Business Lines Dt:- 24/09/24

Gems, jewellery exports dip 19% in August

Our Bureau
Mumbai

Gem and jewellery exports fell 19 per cent in August to \$2.01 billion (₹16,884 crore) compared with \$2.48 (₹20,525 crore) in the same period last year, largely due to lower demand amid geo-political tensions.

Imports decreased 28 per cent to \$1.45 billion (from \$2.01 billion) due to reduced demand in the domestic market.

POSITIVE OUTLOOK

However, with the onset of the festival season, the scenario is expected to take a positive turn, thereby reinstating the demand.

Cut and polished diamond exports fell by 24 per cent while imports decreased by 36 per cent.

Rough diamond imports decreased by 23 per cent. Polished Lab Grown diamonds exports fell by 15 per cent last month.

Gold jewellery exports also declined marginally by one per cent, while coloured gemstone shipments dropped by 20 per cent.

With the onset of the festival season, the scenario is expected to take a positive turn

Colin Shah, MD, Kama Jewelry said with over 60 countries in the world holding elections in the days to come, trade activities could witness a slowdown for the time being due to various restrictions.

However, he said normalcy should return once the elections are over in the concerned countries, which will help in the revival of demand.

Business Line Dt:- 24/09/24

Govt mulling dynamic import duty structure for edible oils

Prabhudatta Mishra
New Delhi

The government is reported to be considering if the country should adopt a dynamic duty structure to ensure imported oils do not get sold, at any point of time, below reasonable rates of domestically produced edible oils, after factoring the minimum support prices of oilseeds.

This follows recent developments where India hiked import duties on edible oils, keeping in view the sowing of domestic oilseeds and to ensure an assured and better returns to farmers to sustain their interest in growing the crop. This is crucial for the success of the proposed ₹6,800-crore national oilseeds mission, likely to be rolled out soon.

However, as there has been an immediate reaction in Indonesia which has announced plans to reduce its export duty early next month, the government is now working on an alternative plan which is to adopt a dynamic duty structure to ensure imported oils do not get sold at any point of time below reasonable rates of domestically produced edible oils.

The government plans to raise edible oil production from domestic sources to 14.5 mt from 12.69 mt in 2022-23

MSP CONVERSION COST

"Ideally, no oil should come at lower than the cost of production of any edible oil in India based on the conversion costs at the rate of MSP of oilseeds. The domestic edible oil processors could not compete with cheaper edible oils if they had to buy oilseeds at MSPs and hence farmers were not getting a reasonable rate and often seen selling below MSP," a senior official said.

At the same time, he agreed that there is a need to take swift decision also in India the way Indonesia reacted with a likely cut in export duty on palm oil soon. Sources said the Agriculture Ministry is pushing for a duty hike for over a year and the government was not in a mood to accept the suggestion fearing increase in retail prices during an election year.

On September 13, the government increased the duty on crude palm, soyabean and sunflower oil to 20 per cent from 'nil' and the levy on refined palm, soyabean and sunflower oils to 32.5 per cent from 12.5 per cent. After cess, the imported crude oils will be levied at 27.5 per cent and refined varieties at 35.75 per cent.

Though Agriculture Minister Shivraj Singh Chouhan was reported to have favoured a 40 per cent hike, the government finally accepted a 20 per cent hike, saying the total duty including cess on refined imported oils comes to nearly 36 per cent, sources said.

It was imperative for the government to raise edible oil duty to convince farmers for increasing the area when there is a plan to launch National Mission on Oilseeds, the sources said.

As reported by *businessline* earlier, the National Mission on Oilseeds will target to raise domestic oilseeds production by additional 2-3 million tonnes (mt) by 2025-26 from current about 40-41 mt in order to lower India's import dependency on edible oils.

There will be a long-term programme as well as short-term programme. Since the import dependency on edible oils has come down to about 56 per cent in 2022-23 oil year (November-October) from a high of over 63 per cent in 2015-16, the challenge is how to further reduce it by raising production of all types of domestic sources, despite limitation on area, sources said.

It is learnt that the government targets to raise edible oil production from domestic sources to 14.5 mt, including 1.1 mt of crude palm oil (CPO) by 2025-26 oil year from 12.69 mt in 2022-23.

Business Line. Dt:- 25/09/24

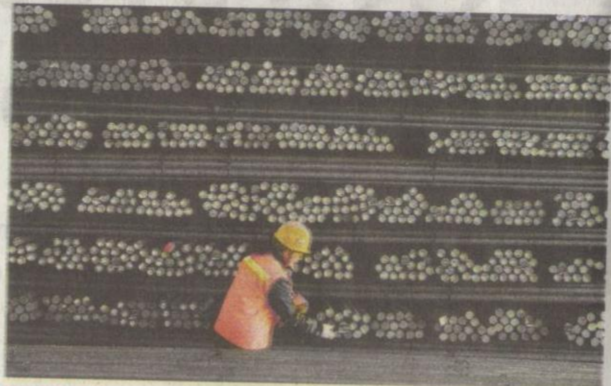
Steelmakers seek protection from rising Chinese imports

WANT SAFEGUARDS. Industry leaders write to FM, urging tougher trade barriers against predatory pricing

Abhishek Law
New Delhi

India's steelmakers have written to Finance MinisterNirmala Sitharaman, seeking safeguards for their committed investments and protection against predatory-priced imports from China. Citing global examples, the steelmakers are seeking trade actions such as anti-dumping duties, import tariff increase, among others, similar to measures taken by the US, Canada, LatAm nations and Europe.

In a letter dated earlier this month, the steelmakers through their umbrella organisation, the India Steel Association (ISA)have stated that countries like the US have imposed a 25 per cent duty on all steel products coming in from China, with up to 100 per cent duty on select offerings including steel.



IN A BIND. A prolonged housing demand slowdown in China, saddled with a glut of the metal, has led to a skewing of prices

The ISA includes Naveen Jindal's JSPL, JSW, AMNS India, Tata Steel and PSU major SAIL, among others.

CALL FOR DUTY HIKE

Similarly, Europe has imposed a 25 per duty, as TRQ Safeguar, on Chinese steel coming in, while Canada has proposed duty imposition starting October 2024. Turkey also has anti-dumping tariffs ranging between 20.5 per cent and 57.5 per cent. Asian nations such as Japan, Vietnam and Malaysia have also initiated anti-dumping probes.

"....most countries are raising barriers to imports from China and others to safeguard their domestic market," the ISA wrote in its letter (reviewed by *businessline*).

The association has pointed out that, on an average, investments amounting to ₹70,000 – 75,000 crore are made annually by steelmakers. These are "now at risk, due to erosion of margins".

SAFEGUARD DUTIES

Chinese steel imports into India have increased by 93 per cent year-on-year (y-o-y) in FY24, with India turning a net importer of steel.

In the first five months of this fiscal (April – August), the country has continued to remain a net importer of the metal, while the trade deficit (in steel) has already exceeded the FY24 numbers.

Apart from pitching for higher import duty — doubling to 15 per cent from the existing 7.5 per cent — the steelmakers are also calling for high safeguard duties (up to 25 per cent), export duty on low grade iron ore (iron content below 58 per cent) and the removal of the lesser duty rule.

A prolonged slowdown in housing demand in China, which is saddled with a glut of the metal, has led to skewing of the prices.

The steel mills, citing a NITI Aayog report, maintained that they absorb around $80-100 per tonne outside the factory gate; which incidentally is not paid by importers. They are seeking a level playing field which would mean adding a similar amount to the landed cost of the metal shipped into the country.

Meanwhile, the Indian steel exporters are also facing a variety of trade barriers, resulting in a roughly 40 per cent fall in outbound shipments, apart from increased competition from Chinese offerings, which continue to sell at predatory prices.

Business Line. Dt: 26/09/24

Amid rising imports, domestic steel firms cut prices to protect market share

UNDER PRESSURE. Hot-rolled coil prices dipped to their lowest in the last four years to ₹47,100 per tonne

Suresh P. Iyengar
Mumbai

The hot-rolled coil (HRC) prices dipped to their lowest in the last four years to ₹47,100 per tonne this month after falling 5 per cent compared with August.

The landed cost of imports from China is hovering at ₹46,874 per tonne, while that of South Korea is ₹46,838. Thus, the price difference between domestic and imported steel prices has fallen to ₹226 per tonne from China and ₹262 per tonne from South Korea.

Depending on demand, domestic steel companies charge a premium of ₹1,000-2,000 per tonne for quick delivery of stock, compared with 45 days for imports to arrive from China.

ASKING PRICE. Depending on demand, domestic steel companies charge a premium of ₹1,000-2,000 per tonne for quick delivery of stock ISTOCK.COM

SUPPLY SURPLUS

The brownfield capacity expansion of large steel companies such as JSW Steel, Tata Steel and JSPL has gone on stream when the demand has slowed down, leading to a surplus in supply.

Moreover, the mining major NMDC, which entered the steel business recently, has started tapping the market aggressively, adding to the supply-demand imbalance. The supply surplus, combined with large-scale imports, has exerted substantial downward pressure on steel prices in India, creating a challenging landscape for the industry, said a steel company executive.

Priyankar Biswas, Research Analyst, BNP Paribas India, said with this sharp decline and rise in prices of HRC imports from China, Indian HRC prices are no longer at a premium to Chinese imports.

Prices of rebar (used in construction) fell ₹600 per tonne and are now at a ₹3,000 per tonne premium to HRC. The rise in the premium of rebar over HRC is likely due to supply disruption at Rashtriya Ispat Nigam, as two of its three blast furnaces have closed and production is slowing down at the third furnace due to a shortage of funds and raw materials (particularly coking coal), said Biswas.

OUTLOOK TOUGH

Jathin Kaithavalappil, AVP, Institutional Research, Choice Broking, said given the twin challenges of weak demand and low prices so far, the outlook for the domestic steel sector in Q2 is expected to be tough, even while the country continues to remain a net importer of steel.

Though there is uncertainty about the timing of the turnaround, he added there is a possibility of recovery in the latter half of the year when infrastructure projects kick-start and global demand stabilises.

FINANCIAL EXPRESS. Dt:- 27/09/24

High-tech engineering item exports skyrocket in August

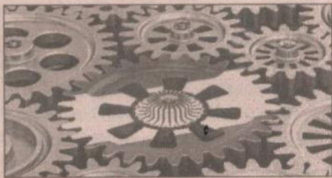
FE BUREAU
New Delhi, September 26

HIGH TECHNOLOGY ITEMS are the fastest-growing segment among engineering product exports, with shipments of "aircraft and spacecraft parts and products" jumping nearly four times to \$436.9 million in August this year from \$114.6 million in the year-ago period, government data showed.

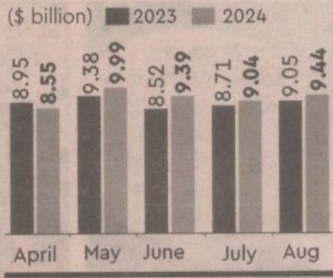
The product panel of "ships, boats and floating products and parts" registered a 193% year-on-year rise in exports to \$275.1 million in August 2024. The export of medical and scientific instruments grew 23% on year to \$241.7 million.

Within the engineering products category, automobile and auto component is one of largest segments. Exports of these products registered 6% year-on-year growth to \$1.97 billion in August.

Overall engineering product exports in August were up 4.36% to \$9.44 billion. Cumulative engineering exports during April-August stood at \$46.41 billion, up 4.21% as compared to last year. The share of engineering goods in overall exports was 25.97%.



RISING SHIPMENTS



In August 2024, as many as 20 out of 34 engineering panels witnessed positive year-on-year growth, while 14 remaining segments recorded a decline.

"The global trade data has been positive for Indian exports and as per latest UN data, India, China and the USA are driving the global trade recovery. Globally trade within the developing countries or South-South trade is also on rise. Geopolitical tensions, rising shipping costs, and emerging industrial policies could reshape global trade patterns," chairman of the Engineering Export Promotion Council (EEPC) Arun Kumar Garodia said.

Exports of iron and steel, products of iron and steel, non-ferrous products, including copper, aluminium, zinc and tin products, other products including internal combustion engines and parts, industrial machinery for dairy, electrical machinery and equipment, cranes, lifts and winches, office equipment dropped.

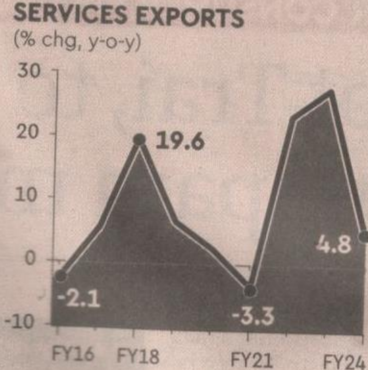
There was a positive growth in exports to top destinations such as the USA, the UAE, Saudi Arabia, Turkey, Singapore, the UK and Mexico in April-August.

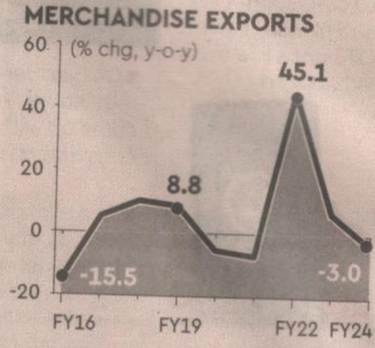
Region-wise, North America and the European Union remained India's topmost destinations for engineering exports with a share of around 21% and 19% in April-August, respectively. West Asia and North Africa (WANA), with a share of 14%, registered the highest growth of 23.5% during April-August.

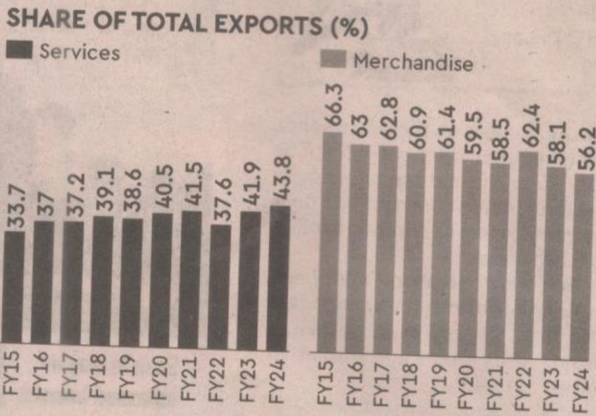
FINANCIAL EXPRESS. Dt; 27/09/24

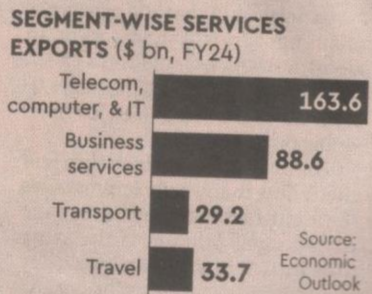
Share of services in exports rose by 10 pps in last decade

THE SHARE OF services in India's total exports has grown to 44% in FY24 from 34% in FY15, helping cushion the country's external balances from supply-side shocks, reports **Saikat Neogi**. In value terms, services exports more than doubled to $341 billion from $157 billion during the same period and now accounts for a tenth of the national GDP. Except for Singapore and Ireland, no country's services exports grew as fast as India's, according to Goldman Sachs Research. In contrast, the share of merchandise exports has shrunk to 56% in FY24 from 66% in FY15, as the shipments grew at a slow pace. In services, telecommunications, computer, and information services account for nearly half of the export value. However, the sector that is growing at a faster clip is business services as its share has risen to 26% in FY24 from 18% in FY15.









Source: Economic Outlook

FINANCIAL EXPRESS. Dt: 27/09/24.

GERMAN AUTO GIANT TO AIM FOR VIABLE PRODUCTS

VW tie-up plans: M&M eyes export boost

SWARAJ BAGGONKAR
Mumbai, September 26

MAHINDRA & MAHINDRA (M&M) may be eyeing Volkswagen's global distribution network to boost exports of its SUVs as the two companies negotiate the final details of their potential partnership.

The Mumbai-based auto giant, which has long relied heavily on the Indian market, has struggled to find success with its personal vehicles abroad.

Currently, less than 2% of M&M's production, or just over 4,000 units, was sold outside India during the April-August period, according to the Society of Indian Automobile Manufacturers. In contrast, Maruti Suzuki exported 14%, while Hyundai exported 22% of their production during the same period.

TERMS AND CONDITIONS

- M&M has struggled to find success with its personal vehicles abroad
- Less than 2% of M&M's production was sold outside India during the April-August period
- Maruti Suzuki exported 14%, while Hyundai exported 22% of their production during the same period
- Volkswagen has struggled to achieve scale with its cost-effective product lineup in India

Skoda Auto, a Volkswagen Group brand leading VW's India operations, sent senior board members, including global CEO Klaus Zellmer, to India earlier this week to further negotiations with M&M.

Volkswagen has struggled to achieve scale with its cost-effective product lineup in India, despite being in the country for over two decades. Market sources stated that VW is negotiating to leverage M&M's high-margin vehicle architecture, which has helped the Indian company claim the top spot in revenue market share within the SUV segment. M&M is preparing to launch its first product on its purpose-built electric platform, called INGLO.

"To fully explore the country's growth potential, we are always considering new business opportunities and evaluating various options to ensure the best possible solution to implement our strategy in the highly dynamic Indian market," said a spokesperson for Skoda Auto Volkswagen India (SAVWIPL).

Earlier this year, Volkswagen and Mahindra signed a supply agreement for components from Volkswagen's MEB platform, which will be used in Mahindra's INGLO, furthering their shared vision for collaboration on e-mobility.

"Volkswagen Group and Mahindra continue to explore multiple opportunities to expand the collaboration potential," the spokesperson added.

"Volkswagen is still trying to figure out what needs to be done in India, while M&M is seeking global market access to realize its export ambitions. M&M's potential equity buy-in could become a confidence-building measure to solidify the partnership," said a source.

SAVWIPL saw a 69% decline in net profit to ₹96 crore in FY24, compared to ₹309 crore in FY23.

...SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHOPAL, BHUBANESWAR, CHANDIGARH, CHENN

Business Standard. Dt: 30/09/24

Smartphones beat diamonds in exports to US

Nearly 50% of India's FY24 outbound iPhone shipments went to US

SURAJEET DAS GUPTA
New Delhi, 29 September

Smartphones, led by global technology major Apple Inc's iPhones, have quietly surged to become India's largest product export — based on HS (harmonised system) code classification — to the US by value over the past three quarters, overtaking non-industrial diamonds.

In the June quarter of 2024-25, smartphone exports hit $2 billion, well ahead of non-industrial diamond (cut or otherwise but not mounted) exports, which stood at $1.44 billion, according to the latest data from the Department of Commerce.

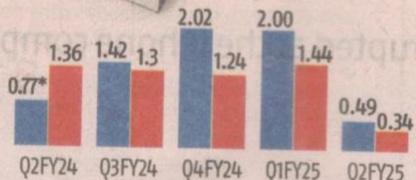
This shift first occurred in the December quarter of FY24 when smartphone exports to the US reached $1.42 billion, surpassing diamond exports at $1.3 billion. By the final quarter of FY24, the gap widened as smartphone exports in value terms soared by 43 per cent quarter-on-quarter to $2.02 billion, while diamond exports dropped 4.6 per cent to $1.24 billion.

The up-move has been swift: Just a year earlier (in September quarter FY24), smartphones were only the fourth-largest export from India to the US. Turn to Page 6 ▸

DIAMOND SETTLES FOR SILVER

Smartphone exports to US vs non-industrial diamond exports (in $ bn)

■Smartphone
■Non-industrial diamond



Note: Numbers for Q2FY25 until July; Non-industrial diamond cut or otherwise worked but not mounted
*ranked fourth in exports
Source: Department of Commerce

India's smartphone shipments to US (before and after PLI schemes) (in $ bn)

	FY19	FY23	FY24
Total exports	1.600	11.100	15.600
iPhone exports	Nil	5.000	10.000
Exports to US*	0.005	2.150	5.560

Note: Pre-PLI period is FY19, post-PLI periods are FY23, FY24
*most of the exports are of iPhones
Sources: Department of Commerce, company submission to government

▸ FELT LIKE BOMB EXPLOSION: RESIDENTS ON FIRE AT TATA ELECTRONICS' UNIT P2

The Economic Times. Dt:- 30/09/24

AMID SLOWDOWN:...

Export Remission Scheme may Continue Beyond September

Govt still discussing the extension of the interest equalisation scheme on pre- and post-shipment rupee export credit which are due to expire at the end of this month

Kirtika Suneja

New Delhi: Amid a slowdown in India's goods exports, the government has decided to continue with a crucial remission benefits scheme for exporters that was due to lapse on September 30.

The benefits under Remission of Duties and Taxes on Exported Products (RoDTEP) will continue beyond September and the government will review the scheme in December, officials said.

"RoDTEP will be reviewed in December and at present, the situation is not conducive to discontinue the scheme," said an official, who did not wish to be identified.

The scheme aims to refund taxes and duties that are not rebated under any other scheme. These include various central, state and local levies that are incurred in the process of manufacturing and distribution of exported products but are not refunded through schemes such as goods and services tax or duty drawback.

The current RoDTEP benefit rates range between 0.3-4.3%. The budget allocated ₹16,575 crore to the scheme for 2024-25.

As per the commerce and industry ministry, the existing RoDTEP outlay would be insufficient if exports grew at a faster pace. In that case, the outlay of around ₹800 crore of a separate programme, the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for apparel, garments and made-ups, could be used.

Both RoDTEP and RoSCTL are e-scrips issued by customs in respect of remission of embedded local duties in exported goods. "We will take a call after the review if RoDTEP needs to be discontinued or incentives reduced in some sectors if the budget is breached," the official said. The ministry has forecast some savings under RoSCTL because textile exports haven't grown as much and can be accommodated in RoDTEP.

UNCERTAIN EXPORT CREDIT

However, the commerce and industry ministry and finance ministry are still discussing the extension of the interest equalisation scheme on pre- and post-shipment rupee export credit which are due to expire at the end of this month.

"Talks are not conclusive on the interest equalisation scheme. A notification is expected in a day or two," the official said.

Exporters have sought an extension of the scheme as goods exports contracted 9.3% in August. The scheme helps exporters from identified sectors and from micro, small and medium enterprises to avail of rupee export credit at competitive rates at a time when the global economy is facing headwinds.

The ministry has moved a note for the approval of the Expenditure Finance Committee to extend by five years the interest equalisation scheme, which is available for small businesses and products falling under 401 tariff codes till September 30. The total outlay for the scheme is capped at ₹750 crore.