Business Line dt. 17.11.22

Two-wheeler exports hit a two-year low

Aroosa Ahmed
Mumbai

Even as two-wheeler sales saw an uptick in the domestic market, the exports have hit a two-year low in October.

According to SIAM data, October exports stood at 2,87,319 units — the biggest drop since April 2020 when it was at 45,880.

INFLATION, THE CAUSE

An uptick in exports was reported after that, with December 2020 recording 3,67,521 two-wheeler exports.

A rise in exports was also witnessed in April 2022 with 4,05,439 vehicles. In September 2022, as many as 2,95,061 two-wheelers were exported.

According to experts, the exports of two-wheelers are seeing an impact due to inflationary pressures.

"There has been a strengthening of dollar, which has resulted in currency devaluation led inflation in many countries, especially in South Asian and African markets," said Rajesh Menon, Director General, SIAM.

But, the impact is expected to continue. "Many nations have put restrictions on imports to conserve forex, which is expected to continue to impact export volumes," said Rohan Kanwar Gupta, V-P & Sector Head, Corporate Ratings, ICRA Ltd.

Business Standard dt. 17.11.22

US, China, UAE drive India's 1st export contraction in nearly 2 yrs

Exports to seven of top 10 destinations shrink in Oct

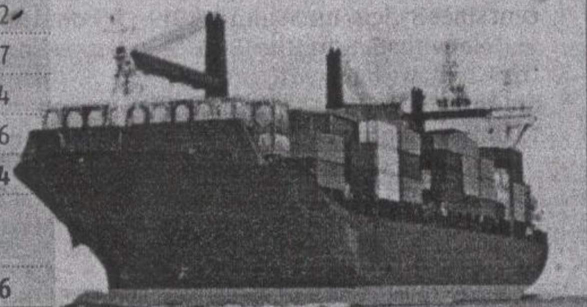
SHIPMENTS SHRINK
India's exports to top 10 countries in October

Country	Value ($ mn)	YoY change (%)
US	5,383	-25.6
UAE	1,989	-18
Netherlands	1,220	21.6
China	947	-47.5
Singapore	711	24.8
Bangladesh	615	-52.5
UK	789	-22
Brazil	821	57.7
Saudi Arabia	689	-20.4
Hong Kong	757	-23.6
Top 10 total	**13,921**	**-21.4**
% share of total exports	**47**	
Total exports	**29,782**	**-16.6**

Source: Department of Commerce

SHREYA NANDI
New Delhi, 16 November

Exports to seven of the top 10 destinations of India, including the US, the United Arab Emirates (UAE), and China witnessed contraction in October, leading to the country's overall outbound shipments dipping for the first time in two years, according to the data compiled by the Department of Commerce.



These 10 nations have a share of 47 per cent in India's overall exports.

The three nations that saw positive growth in exports were the Netherlands (21.6 per cent), Singapore (24.8 per cent), and Brazil (57.7 per cent). The US, which has been India's largest export market for a decade, saw a dip in its value of exports by a fourth to $5.38 billion in October, according to the data reviewed by Business Standard.

PAGE 9
EDIT: UNWELCOME REMINDER

The UAE, which signed a free trade agreement with India earlier this year, witnessed 18 per cent fall in shipments at $1.98 billion.

Similarly, a slowdown in economic activity in China due to its zero-Covid policy and real estate market crisis resulted in 47.5 per cent degrowth in outbound shipments to the country to $947 million.

Turn to Page 7

Exports...

India's import sources in October: Top 10

Country	Value ($ mn)	YoY chg (%)
China	7,851	-9.7
UAE	3,867	1.5
US	3,526	-4.7
Saudi Arabia	2,721	11.6
Russia	3,842	441.4
Iraq	2,628	44.1
Indonesia	2,260	46.9
Singapore	1,970	27.5
South Korea	1,607	1.7
Australia	1,300	-30.9
Top 10 total	31,572	13.9
% share of total imports		56
Total imports	56,693	5.7

Source: Department of Commerce

Other countries that showed contraction during the month include Bangladesh (52.5 per cent), the UK (22 per cent), Saudi Arabia (20.4 per cent), and Hong Kong (23.6 per cent). On a cumulative basis for the April-October period, three of the top 10 export partners - China, Bangladesh, and Hong Kong - saw 37.3 per cent, 8.1 per cent, and 14.6 per cent contraction, respectively.

During the first seven months of the current financial year (2022-23), exports grew 12.6 per cent at $263.34 billion.

Imports from three of the top 10 destinations witnessed contraction in October, the commerce department data revealed. While imports from China dipped 10 per cent, inbound shipments from the US and Australia declined 4.7 per cent and 31 per cent, respectively.

The other seven of the top 10 import partners – the UAE (1.5 per cent), Saudi Arabia (11.6 per cent), Russia (441.4 per cent), Iraq (44.1 per cent), Indonesia (46.9 per cent), Singapore (27.5 per cent), and South Korea (1.7 per cent) saw positive growth.

These 10 nations have a share of 56 per cent in India's overall imports.

The October trade data released on Tuesday showed India's merchandise exports had contracted to their lowest levels in 20 months as fears of recession in the West started impacting shipments from the country. Domestic factors, such as a higher number of holidays during the festival month, as well as export restrictions on certain agricultural and engineering goods, also affected outbound shipments that declined 16.6 per cent in October.

Key commodity groups, such as engineering goods, gems and jewellery, organic and inorganic chemicals, and readymade garments, resulted in a sharp contraction in the overall exports.

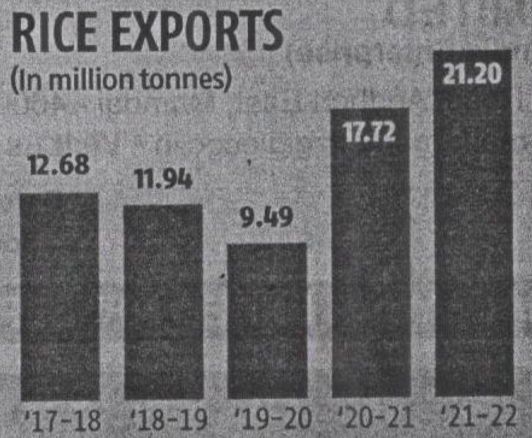
A sharp contraction in exports is a reflection of the mounting geopolitical tension triggered by the Russia-Ukraine stand-off that started in February this year. Besides, high inflation, monetary policy tightening, currency depreciation, as well as pandemic-led supply-chain constraints, caused disruption worldwide.

Business Standard dt. 17/11/22

Govt likely to ease broken rice export ban; impose duty

Curbs may stay, outright lifting of ban ruled out

SHREYA NANDI & SANJEEB MUKHERJEE
New Delhi, 16 November



Note: Exports include both basmati and non-basmati rice
Source: Government of India and traders

With rice procurement progressing steadily and prices starting to moderate, the central government might review the ban on export of broken rice, two people aware of the development said.

However, an outright lifting is ruled out for now. Exports may still face some curbs with imposition of a duty instead of a complete ban that is in place, but matters are still at a discussion stage, they added.

India, the largest exporter of broken rice, imposed the ban in September to stabilise domestic prices and ensure availability in the domestic market particularly for the ethanol and poultry industries.

Prior to the ban, broken rice exports between April and August of FY23 rose 4,178 per cent from the corresponding period of 2019, while between FY18 and FY19, it jumped by almost 319 per cent.Data shows that in FY22, of the 3.8-3.9 million tonnes of broken rice exported, around 1.6 million tonnes (over 41 per cent) went to China for use as feed meal for the poultry industry there.

The share of broken rice in India's total exports — estimated to be about 21.2 million tonnes in 2021-22 — rose to 23 per cent in April-August 2022 from 1.34 per cent in the same period in 2019. However, some softening of domestic prices, a steady start to 2022-23 rice procurement season and demand from southern millers may have prompted the Centre to consider revoking the ban, sources said.

Till November 10, paddy procurement in the central pool for the 2022-23 season that started in October is estimated to be about 23.1 million tonnes — 1.31 per cent more than the paddy procured during the same period last year.

In the 2022-23 season (October to September), the Centre has planned to procure 77.1 million tonnes of paddy, higher than the 75.9 million tonnes procured last year.

Meanwhile, sources said the Commerce and Industry Minister Piyush Goyal discussed the matter during a review of the sectoral progress in exports with export promotion councils and industry bodies."The industry had expressed their concerns regarding the continuation of the ban on broken rice," one of the persons cited above said.

Market sources said India annually produced 5-6 million tonnes of broken rice, which is mainly used as poultry and cattle feed.

India's rice production in 2022-23 kharif season is estimated to be around 6.05 per cent less than the same period last year at 104.99 million tonnes as per the first advance estimate of agriculture production for 2022-23 crop year (July to June) released a few months back.

Rice production in the 2021-22 kharif season was a record 111.76 million tonnes. If the numbers hold firm, then this will be the lowest rice production in the kharif season since the 2020-21 crop year. The production is expected to be down due to drought like conditions in main growing regions of East India namely in UP, Bihar, Jharkhand and West Bengal and also shift towards other competing crops in some other states.

Falling Exports, A Strategy Needed

Economic Times 17/11/22

The contraction in merchandise exports after a two-year run of impressive growth makes a case for aggressive trade promotion. The 16.65% decline in exports during October was broad-based, with only electronic goods, rice, tea, oil seeds, oil meals and tobacco posting growth. Value-added and employment-generating segments like engineering goods, pharmaceuticals, petroleum products and textiles were among the 24 of 30 principal export items that contracted.

Rising interest rates in major export destinations like the US and the EU are compressing demand for Indian exports. Trade fragmentation on account of the Ukraine war adds to the strain. Although cumulative exports have not veered too much from this year's target, India could gain from expedited bilateral free trade agreements it is negotiating. Global financial market turbulence contributing to a depreciating rupee could offer an opportunity to gain market share in global trade if competing currencies don't lose value faster against the dollar.

Imports during October moderated to a growth rate of 5.7% on declines in 15 of the 30 principal commodities, including gold. Energy imports, though, remained strong, while machinery imports, a marker for domestic demand, posted a marginal rise. The merchandise trade deficit of \$26.91 billion brings the cumulative figure for the fiscal so far to \$173.46 billion against \$94.16 billion in April-October 2021. The gap is not being covered by services exports, with the combined trade deficit for merchandise and services deteriorating to \$98.52 billion in April-October from \$34.05 billion over the same period of 2021. Stronger import substitution may help bring India's trade into balance, but could come at the cost of export competitiveness.

Financial Express dt. 17.11.22

Sugar exports of 14,447 tonne to EU, US get nod

FE BUREAU
New Delhi, November 16

THE DIRECTORATE GENERAL of foreign trade (DGFT) on Wednesday notified its decision to allow sugar exports of 5,841 tonne to the EU and 8,606 tonne to the US under the quota systems there at zero or concessional duties in the marketing year through September 2023. This quantity is usually kept outside the ambit of any limit on sugar exports.

The government has permitted sugar exports of six million tonne for 2022-23. It will review the domestic demand-supply situation before allowing more exports. It was forced to cap sugar exports at 11.2 million tonne in the last marketing year after a spike in outbound shipments threaten to deplete local stocks. According to the DGFT notification, the exports of the stipulated quantity of sugar to the EU and the US are through the tariff rate quota (TRQ) or the CXL. According to an estimate by the Indian Sugar Mills Association (ISMA), the country's net sugar production, after factoring in diversion of cane juice for making ethanol, would be to the tune of 36.5 million tonne. It has estimated consumption to be about 27.5 million tonne. This leaves the scope for an export of nine mt, without upsetting carryover domestic stocks of about six million tonne.

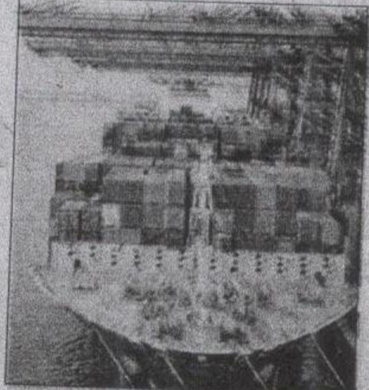
MORE EXPORTS NOD LIKELY

- Sugar exports of 5,841 tonne to the EU and 8,606 tonne to the US under the quota systems there at zero or concessional duties
- Sugar exports of 6 million tonne for 2022-23 got nod from the government

Financial Express dt 17.11.22

Rice exports to fall by 1.5 mt next year: USDA

SANDIP DAS
New Delhi, November 16



INDIA'S RICE EXPORTS may decline to 19.5 mt in 2023 from a record 21 mt of shipment this year, the United States Department of Agriculture (USDA) has stated in its outlook.

The USDA said the fall in exports is mainly because of an anticipated decline in India's rice production due to deficiency in monsoon rainfall in the key grain growing states in eastern India.

Thailand's exports are projected to increase 0.6 mt to 8.2 mt next year, given weaker shipments from its top competitors India and Pakistan.

While projecting a marginal decline of 0.4 mt in global rice trade to 53 mt in 023, USDA has said that despite the government in September announcing a 20% export tariff on non-basmati and non-parboiled rice shipment,"India remains the most competitively-priced source for rice in Asia".

India's price quotes for 5% broken-kernel rice shipped bulk were $ 380/tonne for the week ending November 8, 2022 against Pakistan's $415/tonne and Argentina's $415/tonne.

India banned broken rice exports, used as animal feed in September.

Officials said that India would continue to be the largest exporter of the grain in the world next year as well despite a decline in shipment.

USDA also projected a 2 mt decline in production for China, world biggest producer of rice, to 147 mt, from a record of output for 2021/22. Pakistan's rice production is expected to decline by 2.5 mt to 6.6 mt because of flooding in the Indus river valley.

In September, the agriculture ministry in its first advance estimate for foodgrain production had stated that rice production in the current kharif season for the 2022-23 crop year (July-June) would decline by around 6 mt to 124 mt from a record 130 mt reported in the previous year.

India has been the world's largest rice exporter in the last decade — export earnings stood at $ 8.8 billion in the 2020-21 financial year (April-June) and $ 9.6 billion in 2021-22. In the current fiscal (April-Sept), $ 5.4 billion worth of rice (11 mt) has been exported. India accounts for around 40% of global rice trade and exports to more than 150 countries.

Out of the 21 mt of rice shipment in 2021-22, India exported more than 17 mt of non-basmati rice and the rest of the volume was aromatic and long grain Basmati rice. In terms of volume, Bangladesh, China, Benin and Nepal are five major export destinations of rice.

In September a food ministry official had stated that there has been 'mind-boggling" increase of exports of broken rice which had caused domestic shortage and increased poultry and feed meal rates. Broken rice is largely meant for the non-human consumption and it is used as a feed in the poultry industry.

Business Line dt. 24.11.22

Qatar suspends Indian seafood imports

FIFA WORLD CUP IMPACT. Doha finds harmful bacteria in shrimp shipments; EIA to certify henceforth

V Sajeev Kumar
Kochi

Qatar has temporarily banned seafood imports from India after microbial contamination was detected in some consignments.

This comes in the wake of a nationwide quality check undertaken by the Qatar administration ahead of the FIFA World Cup starting this weekend, industry sources said.

In October, the presence of bacteria was found in two or three shrimp consignments which has led to the suspension of all marine product shipments to that country.

RECONCILIATORY EFFORTS. MPEDA officials have taken up the issue with the public health authorities in Qatar and discussions are on to revoke the suspension THE HINDU

BIG RELIEF

Marine Products Export Development Authority (MPEDA) officials have taken up the issue with the public health authorities in Qatar and discussions are in progress to revoke the suspension.

According to industry sources, shrimp consignments sent by six Indian exporters were found to contain harmful bacteria. The West Asian market is very sensitive to such issues and it has come as a bolt from the blue. However, officials at the Seafood Exporters Association of India (SEAI) maintained that Qatar has agreed to lift the ban on the condition that the marine products consignments from India would be certified by the Export Inspection Agency (EIA), which is under the Centre's control.

The move comes in the wake of the efforts taken by the Commerce Ministry, which according to exporters, comes as a big relief.

ARRANGEMENT

Jagdish Fofandi, National President of SEAI told *businessline* that an internal arrangement has been made between the two countries to sort out the issue.

Normally, export inspection agencies in all countries are the nodal agencies to carry out such investigations. "After the incident, there was a quick response from our side by taking all means to ensure that there was no lapse in quality. We are now waiting for the exports to resume," he said.

MPEDA officials said they have already issued show-cause notice to the concerned exporting firms and it is learnt that EIA temporarily suspended exports from these units.

As a key pillar of market promotion activities, the exporting agency will not compromise on product quality, officials said. Last year, India's seafood exports to Qatar were 4,000 tonnes and fetched revenue to the tune of $25 million, the officials added.

Business Standard dt 21.11.22

Tirupppur looks to diversify export basket

Move follows 21% YoY dip in October exports in the country's largest garment hub

SHINE JACOB
Chennai, 17 November

With demand coming down from the United States due to the economic slowdown, and in Europe due to the Ukraine war, exporters from India's largest garment hub Tiruppur are looking to diversify their export baskets to countries like UAE, Australia and Japan. This is after the exports from Tiruppur dipped 21 per cent year on year in October.

The plan to diversify the basket is coming at a time when the global situation is threatening to affect the annual sales numbers of the garment hub. However, some exporters believe that things will be much better during the coming months as yarn prices have declined and dollar rates are favourable for exporters.

"We are looking at countries like the UAE, with whom we have a free trade agreement. We are also looking at Australia, Japan," said K M Subramanian, president, Tiruppur Exporters' Association (TEA). According to a report by the Confederation of Indian Textile Industry (CITI), India's textile exports dipped 17 per cent during April-September of the current fiscal year to $10.05 billion, from $12.11 billion during the same period in 2021-22.

Overall textile and apparel segment exports declined by 6.3 per cent to $18.22 billion during the period under review. In September, textile and apparels saw a 27 per cent decline in exports. According to another industry study, items like man-made yarn, fabrics and made ups saw a dip of 25 per cent in October, while readymade garment exports were down 21 per cent. Despite this, the region has so far posted total exports of Rs 22,000 crore, as compared to Rs 33,525 crore during the entire financial year 2021-22, Subramanian added. "We expect the orders to go up as yarn prices have reduced by over 40 per cent and the dollar is on favourable turf," he added.

"We are not seeing any major rise in exports because of the war situation in Europe and the US economic situation. Orders are down too compared to the same time last financial year," said M P Muthurathinam, president, Tiruppur Exporters and Manufacturer Association (TEAMA). During the last financial year, the United States contributed to around 40 per cent of exports from the region, while for Europe it was 35 per cent.

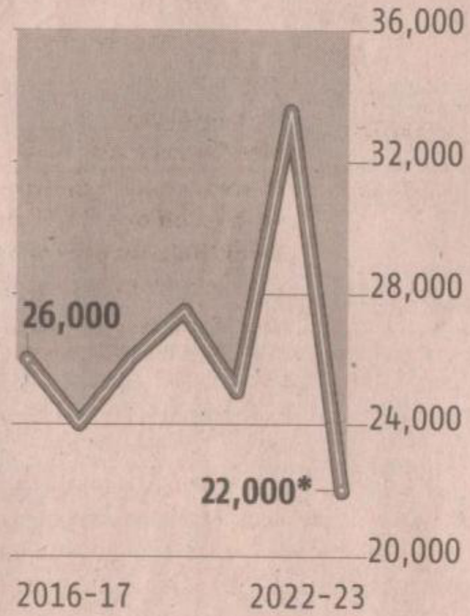
"Since we've seen the orders at a historic low, a rise is only to be expected. We aren't seeing any huge change in the export pattern at this point. We aren't able to compete with countries like Bangladesh and Vietnam because they are duty free countries," said Raja M Shanmugam of textile company Warsaw International and former president of TEA.

The industry in Tiruppur is expecting the India-UK Free Trade Agreement to happen soon, which may also push the region's exports by 10 per cent.

Some exporters believe things would be much better during the coming months as yarn prices have declined and dollar rates are favourable

IN A SPOT

Exports from Tiruppur (in ₹ crore)



*From April to October

Source: TEA

UTTAR PRADESH

Business Standard dt. 21.11.22

Varanasi-Haldia waterway to boost exports

VIRENDRA SINGH RAWAT
Lucknow, 17 November

The Uttar Pradesh government is set to leverage the Varanasi-Haldia inland waterway to boost exports, including those of farm commodities and manufacturing goods. The government is targeting increasing of merchandise exports from ₹1.56 trillion to ₹3 trillion in the next three years. The micro, small and medium enterprises (MSME) sector contributes 75 per cent to the state's export basket.

The plan is to harness easy and cheaper cargo movement from Varanasi through the Ganga to the seaport in West Bengal to export agricultural and horticultural produce, dairy products and MSME items. Growing number of expressway projects, coupled with 4-6-lane state and national highways, provides faster connectivity between destinations. The integration of the Varanasi-Haldia inland waterway with the road and expressway network will provide a seamless transportation channel for the state's export cargo.

Although the Varanasi-Haldia inland waterway, operated by the Inland Waterways Authority of India (IWAI) is operational, the state aims to develop alternative intrastate inland waterways systems to cater to both passenger and cargo movements. "The state government will offer full support to the Centre to develop such waterways projects, which will go a long way in providing jobs to the youth and benefitting the farmers," Chief Minister Yogi Adityanath said.

He said the state was at the crux of the Eastern and Western Dedicated Freight Corridors and is fast developing as a multimodal logistics hub in India.

Meanwhile, the Varanasi inland port has already clocked exports of one district one product (ODOP) items worth ₹3,700 crore to date.

Financial Express dt. 21.11.22.

Govt looks to allay exporters' Russia payment concerns

BANIKINKAR PATTANAYAK
New Delhi, November 17

THE COMMERCE MINISTRY is in talks with the finance ministry to address fresh payment issues with Russia involving Indian exporters, an official source told *FE*.

"While payments for Indian exporters are flowing in, efforts have been on to expedite the payment flow. All the issues raised by exporters are being looked into," he said.

In a meeting with commerce minister Piyush Goyal on November 7, some exporters had also flagged concerns about Sberbank, Russia's largest bank, charging a premium to settle trade payment, in addition to the delay in the flow of payments for supplies to Russia. Arun Kumar Garodia, chairman of engineering exporters' body EEPC India, had said Sberbank was "charging higher exchange rate than the market, leading to a rise in transaction costs". The meeting was convened to brainstorm ways to boost exports in times of a global turmoil.

At present, Indian exporters are getting payments in the dollar or euro through small Russian banks that have not yet been sanctioned by the US and its allies in the wake of the Ukraine war. But the process is very time-consuming and causes delay in the payment flow. Consequently, while sanctions-hit Russia has offered to buy a wide range of products from India, persisting payment challenges, on top of logistics challenges, have dragged down despatches from this country.

India's exports to Russia dropped 19% in the first half of this fiscal to $1.3 billion, far underperforming a 17% rise in the country's overall merchandise exports during this period.

With key western markets facing a demand slowdown, Indian exporters are scouring for alternatives to divert their supplies. Russia could emerge as a strong buyer if logistics challenges, mainly caused by the reluctance of global shipping companies to carry goods there, and payment issues are addressed swiftly.

From farm and food products to pharmaceuticals and FMCG products, firms in sanctions-hit Russia have already evinced unusual interest in sourcing a broad range of items from India. But, as FE had earlier reported, shipping goods to Russia by taking advantage of the opportunities is easier said than done.

The latest firm to show interest in scaling up its imports from India was X5 Group, Russia's top food retailer. Similarly, in a communication to its members on April 7, state-backed pharma export body Pharmexcil has said the Indian embassy in Moscow has been approached by Russian firms. The Russian companies that have shown interest include New Technologies, Pharmstandard, Appolo, Pharmamed and Simkodent.

RELIEF IN SIGHT

- Commerce ministry is in talks with the finance ministry to address fresh payment issues with Russia involving Indian exporters
- Some exporters had flagged concerns about Sberbank, Russia's largest bank, charging a premium to settle trade payment

Financial Express dt. 21.11.22

Proposal to expand tax remission scheme for exporters turned down

RoDTEP not to be extended to steel, pharma and chemicals

BANIKINKAR PATTANAYAK
New Delhi, November 20

THE FINANCE MINISTRY has rejected a commerce ministry proposal to expand the scope of the flagship tax remission scheme – RoDTEP - for exporters to include sectors that are currently out of its ambit, official sources told FE.

Exporters from sectors such as steel, pharmaceuticals and chemicals are not entitled to get the benefit of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.

"The revenue department is of the view that, given the limited resources, the request for additional RoDTEP allocation can't be accepted. There are important areas and schemes that require larger allocations more urgently, which the finance ministry has to look into at this stage," one of the sources said.

Acceding to industry demand that all sectors should be provided the RoDTEP benefit to make exports truly "zero-rated" in sync with global best practices, the commerce ministry had proposed the expansion of the remission scheme. Under this scheme, eligible exporters get refunds in the range of 0.3% to 4.3% of the freight-on-board value of the exported products.

LIMITED RESOURCES

₹13,699 crore Budgetted allocation for the RoDTEP scheme for FY23, up 10% from a year before

0.3-4.3% Of the FoB value of exported products are refunded to exporters under the tax remission scheme

$88 bn Exports of pharma, chemicals & iron & steel that are outside the RoDTEP ambit, or **21%** of merchandise exports in FY22

The government has budgeted ₹13,699 crore for the RoDTEP scheme for the current fiscal, up 10% from the revised estimate of ₹12,454 crore for FY22.

Exports of pharmaceuticals, chemicals and iron & steel (that are outside the RoDTEP ambit) totalled $88 billion in the last fiscal, having recorded an over 31% jump from a year before. They accounted for almost 21% of the country's overall merchandise exports in FY22.

Analysts have argued that sustained and adequate remission of taxes, in addition to structural reforms, will help exporters improve their competitiveness and better equip them to boost shipments at a time when demand from key markets, such as the US and the EU, has started to falter due to an economic slowdown there. It also remains critical to India's efforts to scale up goods exports to the targeted $1 trillion by FY30 from $422 billion in FY22.

However, given that the steel, pharmaceutical and chemicals sectors are mostly dominated by large players, their ability to push exports without official succour remains much higher than small and medium businesses, one of the officials said. Moreover, exports of pharmaceuticals and chemicals have performed well in the wake of the pandemic, so these sectors don't require urgent assistance, said the source.

While the central government's overall budgetary spending was pegged at ₹39.45 trillion for FY23, the revised estimate for this fiscal could exceed it by about ₹2.2-2.7 trillion, according to analysts. The FY23 Budget calculations went haywire after the Ukraine war broke out unexpectedly, and spurt in commodity prices, especially of fertiliser, on top of the continuance of a free ration scheme, substantially inflated the government's subsidy bill. So, while the revenue mop-up is also expected to exceed the budget estimate for FY23, it will be utilised to fund the additional spending pledges.

For their part, exporters argue that tax remission is their legitimate right and it's not really a support extended by the government. Last year, the government notified the RoDTEP scheme, which was to cover as many as 75% of tariff lines, or about 8,555 products. Although it covers over a thousand products (tariff lines) more than the Merchandise Exports from India Scheme (MEIS) that it replaced, the annual budgetary allocation for it is less than a half of the government's usual outgo under the MEIS.

Of course, both the schemes are not strictly comparable, as the MEIS was an incentive programme that ran foul of the World Trade Organization stipulations.