in the previous year. The robust demand ensured that price realisation was better despite a bigger output, according to the farming community.

Farmers attributed reasons for increased production to new areas of planting in Tamil Nadu, Karnataka and Andhra Pradesh, as well as in existing areas of Kerala, that offered a good yield.

Also, the industry has a carry-over stock of 51,000 tonnes from the previous year, according to reports from the Indian Pepper Community, as cited by Kishore Shamji, Director of the India Pepper and Spice Trade Association (IPSTA).

LOSING STING. The trade feels prospects for pepper in 2025 look bleak as erratic climate with irregular rainfall could affect the output, prompting more imports

IMPACT OF IMPORTS

He said the domestic consumption of pepper had shown a considerable increase this year, touching 1,31,000 tonnes, thanks to rising demand from readymade *masala* manufacturers.

He pointed out that the rising imports of around 40,000 tonnes from other producing countries posed a problem as much of this imported stuff was sold at rates below domestic prices, hitting the farmers.

However, he felt that the prospects for pepper in 2025 looked bleak as erratic climate with irregular rainfall could affect production, resulting in a 25-30 per cent drop in output. This might necessitate higher imports of pepper into the country to meet the industry requirements. Almost all countries, such as Vietnam, India, Sri Lanka, Indonesia and Brazil, have already voiced concern over the 2025 crop year.

R Sanjith, Secretary General, UPASI, said that per IPC, the global production of pepper during 2024 was estimated at 5,33,000 tonnes, a decline of 10,000 tonnes compared to last year. A decline in global production was largely led by Vietnam, where the crop is expected to be lower by 20,000 tonnes at 1,70,000 tonnes. For 2025, Vietnam's pepper production is estimated to be higher at 2,00,000 tonnes.

EXPORTS UP A TAD

According to the Spices Board estimates, Indian pepper production during 2024 was at 1,24,000 tonnes, higher by 8,000 tonnes compared to last year. The 2025 crop is estimated at 77,500 tonnes.

Exports during April-September 2024 were pegged at 10,150.41 tonnes — higher by 2,056.49 tonnes compared to the same period last year.

"The increased import of pepper is a matter of concern as the quantum imported during April-September 2024 was higher by 84.2 per cent and was estimated at 8,631 tonnes against 4,686 tonnes during the corresponding period of the last year. Pepper prices are presently hovering around ₹665 per kg for garbled and ₹645 for ungarbled; the outlook is positive in the short to medium term," Nishant R Gurjer, Chairman, UPASI Spices Committee, said.

Business Line. Dt: 01/01/25

Higher shipments from South boost tea exports

V Sajeev Kumar
Vishwanath Kulkarni
Kochi/Bengaluru

South Indian tea made a higher contribution to exports of the beverage in 2024 and the outlook for 2025 is promising as production in the region has been relatively less impacted by adverse climatic conditions compared to regions in the North.

Tea production fell by 120-130 million kg (mkg) in North and South India during the year.

Officials in the sector cited drought, unseasonal rains and pest attacks caused by climate change as the reasons for the diminished production. Higher prices failed to compensate for the crop loss with increasing wages pushing up the production cost.

Cherian M George, CEO & Whole Time Director, Harrisons Malayalam and Chairman, UPASI Tea Committee, said tea production in North and South India suffered in 2024 from erratic weather. North India crop loss for the period from January to October was 58 mkg whereas in South, it was 8 mkg.

This led to an overall 6 per cent drop in tea volumes compared with that in 2023. The crop drop percentage for the period from April to October was higher than in January to March.

ROUGH PHASE. For the year, crop loss could be to an extent of 90-100 mkg, given the early closure in North India and lower crop in South due to climatic challenges

EXPORTS RISE 23%

For the year, crop loss could be to an extent of 90-100 mkg, given the early closure in North India and lower crop in South due to climatic challenges.

However, the exports witnessed a 23 per cent jump helped by higher purchases by Iraq from January to October this year. Shipments from North India went up by 13 million, a rise of 16 per cent. South Indian tea export was even better with an increase of 18 million kg over last year thus recording a 33 per cent rise.

"Tea exports from India had an impressive run with total exports expected to record an all-time high of around 260 mkg. The higher exports despite lower production in the country suggest better competitiveness of Indian teas in the global market space." said K Mathew Abraham, President, Upasi.

Higher quantum exports to Iraq (by 9.58 mkg), Russia (7.28 mkg), UAE (4.57 mkg), Germany (3.07 mkg), the US (2.78 mkg) and Iran (1.93 mkg) made export revival possible. "South Indian exports performance (till September 2024) stands out with 25.4 per cent increase in quantum exports and its total exports are expected to cross 100 mkg after 2018.

South India produces just 17 per cent of the country's production but accounts for 41 per cent of the country's exports. Importantly, 56 per cent of the increase in the current year's exports had come from the region, which is not only encouraging but a testament to the compliance levels of teas from the region. To sustain this momentum, building a strong brand identity for Indian tea is of utmost importance for regaining the country's tea legacy," K Mathew Abraham said.

Lower crop coupled with higher exports led to a positive trend on the price front. The average tea price in South India was higher by 13.2 per cent and was estimated at ₹128.32/kg, while All-India prices were higher by 18.3 per cent at ₹200.60/kg. "Given the low crop prospects domestically, it is anticipated that prices should be relatively better, at least, during the first quarter of the next year," Abraham said.

"The demand for Indian teas was driven by countries such as Iraq, UAE and Russia. To a certain extent, the South Indian teas have driven the exports this year" Dipak Shah, Chairman, South India Tea Exporters Association.

Business Standard. Dt: 01/01/25

Geopolitical headwinds threaten '25 oil imports

However, copious supplies and falling rates cap concerns

S DINAKAR
New Delhi, 31 December

India's growing imports of crude oil, a looming threat to the country's energy security, may face a turbulent 2025 amid geopolitical winds emerging from the new Donald Trump administration, Russian President Vladimir Putin's manoeuvres in Ukraine, tightening sanctions on Iran's oil, and escalating Houthi rebel attacks, industry executives said.

However, copious oil supplies amid growing global output and slowing Chinese oil consumption will put India in a better bargaining position with Gulf suppliers, who are in talks to renew annual crude supply contracts.

As a result, the crude import bill, a growing strain on the country's trade deficit, may ease in 2025 as crude prices are expected to average lower on the year at $75 per barrel. Meanwhile, senior refining executives said the ratio of ethanol in the country's fuel mix may increase by 5 percentage points.

According to rating agency ICRA, no major refining capacity additions are expected in 2025, barring a gradual commissioning of Hindustan Petroleum Corporation's (HPCL's) 180,000 barrels-per-day refinery in Barmer, Rajasthan.

Petrol constitutes around 17 per cent of the country's fuel use mix and is expected to grow at over 5 per cent annually — higher ethanol blending will compensate for petrol's growth, putting a lid on oil imports, executives said.

The US Energy Information Administration predicted global oil price benchmark Brent to average $73.58 per barrel in 2025 in its latest short-term energy outlook. It forecasts non- Organization of the Petroleum Exporting Countries Plus liquids output to grow by 1.5 million barrels per day (bpd) during the period, while global demand growth is expected to be only 1.3 million bpd.

India's oil demand, the biggest contributor to global demand growth along with China, is expected to grow by over 300,000 bpd in 2025, compared to 200,000 bpd in 2024.

Imports of crude oil averaged $11.1 billion a month in 2023-24 (FY24), when India's crude oil basket averaged $82.6 per barrel, with rates ranging from a high of $93.5 per barrel in September to a low of $73.4 per barrel in June.

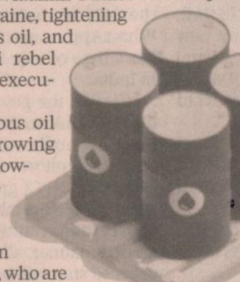
THE TREND

India's crude import volume in '000 barrels a day

	2023	% share	2024	% share
Russia	1,792	38.8	1,786	38
Iraq	915	20	947	20
Saudi Arabia	706	15	636	13.5
Venezuela	0	0	70	1.5
US	206	4.5	199	4.2
Total*	4,620		4,697	

*Total includes all countries

Source: Kpler



Monthly imports have averaged higher at $11.5 billion this financial year (2024-25) until November, but average oil prices are on a decline. In December, India's crude oil basket averaged $73.2 per barrel compared to $89.4 per barrel at the beginning of the financial year.

2024's crude import data offer pointers to the role of suppliers. India's imports of oil increased by a meagre 1.6 per cent in 2024 from a year earlier to around 4.7 million bpd, while Russia, the country's biggest oil supplier, saw its share stay flat or even shrink marginally to around 38 per cent, according to data (as of Tuesday) from Paris-based market intelligence agency Kpler.

Top refining executives said that state-run refiners are facing some shortfalls in Russian supplies in January, and to a lesser extent in February. However, overall Russian supplies to India will be maintained in 2025 unless the US manages to affect a truce in Ukraine, diverting Russian oil flows to its traditional European market, a private sector refiner said.

Indian Oil Corporation (IndianOil), Bharat Petroleum Corporation, and HPCL are facing shortfalls in sourcing Russian oil after private-sector refiner Reliance Industries (RIL) increased its draw on discounted Russian oil to maintain refining margins.

RIL is seeking to substitute falling Venezuelan volumes with Russian oil, industry executives said. The refiner has typically gained from heavily discounted Venezuelan heavy, acidic oil grades in the past — in the past, it has accounted for over a fifth of RIL's crude imports, prompting it to seek a licence from Washington to continue importing from the Latin American nation. But Venezuelan supplies averaged only 59,000 bpd this year, a quarter of the 212,000 bpd it secured in 2019, according to Kpler data.

Moreover, state-run refiners are facing limitations in processing Russian crude beyond the current 35-40 per cent levels because of refinery configuration issues and Washington's sanctions, which effectively put a cap on Russia's share of India's crude market at less than 40 per cent. Russia supplied 1.78 million bpd in 2024, compared to 1.79 million bpd in 2023.

RIL's share of Russian crude fell to 22 per cent last year at 401,000 bpd from 24 per cent in 2023 after discounts on the oil reduced by more than half to $3-$4 per barrel, and Venezuela resumed supplies to RIL.

RIL processed 1.26 million bpd of crude oil in FY24, according to oil ministry data.

IndianOil was the second-biggest buyer of Russian oil last year, accounting for 19 per cent, a steep fall from 26 per cent in 2023 after it failed to renew term contracts with Russian state-run oil companies.

Iraq and Saudi Arabia were the second- and third-biggest suppliers of oil to India at 20 per cent and 13.5 per cent shares, respectively, in 2024. Iraq's share of India's oil market was flat from 2023, but the Saudi share slipped by 1.5 percentage points. The share of US oil has more than halved to 4 per cent last year from 2021, but Trump's return will put pressure on state-run refiners to increase US oil purchases, executives said.

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FINANCIAL EXPRESS. Dt. 01/01/25

GTRI: Exports cross $800 billion in 2024

MUKESH JAGOTA
New Delhi, December 31

INDIA'S OVERALL EXPORTS in calendar year 2024 likely touched $814 billion, growing at 5.58% year-on-year, according to a report by trade policy think tank Global Trade Research Initiative (GTRI).

In 2023, the country's merchandise and services exports stood at $768.5 billion. In 2024, merchandise exports are expected to reach $441.5 billion, showing a modest 2.34% increase over $431.4 billion in the previous year. In contrast, services exports demonstrated a robust momentum and are projected to grow by 10.31% to $372.3 billion, up from $337.5 billion in 2023.

India's export landscape is undergoing a transformation that highlights both opportunities and vulnerabilities. Sectors such as machinery and electronics are gaining prominence, with machinery's share in the export basket rising to 6.9% in 2024 from 3.8% in 2014 and electronics climbing to 7.9% in 2024 from 3.3% in 2014. "These trends underscore India's growing capabilities in higher-value sectors, a necessary shift for long-term export resilience," GTRI founder Ajay Srivastava said.

Traditional sectors of exports, however, are witnessing a decline. Textiles and garments, which accounted for 21.1% of exports in 2004, now represent just 8%, while gems and jewellery have dropped from 16.9% in 2004 to 7.5% in 2024. "These declines not only reflect changing global demand but also point to India's struggle to remain competitive in labour-intensive industries," he said.

The coming year poses significant challenges for Indian exports. Global trade growth remains sluggish, hampered by slow economic recovery in developed markets and geopolitical tensions like the Russia-Ukraine war and the Israel-Hamas conflict. Disruptions in Red Sea shipping routes further exacerbate supply chain vulnerabilities.

SHIFT IN TRENDS

In 2023, exports stood at **768.5** ($ bn)

■ In 2024, merchandise exports are expected to rise by **2.34%** year-on-year, and services exports by **10.31%**

According to GTRI, share of sectors such as machinery and electronics in the export basket is rising and that of textiles & garments and gems & jewellery is declining

FINANCIALEXPRESS. Dt: 01/01/25

Coffee exports surpass $1-bn mark in Apr-Nov

RAVI DUTTA MISHRA
New Delhi, December 31

TRADITIONALLY A TEA exporter, India is making significant inroads into the global coffee export market with total exports during the current financial year up to November crossing the $1-billion mark for the first time, according to data from Centre for Monitoring Indian Economy (CMIE).

The sharp growth is partly attributed to a surge in Robusta coffee prices, which account for over 40% of global production, and partly due to stocking ahead of the European Union's (EU) new deforestation regulation that could raise the cost of coffee as well as several other agricultural exports to the EU.

India's coffee exports rose to a record high of $1,146.9 million between April and November in FY24, compared to $803.8 million during the same period last year, registering a 29% rise. This figure is nearly double the exports during the same period in FY21, which stood at $460 million.

Global Robusta prices have soared to multi-decade highs due to supply issues in major coffee-producing countries like Vietnam and Brazil.

According to *Reuters*, the price of Robusta beans peaked at $4,667 per metric ton on the London-based ICE Futures Europe market in June, marking a 63% increase this year alone. Notably, India's exports of tea saw little change despite expectations of gaining new markets following the economic crisis in Sri Lanka, one of the largest tea exporters in the world.

A government official said that Indian coffee managed to capture the "premium segment" of the export market unlike in the case of tea.

A report by the United States Department of Agriculture (USDA) earlier this month highlighted that drought and high temperatures in Brazil during the fruit development and filling period caused Arabica and Robusta yields to fall below initial projections. With nearly flat output, Brazil's coffee bean exports are forecast to drop by 2.6 million bags to 40.5 million, primarily due to last year's inventory drawdown, which reduced total supplies.

Notably, Brazil is the world's largest coffee producer, contributing about 40% of global production.

Meanwhile, Vietnam, the second-largest coffee producer, has also reported lower production forecasts. Although Vietnam's coffee production is expected to recover by 2.6 million bags to 30.1 million, it will still remain below the record crop of 2021/22, according to the USDA.

Coffee Board data showed that Chikkamagaluru, Kodagu and Hassan in Karnataka with 2,48,020 MTs during 2022-23 is the largest producer of Arabica and Robusta coffee. Kerala comes a distinct second at 72,425 MTs followed by Tamil Nadu at 18,700 MTs.

Business Line. Dt:- 02/01/25

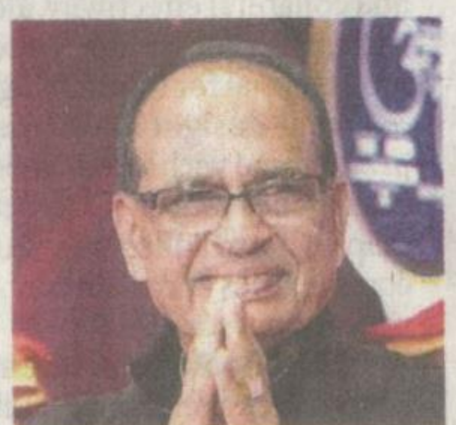
Export of 1 million tonnes of white rice to Indonesia cleared

Prabhudatta Mishra
New Delhi

The Cabinet on Wednesday approved a plan to export 1 million tonnes of non-basmati white rice to Indonesia through the National Co-operative Export Ltd (NCEL).

Announcing the decision, Union Agriculture Minister Shivraj Singh Chouhan said an agreement will be signed by the Indonesian government's agency Bulog with India's notified canalising agency NCEL.

Sources said that NCEL, which was the nodal agency to undertake the export of non-basmati rice to friendly countries under permit system when the shipments were banned, will source the rice from the open market and sell to Bulog under a price formula.



Union Agriculture Minister Shivraj Singh Chouhan

NOT BUFFER STOCK

Though there was some confusion initially regarding the source of rice to be exported, officials later clarified that there would be no export from the government-owned buffer stock. Rice prices in the global market have firmed up marginally from mid-November after dropping over 10 per cent.

After India removed rice export curbs, other countries such as Pakistan and Thailand cut prices by 10-15 per cent, exporters said. But, rates started rebounding from last week of November on good demand from the Philippines, where buyers are seeking the new crop. Even, Far Eastern countries are buying good volume, said exporters adding global prices moved up by $10/ tonne in the second fortnight of November.

Business Line. Dt:- 02/01/25

Govt hopes to double organic products' exports to $1b

Amiti Sen
New Delhi

The government is hopeful of doubling exports of organic products in 2025-26 to $1 billion, compared to the previous fiscal, and is set to announce new guidelines for the National Programme for Organic Production (NPOP), officials said.

"We are trying to come up with the NPOP new guidelines, together with the traceability portal and the new NPOP portal," said Rajesh Agrawal, Additional Secretary, Department of Commerce, at an interaction with the media on Wednesday. On January 9, a revision of the NPOP 2014 will be announced, a decade since the last revision, and regulations will be aligned with developments that are taking place in the organic field across the board, especially in the US and the EU, he added.

MORE CLARITY

The guidelines will bring more clarity and transparency in the processes while strengthening the regulatory oversight through data analytics, per the Commerce Department.

The government is hoping to grab a greater share of global organic exports, estimated at about $140 billion annually.

"We are just half a billion right now. The idea is to cross $1 billion next year and then maybe lay down a larger path for ourselves... We have worked with the FSSAI, the Cooperation Ministry and the Agriculture Ministry to come up with these guidelines.

"We intend to work with all the stakeholders to see that we are able to get a credible organic ecosystem," Agrawal said.

ROAD AHEAD

The revised NPOP guidelines will focus on simplification transparency, revision of appeal procedures for enhanced deterrence, revised sanction catalogue with enhanced penalty and streamlined appeal procedure. The country's food testing infrastructure is also set to expand in a holistic way to boost exports with the Export Inspection Council, an arm of the Commerce Department, working on a detailed study on gap assessment on food testing infrastructure for exports.

" We are trying to find out gaps in our food testing infrastructure.

"We hope that the study will be over in 2-3 months and after that we will come up with a full plan of how to expand our infrastructure in a more holistic way," Nitin Kumar Yadav, Joint Secretary, Department of Commerce, said at the briefing.

Tobacco exports to grow 8%

Tobacco exports are likely to cross ₹13,000 crore ($1.52 billion) in FY25, up 8 per cent over exports worth ₹12,005.89 crore ($1.4 billion), as per a senior government official.

"Tobacco exports contribute sizable foreign exchange. This year, we are going to cross ₹13,000 crore... Tobacco farmers' income has also doubled over the last five years," said Rajesh Agrawal, Additional Secretary, Department of Commerce.

The Economic Times. Dt: 02/01/25.

Organic Food Exports may Cross $1 b Next Year

Our Bureau

New Delhi: India aims to cross $1 billion of organic product exports next year and the country is exploring Mutual Recognition Agreements (MRAs) in sensitive exports products such as fisheries which face higher rejections, an official said Wednesday.

Country's organic food exports have grown to $494.80 million in 2023-24 from $213 million in 2012-13 with the major export destinations being the United States, European Union, Canada, United Kingdom, Switzerland, Australia, middle east and Asian countries. The major export items are cereals and millets, processed food, tea, spices and medicinal plant products, among others.

"Quality issues for export consignments are a bigger concern than tariff barriers," said an official, adding that there has been over 300% increase in labs and 200% increase in certification for food products being exported since the past decade.

Besides, export rejections of Indian fisheries products by the EU have reduced to 3 in 2024 from 15 in 2017.

"MRAs for export of edible products already exist with the EU, China, Bhutan and talks are underway with Qatar for such an arrangement," the official said. Moreover, the government is also developing portals for market access, traceability and National Programme for Organic Production (NPOP)- the guidelines for which are being revised after a decade.

TOBACCO EXPORTS

Tobacco exports are likely to grow 8% to cross Rs 13,000 crore this year, Rajesh Agrawal, additional secretary in the Department of Commerce said Wednesday.

India is the second largest producer of tobacco in the world after China. It is also the fourth largest producer of Flue-Cured Virginia (FCV) tobacco in the world after China, Brazil and Zimbabwe.

"Tobacco exports contribute sizable foreign exchange to the Indian exchequer. This year, we are going to cross ₹13,000 crore...Tobacco farmers income has also doubled over the last five years," Agrawal said. In FY24, their exports were around ₹12,005 crore. Last year, India produced 300 million kg of tobacco. The government regulates the production and aims to maintain the level of production at around 270 million kg. Agrawal said India does not promote an increase in tobacco production as it is signatory to the WHO Framework Convention on Tobacco Control (WHO FCTC). In the last 10 years, the government has not registered farmers for the production.

The Tobacco Board supports 80,000-85,000 registered farmers by providing handholding assistance to produce tobacco of requisite quality to meet the standards of importing countries and has implemented an IT-enabled electronic auctioning system for FCV tobacco, the main ingredient of cigarettes.

FINANCIAL EXPRESS. Dt: 02/01/25

Higher yields & prices drive growth; no increase in area under tobacco cultivation

FY25 tobacco exports to top ₹13,000 cr

FE BUREAU
New Delhi, January 1

INDIA'S EXPORTS OF tobacco are expected to cross ₹13,000 crore this financial year, up from ₹12,005 crore last financial year, due to higher yields and prices, a senior official said on Wednesday.

In the last five years, tobacco exports have grown by 87% from ₹6,408.15 crore in 2019-20. During this period, the export volumes have increased from 218.84 million kg to 315.51 million kg. The output of flue-cured Virginia (FCV) tobacco, which accounts for 65% of the total tobacco exported from India, has grown to 304 million kg in the last financial year from 234.8 million kg in 2019-20. The price of FCV has gone up to ₹279.14 per kg last year from ₹124 per kg in 2019-20.

While FCV is the most traded tobacco from India, there are other varieties that are produced and exported from India. A combination of higher yields and prices led to the doubling of income of 83,000 tobacco farmers in Andhra Pradesh and Karnataka.

India is the second-largest producer of tobacco in the world, after China. India is the fourth-largest producer of FCV tobacco in the world, after China, Brazil and Zimbabwe. India is the second-largest exporter of unmanufactured tobacco, in terms of quantity, after Brazil.

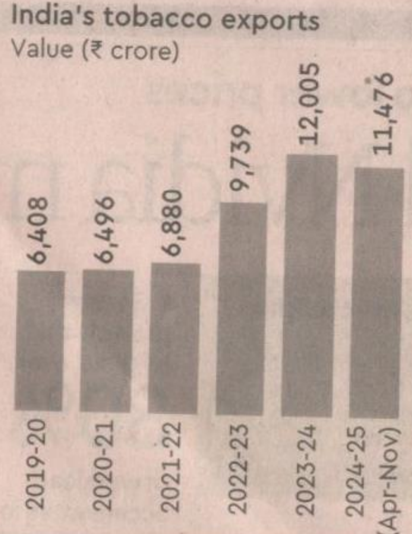
Despite the performance of the sector, the government is not encouraging the growth in acreage under tobacco or bringing more farmers to take up its cultivation. No new farmers have been registered in the last 10 years. The reason for the freeze is that the world market for tobacco has been stagnant and India has committed at the World Health Organisation not to promote tobacco.

To promote other agriculture exports by ensuring adherence to international standards the government is also expanding the laboratories under the Export Inspection Council (EIC). In the last 10 years, the number of labs have gone up to 78 from 21 in 2013-14.

The expansion of the network of labs with latest facilities had helped exporters. From September 2017, the labs of EIC started testing consignments of fish and fisheries products to the European Union (EU) for banned antibiotic residue. Since then the number of rejections per year has gone down to 3 in 2024 from 15 in 2017. Apart from fish, the EIC also tests exports of milk, eggs, honey, basmati and non-basmati rice, fruits and vegetables, poultry and processed meat, and meat.

Peanuts for the EU, Malaysia, Singapore; rapeseed and soybean meal for China; black pepper for the USA; and animal products are also tested. Voluntary certification scheme for non-notified food products requiring certification by importing countries also pass through EIC. The number of export establishments has increased to 1,446 in 2023-24 from 794 in 2013-14. The number of EIC's export certificate accepted by importing countries doubled to 120,000 from 61,000 in 2013-14.

GROWING SHIPMENTS



- The government is not encouraging the growth in acreage under tobacco
- India has committed at the World Health Organization not to promote tobacco

Business Line: Dt:- 06/01/25

'Oil import dependence to increase in FY25 as domestic production declines'

Our Bureau
New Delhi

The reduction in domestic crude oil production from mature fields, coupled with the inability of Indian exploration and production (E&P) companies to arrest the decline, will reflect in increased reliance on imports in FY25.

Fitch Ratings says: "We expect India's crude oil production to fall by 2-3 per cent in FY25 (7M FY25: -3 per cent). The fall reflects the struggle of companies like ONGC to arrest the output decline at mature fields through technology investments to tap isolated reservoirs," the agency projected.

However, production should grow by low single-digit percentages in FY26 as production increases at ONGC's offshore field in the

KG Basin and at privately owned fields, it added.

"We expect India's crude oil import dependency to increase further in the near term, propelled by faster growth in petroleum product demand compared to domestic production," Fitch said.

India's crude oil import dependency stood at 88.1 per cent in 7MFY25 (87.8 per cent in FY24 and 77.6 per cent in FY14). Russia was the largest supplier at 39 per cent in H1 FY25, it added.

'The production reflects the struggle of companies like ONGC to arrest the natural output decline'

NATURAL GAS DEMAND

Fitch expects India's total gas consumption to rise by around 10 per cent in FY25 (7M FY25: 11 per cent).

Consumption rose by 11-14 per cent in the city gas distribution, refinery and petrochemical segments in 7M FY25. India's natural gas production will grow by a low single-digit rate in FY25 (7M FY25: 2 per cent), supported by ONGC's development projects on the west and east coasts, including from the KG Basin. However, the growth is expected to decelerate from the 9 per cent CAGR over FY21-FY24 when RIL's KG Basin achieved peak production of around 27 million standard cubic metres per day.

"We expect LNG imports to increase by around 20 per cent in FY25 (7M FY25: 22 per cent). This will be driven by increasing demand and lower international gas prices that will improve affordability for price-sensitive sectors," the rating agency projected.

GAS PRICES

"We believe CGD companies may raise prices for piped natural gas and compressed natural gas in the near term as they try to cover the shortfall in domestically produced input gas with gas from more expensive deep-water offshore fields and LNG imports," Fitch Ratings said.