Business Line dt 25.1.23

FY23 exports should do as well as last year, if not better: Goyal

Amiti Sen
Rutam V Vora
Gandhinagar

India should be able to maintain FY22 export levels of $422 billion this fiscal, too, if not better it, despite the ongoing global economic turmoil, Commerce and Industry Minister Piyush Goyal has said.

"Individual months have seen some ups and downs in exports. But, overall, despite the world being under recession, huge inflationary pressures, overstocking of various commodities, and every global leader talking of very tough times, India's exports, up to December are up 9 per cent from last year. But, clearly, we cannot sustain that kind of momentum given the difficult times," Goyal told *businessline* in an interview on the sidelines of the 'B20 India Inception Meeting' organised by the CII in Gandhinagar.

Piyush Goyal, Commerce and Industry Minister

But the government and the exporters are giving it their best shot, he said. "We still feel confident that we'll be able to maintain, if not do better, than last year," the Minister said.

'SATISFYING YEAR'

India's goods exports in December declined 12.2 per cent (year-on-year) to $34.48 billion as recessionary trend in major developed markets shrank demand. If the US and Europe pick up a little bit, then India's goods exports may actually grow this fiscal, Goyal said.

India has done extremely well in services exports which are likely to grow at least 20 per cent, he said. "By current trends, we will exceed the target of $300 billion in services exports this year. So, all in all, it will be a satisfying year given the global headwinds," he added.

On the need to curb imports to check the widening trade deficit, Goyal said India did not make any knee-jerk decisions. "Many are essential imports of raw materials and intermediate goods. Petroleum going up is a sign of economic activity and growth. The fact that electric vehicles are being used in a big way is leading to lithium being imported," he said.

Amiti Sen was in Gandhinagar at the invitation of CII

Interview p3

Business Line dt. 25.1.23.

'Import-export balance must for ₹ trade with Russia to succeed'

FOCUS AREAS. Machinery, auto parts, electronics, farm goods and textiles hold promise, says official

Amiti Sen
Gandhinagar

India-Russia rupee trade can be successful when there is a more balanced bilateral trade and the two countries need to work towards that, a senior Russian official has said.

Russia can import a wide range of items from India such as machinery, automobile parts, electronic goods, tea, agricultural goods, textiles and spices for achieving a balance, pointed out Aleksi Bondaruk, Deputy Head, Department for External Economic and International Relations, City of Moscow.

"Russia is facing serious sanctions from the international banking sector. I think that if we try to start the direct payments in our national currencies, that will be a great solution. We have a great chance to start it, but we should have more or less the same amount in export and import between our countries. This is the first step to be taken and then it will make it much more easier for us to establish direct payment in our national currencies," Bondaruk said, talking to select media at the sidelines of the 'B20 India Inception Meeting' organised by CII in Gandhinagar.

LARGEST SUPPLIER. Russian exports to India in April-December 2022 increased 400 per cent to $32.88 billion

TRADE IMBALANCE

Russian exports to India in April-December 2022 increased 400 per cent to $32.88 billion, making it the country's fourth largest source of imports as New Delhi increased its purchase of discounted crude from Moscow following the Ukrainian crisis.

But India's exports of goods to Russia declined 14.22 per cent in April-November 2022 to $1.87 billion, due to issues related to market access and standards.

If Russia doesn't import more from India, then the rupee payment mechanism, being implemented for the two countries to carry out bilateral trade in rupee bypassing Western banking sanctions, will not be a success. Moscow will not be able to use its rupee payment, which it receives for its oil exports to India, if its imports from India does not balance out exports.

Business Line dt. 25.1.23.

Rice export prices soar to near 2-1/2-year high

Subramani Ra Mancombu
Chennai

Export prices of Indian white rice have increased by over 10 per cent over the past fortnight to nearly a 30-month high. The surge in prices is in view of the Food Corporation of India (FCI) procuring more rice for the central pool and global currency movements, exporters and traders said.

The Centre's decision to end the distribution of free grains under Prime Minister Garib Kalyan Anna Yojana (PMGKAY), which is in addition to the normal supply under various welfare schemes, has also resulted in the prices rising, they said.

This is because those who were getting rice under the scheme are now seeking rice from the open market.

"Exporters have to compete with the FCI to get rice. This has pushed up rice prices. Once it ends procurement, we could see some correction," said New Delhi-based exporter Rajesh Paharia Jain.

FCI procurement of kharif rice is 20 per cent higher year-on-year, he said.

"Parboiled prices have increased by 30 per cent in the past couple of weeks to ₹29,000 a tonne from ₹22,000. Talks of Bangladesh buying rice under a government-to-government deal have pushed up the price," said VR Vidya Sagar, Director, Bulk Logix.

NEAR MSP LEVELS

According to data from the Agmarknet portal, a unit of the Agriculture Ministry, paddy prices were up at ₹2,419.46 a quintal last week compared with ₹2,054 a year ago. This year, the MSP for paddy has been fixed at ₹2,040 for the current crop year to June.

Data from the Consumers Affairs Ministry show that the average wholesale price of rice is currently ₹3,328.43 a quintal — up 9.12 per cent year-on-year. Most of the rise in the price happened in the past week, he said.

"Rice prices have increased to near minimum support price (MSP) levels and this has resulted in export prices surging," said BV Krishna Rao, President, The Rice Exporters Association.

Rising sharply

*Price in $/tonne

Countries	5% broken		25% broken		Parboiled	
	19-Dec-22	23-Jan	19-Dec-22	23-Jan	19-Dec-22	23-Jan
India	393-7	443-7	378-82	428-32	373-7	388-92
Thailand	465	523	455	511	474	523
Pakistan	488-52	488-92	422-26	458-62	453-7	533-37
Vietnam	453-7	458-62	428-32	438-42	--	--

Source: Thai Rice Exporters Association;

STILL COMPETITIVE

According to the Thai Rice Exporters Association, India's 5 per cent broken white rice price has increased by $40 a tonne since the third week of December to $443-47 a tonne. The price of 25 per cent broken white rice has gone up by $50 to $428-32.

Only parboiled rice has not witnessed such a rise, though its prices have risen by $15 to $388-92 a tonne. Despite the surge in prices, Indian rice is still the most competitive.

"Indian white rice prices will top $450 in a week's time once the markets open up abroad after the Chinese lunar New Year. We have to see how the Vietnam market opens on February 1," said Bulk Logix's Sagar.

Exports to Africa are taking place, though there is a general shortage of supplies in the market, he said.

TREA's Rao said the increase in rice prices is good for the industry since only "actual millers" are buying in the domestic market.

"Prices have increased despite the arrival of new crop in West Bengal. We are exporting rejected grains from parboiled sortex," said M Madan Prakash, President of the Agricultural Commodities Exporters Association.

Even prices of such grains have increased to nearly $320 free-on-board (f.o.b).

SET TO COOL

However, the current trend may not hold for long since "the surge" is not sustainable, said Sagar.

"Prices are likely to correct once the Vietnam market opens," he said. "The market is caught between two rice seasons in Thailand. Once the new crop arrives there, prices will cool down," said Rao.

"Once FCI ends its procurement, it will be only traders in the market. It will bring down prices," said Jain.

But a trade analyst, who did not wish to be identified, was sceptical saying, "the market sentiments are based on physical supplies. Looks like the data on production may not be right."

Financial Express dt. 26.1.23

EXPORT TARGET OF $2 TRILLION BY 2030

Foreign trade policy to avoid big fiscal support for exporters

To focus on 'whole of govt' approach, facilitation plans

BANIKINKAR PATTANAYAK
New Delhi, January 25

DEPARTURE FROM THE PAST

- In a departure from the past, the upcoming FTP may not roll out schemes to incentivise exports
- The new policy could feature several facilitation programmes to make it easier for companies to export
- The FTP is expected to be rolled out before March 31 when the validity of the current one expires

At present, goods exporters are grappling with a slowdown in demand from key markets, such as the US, the EU & China

IN A DEPARTURE from the past, the upcoming foreign trade policy (FTP) will refrain from rolling out schemes involving massive incentives to spur exports. Instead, it will focus on a "whole-of-government approach" under which officials of various wings, especially overseas missions and commerce and customs departments, will work in unison to realise an annual export target of $2 trillion (both goods and services) by 2030, sources close to the development told FE.

The new policy could feature several facilitation programmes to make it easier for companies to export, they said. These would include relaxation of procedures and paperwork--especially in seeking permits and licence renewals--, removal of human interface and bolstering of automation on various aspects of trade.

"Exporters will continue to get tax remission and whatever support is required in terms of facilitation. Handing out subsidies is not going to be the goal of the new FTP," said one of the sources.

The new policy, which will come against the backdrop of faltering merchandise exports due to mounting external headwinds, is expected to be rolled out before March 31 when the validity of the current one expires, unless the government decides to extend it again.

The commerce ministry, sources said, is also weighing the merits of a proposal to reduce the validity of the next FTP from the usual five years to better capture complex and fast churnings in global trade and respond to them swiftly, at a time when external headwinds are only mounting, said the sources. A final decision on this will be made soon. Of course, the validity of the current FTP, initially designed to cover the period between 2015 and 2020, has been extended up to March 2023 in the wake of the outbreak of the pandemic.

The likely absence of substantial subsidies in the new FTP is in sync with commerce and industry minister Piyush Goyal's call to exporters to shun "the crutches of subsidies" and improve competitiveness, one of the sources said. Earlier, FTPs used to pledge more fiscal support to exporters.

For instance, the government had announced the Merchandise Export from India Scheme (MEIS) in 2015, when the current FTP was rolled out, by merging five different schemes and sharply raising budgetary allocation for it. It had allocated as much as ₹39,097 crore for exporters under the MEIS for the pre-pandemic year (FY20). This scheme was replaced with the Remission of Duties and Taxes on Exported Products (RoDTEP) programme from January 2021.

The recent directive to offer a conditional one-time relief to traders from hotel, healthcare and education sectors from maintaining average export obligation under a scheme for capital goods without any fee was part of this broader initiative to ensure greater facilitation.

Since the FTP is being designed in the aftermath of the Covid-19 outbreak, it would lay stress on ensuring India's greater integration with the global supply chain, sources had earlier told FE.

Already, the commerce ministry has set a target to bring down India's elevated logistics costs--long blamed for eroding the competitiveness of exporters—to 8% in five years from the current 13-14% of gross domestic product (GDP).

The new FTP will come at a time when goods exporters are grappling with a slowdown in demand from key markets, such as the US, the EU and China. While services exports continue to perform well and are expected to beat the record $300-billion target for FY23, merchandise exports, of late, have started faltering.

Having witnessed robust growth earlier this fiscal, goods exports contracted in two of the past three months, dragging down growth until December this fiscal to 9% and hit $333 billion. The World Trade Organization has trimmed its trade volume growth outlook for 2023 to just 1%, against 3.5% for 2022. It will weigh on Indian export prospects as well.

Business Line dt. 26.1.23.

Bajaj Auto Q3 net up 3%; exports hit

Aroosa Ahmed
Mumbai

The second largest two-wheeler manufacturer Bajaj Auto posted a 3 per cent increase in consolidated net profit at ₹1,472 crore for the quarter ended December 31, compared to ₹1,429 crore in the same quarter last year. The profit dipped 14.3 per cent compared with ₹1,719 crore reported in Q2.

Revenue from operations grew 3.29 per cent y-o-y to ₹9,318 crore (₹9,021 crore) and dipped 8.6 per cent dip q-o-q.

"Exports will continue to be impacted as there has been a decline in demand by 30 per cent. The reasons include devaluation in all markets and the dollar's availability. Emerging markets depend on imports while demand is coming down. Nigeria is an important market for us and there is a demonstration there. We expect normalcy by the middle of March," said Rakesh Sharma, Executive Director, Bajaj Auto Ltd.

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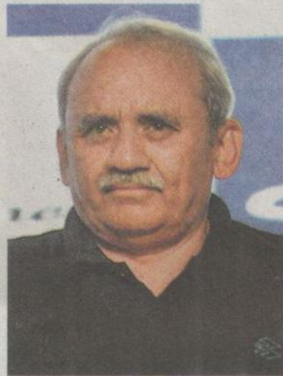
>
> **RAKESH SHARMA**
> Executive Director, Bajaj Auto



Further, the company gained 76 per cent share in the three-wheeler market. "We will launch an electric three-wheeler by the end of March," said Sharma.

ENTRY-LEVEL SEGMENT

Owing to rising costs and inflation, the entry-level two-wheeler segment continues to be impacted. It has also seen a decrease in demand.

"The entry-level segment is weak according to Vaahan, and there is a 5 per cent decline," added Sharma. The company also launched its Dominar brand in Brazil through its owned subsidiary and stated that it witnessed a rebound in the domestic motorcycle market share. The company has also expanded its dealership network for the Chetak EV with volumes up by 5x over the previous year.

At 9,83,276 units, there was a 17 per cent decrease in volumes in Q3 (11,81,361 units). The company's surplus cash stood at ₹14,894 crore.

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Bangladesh G2G rice import deals with co-ops 'put on hold'

Subramani Ra Mancombu
Chennai

Bangladesh has kept "in abeyance" its decision to sign contracts with Indian cooperatives to import two lakh tonnes (lt) of parboiled rice under government-to-government (G2G) deals.

Initially found hesitant, Dhaka has decided to put the deal in cold storage as it has got a few offers at lower prices and the Sheikh Hasina Wajed government is facing problems on the foreign exchange front.

INDECISIVENESS

Trade sources said Bangladesh may have been caught on the wrong foot for its indecisiveness since prices in the global rice market have shot up by 10 per cent over the last couple of weeks.

Sources said Dhaka is looking to source rice from other origins but India's main competitors — Thailand and Pakistan — have priced their produce at over $100 a tonne.

According to the Thai Rice Exporters Association, Thailand's parboiled rice is quoted at $523 a tonne and Pakistan's at $533-37 a tonne. The association pegged the Indian price at $388-392, up $15 in the past couple of weeks.

However, exporters said Bangladesh will have to pay more when it comes to making purchases in the market. "Parboiled prices in India have increased by over 30 per cent this month mainly on reports of Bangladesh importing rice from India on a G2G basis," said VR Vidyasagar, Director, Bulk Logix.

LOW QUOTES

India's NCCF and Kendriya Bhandar (National Co-operative Consumers Federation of India Ltd) were to supply the two lakh tonnes under G2G deals at $433.60 and $433.50 a tonne, respectively in December. Bangladesh's Food Ministry issued letters of intent for the purchases of one lakh tonnes each from the two cooperatives before stepping back.

At that time, prices quoted by the two co-operatives were $35/ tonne higher than what private traders offered Dhaka in two global import tenders of 50,000 tonnes each.

WRONG MOVE. Dhaka is looking to source rice from other origins but India's main competitors — Thailand and Pakistan — have priced their produce at over $100 a tonne

In a tender opened on December 21, India's Bagadiya Brothers was the lowest bidder offering the foodgrain at $393.90/tonne. In the next tender opened on December 27, Singapore's AgroCorp International offered the most competitive rate of $397.03. The G2G deals and tenders were part of Bangladesh's efforts to procure 3 lakh tonnes of parboiled rice for the public distribution system.

6-DAY DELAY

Official sources said they had charged more for the supplies since Bangladesh asked for the new crop, besides wanting the consignments to be delivered in two months.

"Had it given more time and opted for an older crop, it could have got the rice at a cheaper rate," an official said on condition of anonymity.

The LoI was issued after accepting the Indian cooperatives' offer. The Indian agencies were to furnish bank guarantees but as it got delayed by six days, Bangladesh utilised the opportunity to put the deal on hold.

A trader said: "If it wanted, Bangladesh could have accepted the guarantee."

According to Bangladesh media reports, the Wajed government's Food Ministry and its Cabinet committee that decides on public procurement have cleared the imports.

BULLISH MARKET

Trader sources said the additional amount sought from Bangladesh was justified since it is looking for guaranteed delivery.

The global rice market has turned bullish on a lower crop in India, China and Bangladesh. India's kharif rice production has been estimated lower (104.99 million tonnes vs 111.76 million tonnes last season) and stocks with the Food Corporation of India (FCI) are at a six-year low.

Business Line dt. 26.1.23.

APEDA to use river names as brand to export agri products

To showcase riverine source of agri exports as unique identifier

Vishwanath Kulkarni
Bengaluru

As part of its promotion strategy for agri exports, the Agricultural and Processed Food Products Export Development Authority (APEDA) proposes to use river names as tag line and branding for Indian agri products.

APEDA is identifying agri products that can be sourced from the Gangetic, Brahmaputra, Cauvery and Godavari river basins, among others, across the country.

"We have an excellent number of unique and distinct agri and food product range, products specific to regions, States and geographical indication (GI) too. APEDA intends to promote and create a niche market and branding of these unique products. In fact, we intend to promote river as a tag line and brand for promotion of Indian agricultural and food products. We want to identify our products with the production centres," M Angamuthu, Chairman, APEDA, told *Business Line* on the sidelines of Agriculture Day organised by Hubballi-based Deshpande Foundation.

"We will work out a systematic strategy where the entire country will be covered. Promotion of natural and vegan

M Angamuthu, Chairman, APEDA

products also offers uniqueness and identity to producers and farmers as a whole.

"Value-added and diversified product promotion will be APEDA strategy to strengthen value chain management," Angamuthu said.

OVERSEAS PITCHES

He said GI-tagged agri products were receiving a good response in overseas markets. "Last year we exported over 101 GI-tagged products and retail chains were keen to display them," he said.

Angamuthu said APEDA is also working with Indian restaurants to promote agri exports.

"There are over 1.5 lakh dedicated Indian restaurants overseas. We intend to promote our agri product through Indian restaurants, not only to our Indian diaspora but also the entire world," he said.

As of 2022, India exports agri products to over 200 countries as compared to 150 about 10 years ago. India, which is currently the eighth largest exporter of agri products, aims to be among the top five by 2030, he said.

The exports of agri products monitored by APEDA grew 16 per cent to $17.435 billion during April-November in the current financial year, compared to $15.072 billion in the same period last year.

APEDA exports stood at $24.74 billion during 2021-22.

Business Line dt. 30-1-23.

'Rising duty-free steel imports a serious concern'

Suresh P Iyengar

Mumbai

Notwithstanding the 'Make in India' push of the government, more than 50 per cent of the steel imported to India is duty-free from countries such as Korea, Japan and other Asian countries under the free trade agreement.

India turned a net importer late last year, and imports surged to 8.89 lakh tonne last December from 3.43 lakh tonnes in April 2022, a jump of 159 per cent.

Of the overall imports, 58 per cent of the imports are at zero per cent duty from countries such as Korea and Japan.

The duty-free import comes even though Indian steel companies had accumulated huge inventories due to a slowdown in domestic demand and an export duty of 15 per cent levied last May.

Despite the withdrawal of export duties last November, steel companies could benefit as export contracts are signed one month in advance.

'NO REASON TO IMPORT'

Seshagiri Rao, Joint Managing Director, JSW Steel, said: "There is absolutely no reason for Indian automobile companies to import from their overseas parent company as indigenisation is up to 99.99 per cent as far as steel is concerned, and there is hardly anything in the auto sector that Indian steel companies cannot produce."

JSW Steel itself has invested about ₹9,000 crore to ₹10,000 crore in auto-grade steel capacity and got the technology from JFE. There is no need for Indian companies to import steel from Japan or Korea, he added. Asked whether automobile companies are getting steel from their parent company at a price which is 7.5 per cent less by excluding import duty, Rao said it is not true as the parent company will include the import duty in the base price while shipping it to India.

Seshagiri Rao, JMD, JSW Steel

If they are selling it for less than the market price, then it will be considered 'dumping', and a separate investigation will be launched, he said. Import is a matter of serious concern, and the government has reduced import duty from 12.5 to 7.5 per cent.

'NOT MUCH IMPACT'

Even if the customs duty is increased, it will not have much impact as shipments are coming duty-free, said Rao.

Every country is protecting its industry by imposing trade barriers, with the US calling it an inflation reduction measure and Europe referring to it as a carbon border adjustment tax.

With the recession looming large in most countries, steel companies globally are looking for a market to keep their factories running.

Every country has a quick redressal mechanism when it comes to resolving an injury to the industry, and there is an urgent need for India to adopt it, said Rao.

Business Line dt. 30.1.23.

Indian Oil exports aviation fuel to Papua New Guinea

Our Bureau
New Delhi

State-run Indian Oil Corporation (IOC) has started the export of its special aviation fuel for small aircraft and unmanned aerial vehicles (drones), AVGAS 100 LL.

"IOC Chairman SM Vaidya, on Saturday, flagged off the first export consignment of AVGAS 100 LL to Papua New Guinea from GTI Terminal of JNPT. The consignment consisted of 16 kilo litres (KL) of AVGAS packed in 80 barrels. This is the first ever instance of India exporting AVGAS," said the OMC in a statement.

SPECIAL AVIATION FUEL

By exporting the special aviation fuel, which was launched in September last year, the country's largest auto fuel retailer aims to tap the $1.92 billion aviation gasoline (AVGAS) market. AVGAS market is expected to grow from the current $1.92 billion to $2.71 billion by 2029.

Until recently, AVGAS 100 LL fuel, primarily used by Flying Training Organisations and defence forces, was imported at a huge cost from European countries for decades.

Business Line dt. 30.1.23.

Russia displaces Taiwan as fourth-largest steel exporter to India in April-December

Abhishek Law
New Delhi

Russia has displaced Taiwan to be among India's top four exporter of steel in the April-December 2022 period.

Shipments from Russia increased nearly 500 per cent in these nine months, year-on-year (y-o-y), to 0.26 million tonnes (mt). Imports in the year-ago period were 0.043 mt, said a Steel Ministry report.

The country has also seen the highest increase percentage-wise.

Russian shipments coming in are valued at ₹2,250 crore. Taiwan, which had for the last two years (April-December of 2021 and 2020) reported exports of 0.15 mt and 0.12 mt, saw exports at 0.13 mt for the current 9M FY23 (valued at ₹1,404 crore).

TOP SPOT. Ministry data show inward shipments going up consistently from April

"Distress selling by steel mills in Russia saw large bookings by Indian traders. At one point, imported steel prices were lower than offerings in the domestic market. Naturally, it lead to increase in imports," a Ministry official told *businessline*. Ministry data show Korea as the largest exporter, accounting for 39 per cent of the total at 1.7 mt, a rise of 16 per cent y-o-y and valued at ₹14,404 crore.

LARGE IMPORTERS

China saw shipments go by 73 per cent to 1.08 mt (0.63 mt) at ₹12,929 crore. Imports from Japan increased 9 per cent to 0.57 mt (0.52 mt), valued at ₹7,058 crore.

Indonesia, which is the fifth-largest exporter to India, saw shipments fall to 0.14 mt, down 7 per cent YoY. The shipments were valued at ₹3,161 crore.

CONSISTENT INCREASE

Cheaper offerings saw India's finished steel imports jump 27 per cent y-o-y to 4.04 mt, a trend domestic steel-makers dubbed as "worrying". India was also a net importer of steel (imports exceeding exports) during October–December (Q3 FY23).

In value terms, imports were at ₹48,944 crore ($6,136 million) versus exports of ₹40,320 crore ($5,055 million) with the trade deficit at ₹8,624 crore.

Ministry data show inward shipments going up consistently from April onwards, except in July and August, when they remained constant at 0.44 mt.

The highest shipments were in December, at 0.65 mt.

"Volume-wise, HR coil/strip (1.45 mt) was the item most imported (33 per cent share in total finished steel)," the report added.