

TRADE DEFICIT NARROWS TO \$19.8 BILLION

The Economic Times. Dt: 16/01/24

Dec Trade Gap Shrinks as Exports Inch

Goods worth \$38.45 billion exported, imports amount to \$58.25 billion: Commerce ministry

Our Bureau

New Delhi: India's trade deficit narrowed to \$19.8 billion in December from \$20.6 billion in November and \$23.14 billion in December 2022 as exports rose 0.96% on-year while imports shrank 4.8%.

December goods exports were \$38.45 billion while imports were \$58.25 billion, data released by commerce and industry ministry on Monday showed. Commerce secretary Sunil Barthwal said that the country's exports are doing "much better" in volume terms while it needs to be seen what happens in value terms in the last quarter of FY24 as exporters hold back shipments due to the Red Sea crisis.

On a month-on-month basis, ex-



ports rose 13.4% and imports were up 6.9%. "India is beating global trends, and we hope this continues in the last quarter," said Barthwal, adding that there are still adverse conditions that the globe is facing, but India is doing well as compared with global trends and despite a global slow-

down, "we are" in the positive zone.

In December, 17 of the 30 key sectors exhibited growth led by gems and jewellery, electronics goods and engineering goods. Gold imports rose 156.47% on-year in December to \$3.02 billion.

Barthwal said that an upturn

was seen in December but "we don't know what will happen in January-March as "we are in the thick of these issues".

On a month-on-month basis, exports rose 13.4% and imports were up 6.9%

"India's merchandise trade deficit printed at \$19.8 billion in December, lower than ICRA's estimate of \$22.7 billion, owing to a better-than-expected performance of exports in the month," said Aditi Nayar, Chief Economist, ICRA Ltd. During April-December this fiscal, exports dipped 5.7% to \$317.12 billion while imports fell 7.93% to \$505.15 billion.

RED SEA CRISIS

In terms of the geopolitical con-

flikt in the Red Sea, while the government will take stock of the situation, an impact is likely, Barthwal said. "If there is an improvement in demand which can correct the implications of Red Sea (crisis), we maybe able to reach last year's merchandise exports figures," he said.

As per Israr Ahmed, President (Officiate), Federation of Indian Export Organisations (FIEO) said that the recent tensions in West Asia especially "the threat for consignments routing through the Red Sea has further added to woes of the exporting community, as the freight rates have gone up unimaginably high, with further burden of various surcharge, pushing Indian exporters to hold back around 25% of the outbound shipments transiting through the Red Sea.

TRADE DEFICIT AT 3-MONTH LOW OF \$19.8 BN

Exports at 8-month high in December

Exports up 1%, imports shrink 5%; no severe hit from Red Sea woes

MUKESH JAGOTA
New Delhi, January 15

INDIAN MERCHANDISE EXPORTS in absolute terms clocked an eight-month-high figure of \$38.35 billion in December, while also being up 0.97% on year, despite a high base.

The latest foreign trade data showed the Red Sea crisis hasn't had a severe immediate effect on India's shipment of goods, although concerns remain about the adverse effect on exports if the crisis is prolonged.

Merchandise trade deficit, which has tested new highs this financial year, narrowed to a three-month low of \$19.8 billion in December. This was because imports fell 4.85% to \$58.25 billion in the month.

The previous low in trade deficit was in September at \$19.7 billion. In December last year, the trade deficit was \$23.14 billion.

Goods export growth has been in the negative territory for all months since February 2023, except August, October and December.

"We were thinking that the December data would not be so good because of the Israel-Hamas conflict and the Red Sea issue. Fortunately, on a very high base we have improved," commerce secretary Sunil Barthwal said.

He said the world is facing adverse conditions, but India is growing extremely well. "We are beating the global trends. We hope to beat these trends in the last quarter (January-March) too which normally sees higher volume of exports."

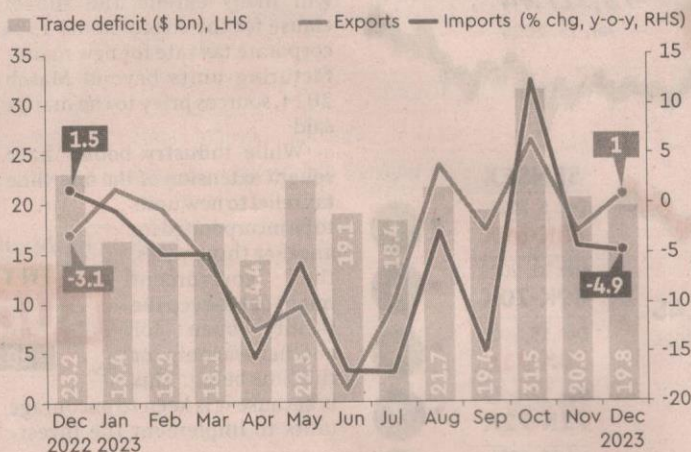
"We are waiting and watching what is happening in the Red Sea and Gulf. It is going to have some negative impact. How much will it be that we will be able to take stock of only in the next month or so," Barthwal said.

The secretary said he is still hopeful of reaching the merchandise trade figures of last year this year too.

"Overall export (merchandise and services) figures we are very sure will definitely be more than last year. Last year, the exports were highest ever and since then commodity prices



GOODS TRADE



Source: Commerce ministry

have fallen. In terms of volume we are doing much better."

He said top five commodity groups — electronics, drugs and pharmaceuticals, engineering, gems and jewellery — which have the share of 46% in exports have done very well in December. Among top export items only petroleum products have shown a contraction as global prices have come down.

Engineering goods exports in December recorded an increase of 10.19% to \$10.04 billion. It was the highest monthly export of engineering goods in the current financial year so far.

Gems and jewellery exports during the month were up 14.07% to \$2.90 billion while electronic goods exports registered an increase of 14.41% to \$2.62 billion.

Drugs and pharmaceutical products exports were up 9.3% to \$2.47 billion. Agricultural exports continue to grow in December with tobacco at 38.94%, meat, dairy and poultry products at 29.76%, spices

27.68%, fruits and vegetables 25.36%, cereal preparations and miscellaneous processed items 13.5% and oil seeds 8.48%.

Crude oil imports dipped by 22.77% to about \$15 billion during the month of December. During the nine-month period of this fiscal also, these imports declined by about 19% to \$128.6 billion. However, gold imports jumped 156% in December to \$3 billion and 26.64% to about \$36 billion in April-December 2023.

In the first nine months of the financial year, merchandise exports dipped by 5.7% to \$317.12 billion. Imports contracted by 7.93% to \$505.15 billion, leaving a trade deficit of \$188.02 billion as against \$212.34 billion in April-December of last year.

Services exports in December fell 16.6% to \$27.88 billion in December while imports were down 16.1% to \$13.35 billion. In April-December services exports were up 3.52% to \$247.9 billion and imports were down 4.47% to \$129.4 billion.

Rising export demand buoys tobacco prices in Karnataka

Vishwanath Kulkarni
Bengaluru

Export demand is supporting tobacco prices at the auction platforms in Karnataka, where prices have moved up by about a tenth since October last year.

Tobacco exports, as per the Commerce Ministry's quick estimates, increased by about 39 per cent in December 2023 at \$129.48 million against \$93.19 million a year ago. In the April-December period, tobacco exports were up 13.15 per cent at \$1,110.58 million compared with \$981 million a year ago.

"Farmers are happy with the tobacco prices this year" said B.V. Javare Gowda, President, Federation of Karnataka Virginia Tobacco Growers Association. The average auction prices for the 2023-24 marketing season are up at around ₹248.47 per kg,



ON THE RISE. The daily average price at auction platforms has now moved up to ₹262.48

almost higher by ₹20 over the same period last year, he said. The daily average price at auction platforms in Karnataka, which was around ₹235 per kg at the start of the season in October, has now moved up to ₹262.48 as on January 11.

WEATHER CONCERNS

The authorised size of the crop was 100 million kg, but trade and growers estimate

the actual crop to be lower at over 85 million kg, Gowda said. "Growers who have unauthorisedly cultivated the crop and who had excess production are waiting for permission from the authorities to sell their produce," Gowda said. The unauthorised crop is expected to be around 8-10 million kg in the State, he said. Tobacco is grown in over 75,000 hectares in the State and this year the erratic weather had triggered concerns in the early part of the season.

Gowda said the strong export demand is supporting the tobacco prices in Karnataka. The Virginia tobacco, main variety produced in the southern parts of Karnataka is branded as Mysuru tobacco and has good export demand. Mysuru tobacco can be blended with any other tobacco in the world as its chemistry is good and it has less nicotine, less tar and less sugar, he said.

Business Line Dt: 17/01/24

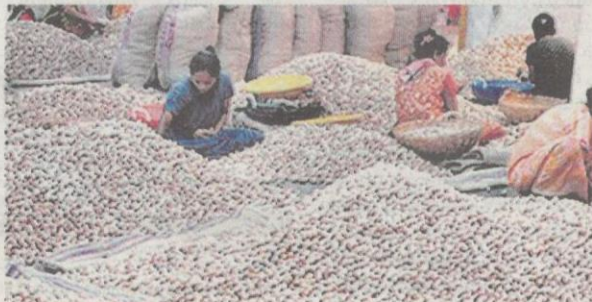
'HC order on arecanut imports may impact farmers'

Our Bureau
Mangaluru

The Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd has said the recent judgment by the Madras High Court on the import of arecanut is likely to exacerbate the challenges faced by Indian arecanut farmers.

In a letter to Union Finance Minister, Nirmala Sitharaman and Union Commerce Minister Piyush Goyal, Campco President A Kishore Kumar Kodgi said an arecanut importers had sought Madras High Court's intervention to ease the conditions imposed by the Customs Department on import of arecanuts from Sri Lanka.

GRAPPLING WITH ISSUES
"According to the judgement, Customs authorities



GROWING CONCERN. Campco said there is a concern that arecanut importers might exploit the relaxed conditions, leading to an influx of arecanuts from Sri Lanka

should not insist on a bank guarantee for arecanuts imported from Sri Lanka and should only require a certificate of origin for the same. Due to this judgment, there is concern that arecanut importers might exploit the relaxed conditions, leading to an influx of arecanuts from Sri Lanka, thereby adversely affecting the domestic market," he said, adding, the relaxation in import condi-

tions is impacting the Indian arecanut market, which is already grappling with several challenges.

Stating that this judgment is likely to exacerbate the challenges faced by Indian arecanut farmers, he said, "Therefore in the interest of justice for Indian arecanut farmers, we earnestly request you to take necessary action on this issue and provide the necessary sup-

port to safeguard the farmers' interests."

In a case related to the import of arecanut, the Madras High Court had recently issued an order requiring the certificate of origin for arecanuts to be verified within a 30-day period. "If the verification is not completed within the above mentioned period of 30 days, the petitioner would be entitled to provisional release of the goods on providing a bond for 100 per cent of the value of goods but without insisting on a bank guarantee," it said.

"If the certificate is found to be genuine upon such verification, the goods shall be released without insisting on payment of duty. On the other hand, if the certificate is found to be not genuine, it is open to the respondents to take further action in accordance with law," the order said.

Business Line. Dt: 18/01/24

To tackle Red Sea crisis, Govt to ease export credit, check insurance cost

KEEPING A WATCH. Inter-Ministerial group, including Commerce, MEA, Defence, DFS taking stock of situation

Amiti Sen
New Delhi

To help Indian trade deal with the Red Sea crisis unleashed by the continued attacks of the Iran-backed Houthis on cargo ships in the region, top government officials discussed measures including easing export credit, keeping a check on insurance rates and increasing defence surveillance, a senior government official said.

Officials from MEA, Defence Ministry, Shipping Ministry and the Department of Financial Services (DFS) participated in a meeting chaired by Commerce Secretary on Wednesday to take stock of the situation in the Red Sea and how best to redress it.

"We are monitoring the



GROWING CONCERN. There is an apprehension that India's exports could decline by an estimated \$30 billion in the on-going financial year if the Red Sea attacks continue. KSL

situation closely. The Commerce Ministry asked the DFS to ease credit flow to exporters as their operating costs

have gone up substantially. Officials also decided to take measures to ensure that insurance costs do not increase,"

the official told *businessline*.

The MEA has said that it is exploring diplomatic options and holding talks with all countries linked to the crisis, the official said.

Minister of External Affairs S Jaishankar recently visited Iran where he reportedly discussed the Red Sea situation and its effect on Indian trade with his counterpart Hossein Amirabdollahian.

IMPACT ON EXPORTS

There is an apprehension that India's exports could decline by an estimated \$30 billion in the on-going financial year if the Red Sea attacks continue.

About \$230 billion of India's international trade with Europe, US east coast and parts of West Asia and Africa, takes place through the Red

Sea, per industry calculations.

"Almost all the trade that was taking place through the Red Sea is now being diverted through the Cape of Good Hope which has resulted in increased transit time of about 14 days.

The Shipping Ministry pointed out that while shipping costs have escalated, the volumes being shipped through all major ports have not declined. It will now keep a strict watch on volumes," the official said.

The Defence Ministry has said that it has increased its surveillance in the Arabian Sea and put more mechanisms in place.

"The Inter-Ministerial group will meet again to further monitor the situation and take action," the official said.

Business Line. Dt: 19/01/24

Oilmeals exports up 24% in April-Dec

Our Bureau

Mangaluru

A surge in the export of soyabean meal helped India to register a 24 per cent growth in the export of oilmeals during the first nine months of 2023-24.

Data compiled by the Solvent Extractors' Association of India (SEA) showed that India exported 34.96 lakh tonnes (lt) of oilmeals during April-December of 2023-24 against 28.16 lt in the corresponding period of 2022-23, a growth of 24.16 per cent.

BV Mehta, Executive Director of SEA, said the export of oilmeals increased by 19 per cent in Q1 of 2023-24 due to the export of soyabean meal.

India exported 12.16 lt of oilmeals during Q1 of 2023-24 (10.16 lt in Q1 of 2022-23). Of this, the share of soyabean meal was at 3.64 lt (75,454 tonnes).

He said the export of oilmeals increased by 43 per



Soyameal shipments surge but ban on de-oiled ricebran hurts the trade

cent in Q2 of 2023-24, mainly due to a sharp increase in the export of soyabean and rapeseed meal.

India exported 10.66 lt of oilmeals during Q2 of 2023-24 (7.46 lt).

Of this, the share of soyabean meal was at 2.22 lt (45,885 tonnes), and that of rapeseed meal was at 7.23 lt (5.33 lt).

Though the export of oil-

meals increased by 16 per cent in third quarter of 2023-24, it was down from the Q2 due to the ban on the export of de-oiled rice bran.

India exported 12.20 lt of oilmeals during Q3 of 2023-24 (10.53 lt).

RAPEMEAL SUPPLIES

On demand for Indian soyabean meal in the international market, he said improved price competitiveness and the shortage of Argentine export supplies in recent months helped boost the demand.

The total export of soyabean meal was reported at 12.11 lt (4.47 lt) during April-December 2023-24.

India exported 18.24 lt of rapeseed meal (16.69 lt) during the first nine months of 2023-24.

He said India is the most competitive supplier of rapeseed meal to South Korea, Vietnam, Thailand and other Far-East countries.

Business Line. Dt: 19/01/24

Gem, jewellery exports down 9% in December on slack demand

Our Bureau

Mumbai

The gem and jewellery exports dipped 9 per cent last month to \$2.19 billion against \$2.4 billion logged in December 2022 due to weak demand on back of recessionary trend globally.

This decrease was a result of weakened global demand amidst a prevailing recessionary trend.

According to data released by the Gem and Jewellery Export Promotion Council on Thursday, rough diamond exports plummeted 32 per cent to \$862 million compared with the same period in the preceding month.

Interestingly, rough diamond imports jumped 148 per cent to \$254 million largely due to a lower base.

YEARLY TREND

The overall exports in last three quarters of this fiscal were down 21 per cent to \$23 billion (\$29 billion) during the previous year.



LOSING GLITTER. The overall exports in last three quarters of this fiscal were down 21 per cent to \$23 billion

The overall import of gems and jewellery also declined by 22 per cent to \$16 billion (\$20 billion). Rough diamonds imports were down 24 per cent to \$10 billion.

Contrary to this, import of cut and polished diamonds was up 43 per cent at \$1.49 billion.

SYNTHETIC DIAMONDS

The demand for lab-grown diamonds, too, saw an 18 per cent decline reaching \$102 million compared to the previous \$84 million. Over the last nine

months, exports in this category witnessed a 23 per cent decline, falling to \$1.02 billion.

Colin Shah, MD, Kama Jewellery, said the demand for gem and jewellery sector was impacted by the forthcoming elections in 60 countries including major economies such as India and the US this year and the geopolitical scenario adding up to inflation.

"The demand dynamics of gems and jewellery are expected to improve from the third quarter FY25," he said.

PC imports turn a trickle in Nov

Inbound shipments drop on monthly and yearly bases

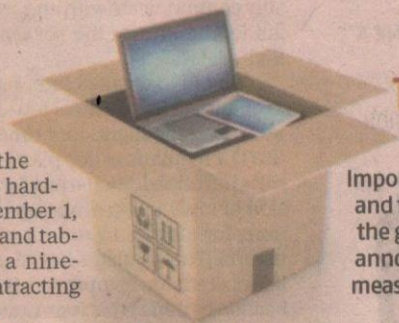
ASIT RANJAN MISHRA
New Delhi, 18 January

After the government's online monitoring system for the import of electronic hardware items went live on November 1, inbound shipments of laptops and tablets slipped in November to a nine-month low at \$225 million, contracting 17.15 per cent year-on-year.

This decline was primarily driven by reduced imports from Singapore (down 43.7 per cent), Hong Kong (down 27.4 per cent), and China (down 14 per cent), according to the data released by the commerce department. China accounts for approximately 83 per cent of such imports.

In addition to personal computers, another significant item on the IT hardware import monitoring list — data processing units or servers — saw a contraction of 31.8 per cent in inbound shipments at \$140.2 million in November. Imports from major sources, such as China and the US fell by 8.8 per cent and 3.6 per cent, respectively.

On August 3 last year, the Centre announced plans to categorise products in the information technology hardware segment, such as laptops, tablets, all-in-one personal computers, ultra-small form factor computers, and servers, under the "restricted" label. Following this, the import of laptops and tablets shot up in



TAKING STOCK

Import of laptops and tablets after the government announced new measures in 2023



Source: Commerce department

September (by 41.8 per cent) and October (by 29.7 per cent) amid fear of licensing requirements. However, the government deferred the implementation until November 1 after the industry expressed serious concerns over the decision, which was originally aimed at reducing import dependence on China and ensuring a trusted supply chain.

Turn to Page 6 ▶

‘Maruti to export electric cars before rolling out in India’

HURDLES. With parking being a major issue, charging can be a challenge: Bhargava

S Ronendra Singh

New Delhi

Maruti Suzuki India (MSIL) will start exporting its first ‘Made in India’ electric cars to Japan and Europe by the end of this year before launching them in the domestic market by early 2025, RC Bhargava, Chairman, MSIL, said.

“We will start (rolling out) the electric vehicles by the end of this year. But the first lot of the EVs to be manufactured are going to be exported to Europe and Japan. Probably, we will start for domestic in 2025,” Bhargava told *businessline*.

MARUTI EVX

Code-named eVX, this will be the company’s first EV in the sports utility vehicle (SUV) segment and will be manufactured at the Gujarat plant. MSIL had unveiled the concept electric SUV eVX at the auto expo last year.

When asked about when the first EV will be launched in India, Bhargava said the company has not yet decided on the month or date. The eVX

“India has alternative fuels which are cleaner like bio-fuels, totally renewable and some of them are even carbon-negative, and if you use all the wastes, you would actually clean the country

RC BHARGAVA

Chairman, MSIL



will compete with the likes of Tata Punch.ev, which was launched last week and priced between ₹10.99 lakh and ₹15.49 lakh (ex-showroom).

Talking about challenges around EVs — charging infrastructure, range anxiety and cost — he said: “EVs have a place, we will get into EVs. I think EV technology will also change... now there are many issues around EVs globally, not India (yet) and one of the major issues is of parking, not all have their own garages.”

Bhargava said several cars are still parked on the roadside in residential

areas or in open spaces, so putting up chargers in such places is not feasible, and people can’t visit public charging stations every time they want to charge their EVs.

ALTERNATIVE FUELS

Hence, the country should also promote vehicles that are run on alternative fuels. “India has alternative fuels which are cleaner like bio-fuels, totally renewable and some of them are even carbon negative, and if you use all the wastes, you would actually clean the country also. India would become a cleaner country,” he added.

INQUIRIES FROM 15 GLOBAL OPERATORS, 9 NATIONS

Export of full 4G, 5G gear on cards

SUBHAYAN CHAKRABORTY
New Delhi, 21 January

The Centre is eyeing the export of a full range of indigenously designed 4G and 5G stacks in 2024 as part of its policy to attract investments and use the technological outreach as a key foreign policy bet. Several countries such as Kenya, Mauritius, Papua New Guinea, and Egypt, have shown interest in the Indian telecom technology.

"India has received inquiries from at least 15 global telecom operators, as well as bilateral inquiries from 9 nations. All of these requests will be systematically met, and Indian telecom technology will make its way abroad in the second half of 2024," a Department of Telecommunications (DoT) official told *Business Standard*.

Built by a consortium led by the Centre for Development of Telematics (C-DOT), under the DoT, the technology has already garnered global interest. "We have already received several technical queries. We will pursue commercial deployment of the equipment once it is fully rolled out as part of the BSNL network here. The equipment meets global standards, and we are setting a timeline to export it," a C-DOT official said.

Since 2022, the government has offered the entire range of equipment and associated technologies to other nations, and

ON THE ANVIL

■ Several countries, such as Kenya, Mauritius, Papua New Guinea, and Egypt, have shown interest in the

Indian telecom technology

■ Since 2022, the government has offered the entire range of equipment and associated technologies to other nations

marketed the technology extensively during the G20 discussions on digital economy. In 2023, India also showcased the stacks during the visits of Prime Minister Narendra Modi to the United States and France. New Delhi also wants to capitalise on the stacks to firmly place India in the global telecom arena, and attract higher investment as value chains move to India. Currently, only five countries — US, Sweden, Finland, South Korea and China

— have similar end-to-end 4G-5G stacks. Companies from these countries also dictate the standards, prices and market conditions for 4G and 5G equipment. Swedish giant Ericsson is currently setting up 5G infrastructure for both Reliance Jio and Bharti Airtel.

Apart from being one of the next key foreign policy bets by India, this technological outreach is also expected to rake in financial benefits for Indian public sector companies such as C-DOT.

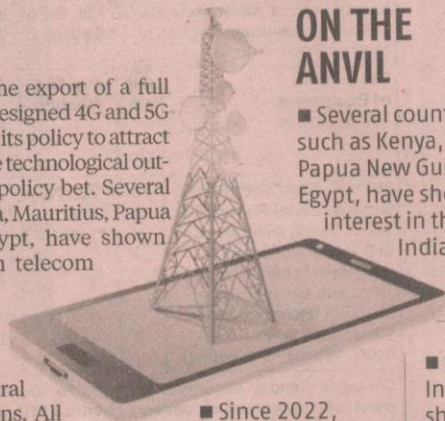
Full package

The first real-world deployment of the entire 4G stack took place in July, as part of the state-owned telecom operator BSNL's plans to roll out 4G services.

While BSNL is launching 4G services years after three private telecom service providers — Reliance Jio, Bharti Airtel and Vodafone Idea — rolled it out, there exists major demand for 4G tech elsewhere. 4G penetration remains below 22 per cent in Sub-Saharan Africa, according to the GSM Association (GSMA), the global industry association representing over 750 mobile network operators. This is expected to more than double within the next 5 years.

"There has been significant interest from the region. Access to telecom technology was also flagged by many countries during the Voice of Global South Summits held by India," another official said.

Meanwhile, GSMA had forecast that 30 new markets will launch 5G services in 2023.



The Economic Times. Dt: 22/01/24.
CROSS \$20 BILLION MARK IN 9 MONTHS

Electronics Exports Grow at Record 22% in April-Dec

iPhone largest contributor in electronics and mobile exports

Kiran Rathee

New Delhi: India's electronics exports have crossed the \$20 billion mark for the nine months (April-December) of the current fiscal - the fastest growth pace ever - rising 22.24% on year; more than half of which came on the back of a surge in mobile phone outward shipments, led by iPhones.

As per officials, mobile phone exports have reached \$10.5 billion in the nine months of FY24, and now constitute 52% of the electronics outward shipments. In FY23, electronics exports stood at \$23.6 billion, of which \$11.1 billion were mobile exports, constituting 43% of electronics exports.

Industry data shows iPhone exports as the single largest contributor to the increase in both electronics and mobile exports over last year. iPhone exports, which crossed \$7 billion in December 2023, constitutes 35% of India's total electronics exports and a whopping 70% of the total mobile exports from India at the end of the first nine months of FY24.

As per government data, electronics exports grew the fastest among the top 10 categories during the current fiscal, which led the segment to jump to the fifth position in the hierarchy from sixth place last year. Till a few years ago, electronics was placed ninth in terms of exports categories but with the commencement of smartphone production-linked incentive (PLI) scheme in 2021, the export uptake has been fast.

As per industry body India Cellular and Electronics Association

Steep Jump

■ Mobile phone exports
■ Electronics exports
■ Mobile as % of electronics exports
■ iPhones as % of electronics exports

Figures in \$b
Apple commenced manufacturing under PLI from FY22



Source: Government and industry data



As per government data, electronics exports grew the fastest among the top 10 categories in current fiscal

(ICEA), mobile phone exports could reach \$14-15 billion by the end of FY24. If current trends continue, electronics will likely end up in the fourth position by March 2024, jumping two positions in the current fiscal itself. Mobile exports have grown nearly 7 times in recent years - from \$1.6 billion in FY19 to \$11.1 billion in FY23. Overall electronics exports have also increased nearly 3 times in the same period - from \$8.4 billion in FY19 to \$23.6 billion in FY23.

The mobile phone export growth has been led by Apple and its three contract manufacturers - Foxconn, Wistron (now owned by Tata Group) and Pegatron. Samsung though has been witnessing a drag in its export numbers over the last few years with the South Korean major even missing the production targets for FY22 under the PLI scheme. In contrast, Apple has been exce-

ding the PLI targets with the Cupertino-based tech major now diversifying its supply chain in India. Apple has achieved ₹1 lakh crore production mark in 2023, becoming the first mobile company to do so. "Apple's iPhone production symbolizes not just a win for the government's high profile Make in India and PLI scheme, but also its ambition to successfully shift global supply chains to India," said an electronics industry veteran. As the growth in mobile phone manufacturing will come from exports with the domestic market being saturated, the industry has sought a tax and tariff regime that is competitive with countries including China, Vietnam etc.

The industry wants to target a \$50-billion-export mark over the next few years. Towards that end, the industry is seeking specific policy interventions to ensure that global value chains (GVCs) can expand operations in India, build an ecosystem and increase domestic value addition.

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