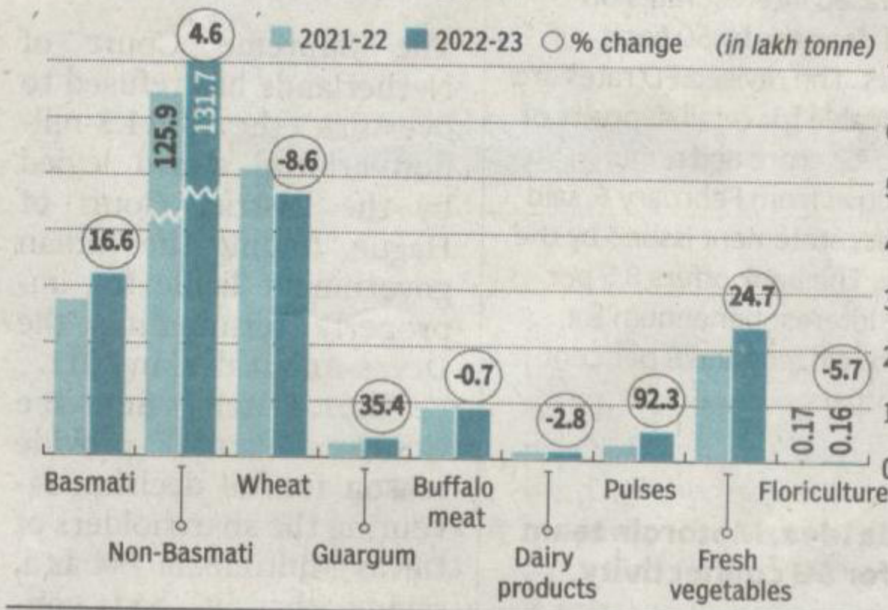
KOLKATA
businessline.
TUESDAY - FEBRUARY 7 - 2023

NCDEX AGRIDEX		▼ -145.30 pts (-1.78%)	
PR. CLOSE	HIGH	LOW	CLOSE
8181.60	8227.80	7981.00	8036.30

Agri exports up 12% to $19.7b in Apr-Dec

Agri export during Apr-Dec



Source: DGCIS

Prabhudatta Mishra
New Delhi

A 12 per cent increase in the export of major agriculture and processed products during the first three quarters of the current fiscal has buoyed the Agricultural and Processed Food Products Export Development Authority (APEDA) to target a record $26-29 billion in this fiscal, against $24.76 billion in 2021-22.

"Since our (APEDA products) exports have already reached nearly $20 billion, we will exceed the target and also increase from the previous year's level. Unless there is a global slowdown, we are set to cross $27 billion this year and may reach up to $29 billion," said M Angamuthu, Chairman, APEDA.

REACHABLE TARGET

The agency, which contributed half of the $50.21 billion in the total export of agriculture and allied sectors during 2021-22, is responsible for all agri products, divided into 27 categories, excluding tea, coffee, spices and marine products.

Exports have jumped to $19.69 billion during April-December of the current fiscal from $17.51 billion a year ago. The government has set a target of $23.56 billion for the export of APEDA products during FY 2022-23. Due to the weakening of the rupee, exports surged by 20.4 per cent to ₹1.57 lakh crore from ₹1.3 lakh crore a year-ago.

Angamuthu said the focus on the top 10 potential products including basmati and non-basmati rice and top 10 export destinations including the US, UAE and China has helped to achieve the growth, so far. "Efforts are being made to push exports in further 40 potential target destinations," he said. In view of the International Year of Millets in 2023, APEDA has planned an aggressive campaign for the promotion of these Shri Anna (nutri cereal) and its value-added products in select markets for boosting export, he said. Besides, APEDA has chalked out several activities in States to boost quality produce.

Business Line dt. 7.2.23

Indonesia to suspend some palm oil export permits to ensure domestic supply

Reuters
Jakarta

Indonesia will suspend some palm oil export permits to secure domestic supply amid rising cooking oil prices ahead of Islamic festivals, senior cabinet minister Luhut Pandjaitan said on his official Instagram account. He said palm oil exporters had accumulated large shipments quota from last year and they now had little incentives to supply the domestic market.

Indonesia issues export quotas for palm oil companies which have sold a proportion of their products to the domestic market, under a policy known as "Domestic Market Obligation" (DMO). The DMO currently allows export volumes of six-times what the companies have sold at home. Luhut said "exporters can use those export rights after the situation has calmed."

Business Line dt. 7.2.23

Board clarifies on hike in compounded rubber import

V Sajeev Kumar
Kochi

Rubber Board has said the increase in the duty on import of compounded rubber is the first step in renegotiating the Free Trade Agreement (FTA) with the ASEAN region.

KN Raghavan, Executive Director, Rubber Board, was responding to the United Planters Association of Southern India's allegation that the duty will apply only to most favoured nations and not on shipments from the ASEAN regions.

KN Raghavan, Executive Director, Rubber Board, said there is no preferential rate of duty on natural rubber (NR) in FTA with ASEAN, from where most of India's NR imports takes place. However, a preferential rate of duty is provided to compound rubber imported from ASEAN nations through the FTA. Natural rubber has been kept outside the concessions provided to other nations through most preferential trade agreements.

The fact that compound rubber can continue to be imported at a preferential rate under prevailing FTA was pointed out by Rubber Board during stakeholders meetings. But the request for increasing tariff rate was pressed upon as this is a necessary first step to prevent circumvention of duty, he said. .

"We cannot change the preferential rates of import duty through the Budget. It can be done only through renegotiation of the FTA which is a bilateral matter. Further, even for renegotiation of the FTA, we need to first increase our tariff rates, which has been done now," Raghavan said.

Business Line dt. 7.2.23

Transport, marketing aid for agri exports cut to ₹1 lakh

Our Bureau
Chennai

Finance Minister Nirmala Sitharaman has cut to a meagre ₹1 lakh the allocation for Transport and Marketing Assistance (TMA) scheme for specified agriculture products in the Budget for 2023-24 tabled in Parliament on February 1.

This reduction in allocation is from ₹545 crore in the 2022-34 revised Budget estimate (BE) and the actual expenditure of ₹250 crore in 2021-22. This negligible allocation has led to speculations being raised that "some new scheme is in the works", say traders and experts.

The Budget also proposes a significant cut in the allocation for export promotion with the total outlay being pruned to ₹4,351.47 crore for 2023-24 against the revised BE of ₹5,608.1 crore and actual expenditure of ₹6,632.05 crore in 2021-22. Also, the allocation for the Agricultural and Processed Food Products Export Development Authority (APEDA) and various commodity boards are almost unchanged.

The negligible allocation for TMA has led to speculation that "some new scheme is in the works"

ALLOCATIONS

For APEDA, the Finance Minister has allocated ₹80 crore, the same as the revised BE this fiscal and ₹85 crore spent in 2021-22. For Marine Products Export Development Authority, the allocation remains unchanged at ₹100 crore (₹126.05 in 2021-22).

For the Tea Board, the allocation is ₹135 crore against the revised BE of ₹131.93 crore this fiscal (₹157.37), while Coffee Board has been allocated ₹226.20 crore against the revised BE of 228.20 crore this fiscal (₹164.57). The Rubber Board gets ₹268.76 crore, unchanged from the current fiscal (₹263.95).

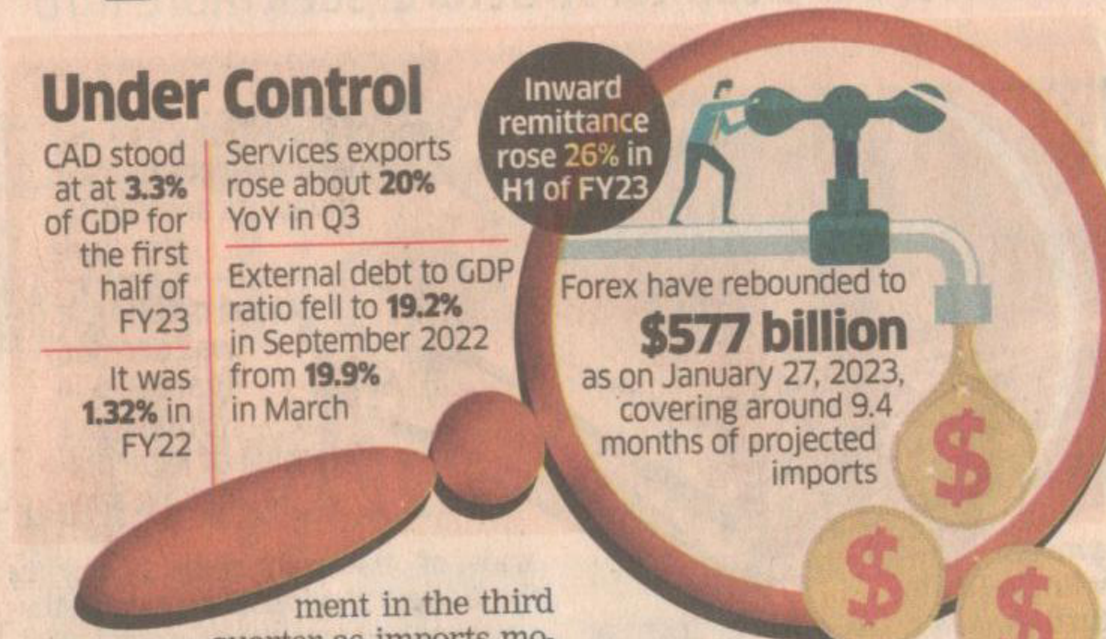
Business Line dt. 9.2.23.

CURRENT ACCOUNT DEFICIT manageable; more overseas inflows to bridge gap, says Das

External Position Worries Abate as Service Exports, Remittances Surge

RBI Monetary Policy

Atmadip.Ray@timesgroup.com



Kolkata: India's external position remains stable with a narrowing in the merchandise trade deficit, higher services exports and greater-than-expected remittance growth.

Reserve Bank of India (RBI) Governor Shaktikanta Das expects more overseas inflows, helping bridge the current account deficit (CAD).

"The CAD is expected to moderate in the second half of FY23 and remain eminently manageable and within the parameters of viability," Das said in his monetary policy statement.

CAD in the world's fifth largest economy was at 3.3% of GDP for the first half of FY23. CAD was 1.32% in FY22.

The situation has shown improvement in the third quarter as imports moderated in the wake of lower commodity prices, helping the merchandise trade deficit to narrow.

Further, services exports rose about a fifth year-on-year in the third quarter, largely driven by software, business and travel.

Inward remittance is another bright spot with around a 26% rise in the first half — more than twice the World Bank's projection for the year.

"This is likely to remain robust owing to better growth prospects of the Gulf countries. The net balance under services and remittances are expected to remain in large surplus, partly offsetting the trade deficit," the governor said.

The country's external debt to GDP ratio fell to 19.2% in September last year from 19.9% in March 2022. The debt service ratio declined to 5% from 5.2% over the same period.

"India's external debt ratios are low by international standards," Das said.

On the financing side, net foreign direct investment (FDI) flows remain strong at $22.3 billion during April-December 2022, as compared with $24.8 billion in the corresponding period of the previous year.

Foreign portfolio inflows have also improved with $8.5 billion in investments coming in mostly in the equities from July 2022 to February 6, 2023. However, for the whole year, the inflows remained negative so far.

Foreign exchange reserves have rebounded to $577 billion as on January 27, 2023, covering around 9.4 months of projected imports, after falling to $524.5 billion on October 21, 2022.

"The depreciation and the volatility of the Indian rupee during the current phase of multiple shocks is far lower than during the global financial crisis and the taper tantrum. In a fundamental sense, the movements of the rupee reflect the resilience of the Indian economy," Das said.

Business Line dt. 9-2-23.

Hike Import Duty on Edible Oils to Arrest Price Fall: FMCG Cos

Sutanuka.Ghosal
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Kolkata: Fast-moving consumer goods companies want the government to raise the import duty on edible oils to stem the slide in prices, which have fallen over 15% in the past two months and have almost halved in the past year. They said the production of edible oils in the domestic as well as international market is ample and that if the government does not increase import duty, then farmers will suffer as they will not get remunerative prices for their crops. The government reduced the duty on edible oils last year.

The Soybean Processors Association recently made a presentation to the commerce ministry, urging it to increase import duty on all types of edible oils. India annually imports 14-14.5 million tonnes of edible oils to meet its domestic demand.

Pradeep Chowdhry, managing director, Gemini Edibles & Fats India, said, "Prices of edible oils have fallen significantly compared to last year and are now not pinching the pockets of consumers. The supply chain of oils is heavily loaded, which is why the government should now increase the import duty of edible oils so that our farmers get the price for their produce." A bumper mustard crop of more than 12 million tonnes is expected this year.

Sudhakar Desai, president, Indian Vegetable oil Producers' Association (IVPA), said, "...recommended increasing refined palm oil duty to 20% while retaining the same duty rate on crude palm oil imports."

Business Line dt. 9.2.23

Steel export up in January, but halved y-o-y in 10-month period of FY23

Abhishek Law
New Delhi

Steel exports witnessed improved sentiments in January, two months after export duty was waived. Exports rose 33 per cent over December to 0.59 million tonne (mt) though on a y-o-y basis, exports slipped 28 per cent.

For the April – January period, finished steel exports including non-alloyed and alloyed offerings and stainless steel, halved to 5.33 mt against 11.14 mt a year back indicating continued global recessionary pressures and demand slowdown.

According to a Steel Ministry report, non-alloyed steel export – the key offering – stood at 0.52 mt in January, down 27 per cent y-o-y.

However, the numbers improved over December by 60 per cent when exports were 0.323 mt but in the 10-month period exports were down 68 per cent, to 3.24 mt.

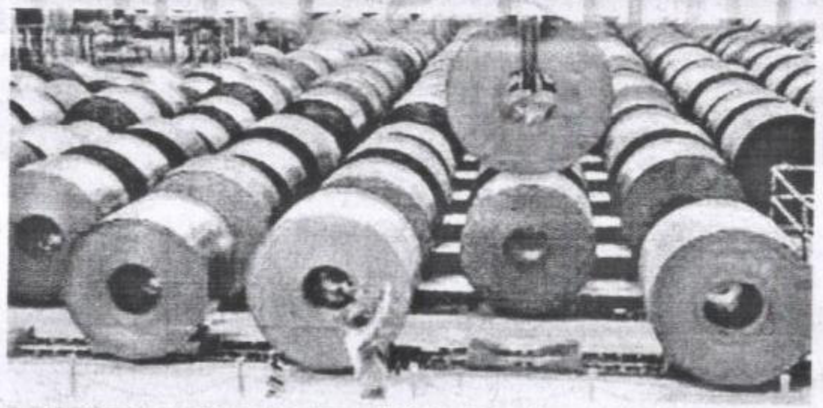
On the other hand, alloyed and stainless steel exports decreased 30 per cent y-o-y to 0.07 mt. January 2022 exports were 0.1 mt.

On a 10-month-basis, the segment saw an 116 per cent increase in exports, y-o-y, to 2.08mt (0.96 mt).

Trade sources told *businessline* that some mills had opted for export of alloyed steel since the segment did not have the duty levy.

SENTIMENTS POSITIVE

Jayant Acharya, Deputy MD, JSW Steel – the country's largest steel maker by volume – in the post-result conference call said, on the pricing side, things were looking up.



RECESSIONARY TREND. Finished steel exports dropped to 5.33 mt against 11.14 mt a year back, indicating continued global demand slowdown

"In the last few weeks, we have seen the international prices move up. On a dollar basis, I think China moved up by about \$100/tonne. European CFR also, moved up in the range of \$140.

And we are seeing a reflection of that in India," he said adding that prices were initiated from January (in the domestic markets).

"Going forward, we see a much improved FOB (freight on board) realisation, Acharya said.

IMPORTS

With international and domestic prices being "similarly poised", imports have seen a decline sequentially.

January imports fell 9 per cent to 0.596 mt against 0.653 mt in the previous month. On a y-o-y comparison, imports rose 33 per cent; while for the 10-month period imports moved up 28 per cent to 5 mt.

India was a net importer in January, for the fourth straight month, although gap reduced significantly to 0.004 mt only (the lowest so far).

But in April – January, India was net exporter of steel.

Business Line dt. 9.2.23.

Corn exports gain edge on low freight charges

GROWING CLOUT. Demand from South-East, West Asia keeps domestic prices above MSP

Subramani Ra Mancombu
Chennai

Indian corn (maize) exports are on the rise as the coarse cereal is enjoying an advantage in freight charges in South-East and West Asia.

The export demand has resulted in domestic prices ruling higher than the minimum support price (MSP) of ₹1,962 a quintal, traders and exporters say.

"We have stiff competition from Brazil, Argentina, and the Black Sea region. But our freight to destinations in South-East Asia and West Asia is cheap. It is proving to be an advantage," said Delhi-based exporter Rajesh Paharia Jain.

Source: FAO Market Monitor

RISE HITS PARITY

Though Indian corn is quoted at $310 a tonne free-on-board (f.o.b) compared with $290, the low freight charge is giving it the market share in countries such as Vietnam, Malaysia, and Oman.

"We are exporting to Vietnam and Malaysia at around $310 f.o.b. Domestic prices are ruling high, and we are getting deliveries for export in Mumbai at ₹23,500 a tonne and in Chennai at ₹24,500," said M Madan Prakash, President, Agri Commodity Exporters Association (ACEA).

"Corn prices have increased in the past month, affecting our parity. Prices have increased from ₹18,000-20,000 a tonne to over ₹21,000. Also, the moisture in some of the arrivals is high, at 15 to 17 per cent," said Mukesh Singh, Director of Mumbai-based MuBala Agro.

According to data from Agmarknet, a unit of the Agriculture Ministry, the weighted average price of corn currently is ₹2,114 per quintal, against ₹1,775 a year ago.

"Stockists are currently buying, and arrivals are good in the domestic market," said ACEA's Prakash.

"At least 3.5 lakh tonnes have headed towards Vietnam this fiscal. We are a major player in the region," said Jain.

During the current fiscal, 19.53 lakh tonnes (lt) valued at $653.36 million have been exported during the April-November period of the current fiscal. In 2021-22, 36.90 lt were exported at a value of $1.02 billion. Bangladesh is the largest importer of Indian corn during the period, buying 11.5 lt, while Vietnam 2.3 lt during the period.

LANKA'S ENQUIRIES

"The problem now is that exporters are fulfilling deals on hand, but they don't have much stock. Corn suppliers in West Bengal are using it for their own production," said Singh.

"Of late, we are getting good enquiries from Sri Lanka," Jain said.

"Bangladesh, Vietnam, and Malaysia continue to buy from India," said Singh. Indian corn prices have gained in tandem with global prices, ruling near the highs witnessed in November 2022. Currently, corn futures on the Chicago Board of Trade (CBOT) are quoting at $6.8 a bushel (₹22,100 a tonne).

Global corn prices have gained on supply chain disruption, rising input costs, and higher demand. The ongoing Ukraine war, late plantings in the US, and dry weather in South America are causing concern in the market, particularly since Kyiv contributes 15 per cent to the export market.

Business Line dt. 9.2.23

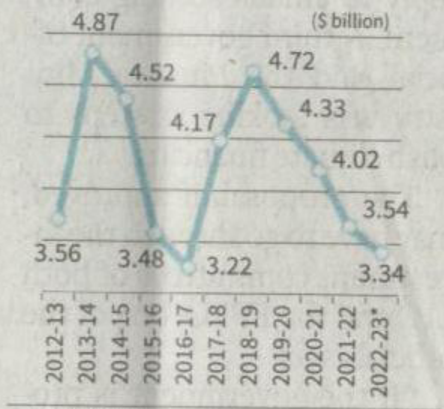
With Iran, Saudi and UAE making up 50% of total shipments, basmati exports rise 20%

Prabhudatta Mishra
New Delhi

India's basmati rice exports surged 17 per cent in volume during the first three quarters of the current fiscal, while exporters are earning at least 20 per cent more on average in overseas markets as Iran, Saudi Arabia, and the UAE together bought half of India's total shipments of the aromatic rice.

According to the latest data from the Agricultural and Processed Food Products Export Development Authority (APEDA), the shipments of basmati rice increased to 3.2 million tonnes (mt) in April–December of the current fiscal from 2.74 mt in the year-ago period. However, in terms of value, the surge was 40 per cent to $3.34 billion from $2.38 billion.

India's performance in basmati export



*April-December

Due to the depreciating rupee, the growth is even higher - 50.5 per cent - in Indian currency, at ₹26,591 crore against ₹17,664 crore.

In fact, export realisation in basmati rice increased to $1,044 per tonne this fiscal from $868 per tonne a year ago.

WIN-WIN FOR ALL

Prices did not increase from the average received ($1,057) in April-September, contrary to what was expected, an official said. Though traders and exporters paid record-high prices for basmati paddy this year anticipating a huge jump, it is a win-win for all stakeholders—farmers, exporters, and consumers—the official said.

Recalling the 2013-14 price spiral in basmati, an industry official said exports may not rise that high over the next two months as contracts are happening at an average of $1,100-1,200/tonne, though some are getting premiums and selling at $1,350 for limited quantities. In 2013–14, India exported 3.76 mt of basmati worth $4.87 billion, a record high in value terms, realising an average of $1,295 per tonne. "That was an exceptional year as Iran had bought nearly 1.5 mt of basmati from India whereas the traditional top buyer Saudi Arabia imported around 0.8 mt," said an industry veteran who has been tracking basmati prices for the last two decades.

"The problems in Pakistan is redefining the basmati market in addition to India's demand and supply. We are in the twilight zone," said foreign trade policy expert S Chandrasekaran, who is also the author of a book on Basmati GI. Normally, prices drop on higher supplies, but in the case of basmati, paddy prices witnessed an increase in October as high as 19 per cent at ₹3,322/quintal in Haryana and then topped ₹4,000/quintal.

Business Line dt. 9.2.23.

As areca shipments from Myanmar jump 273%, imports double in April-Nov '22

AJ Vinayak
Mangaluru

There has been over 100 per cent growth in the import of arecanut, both in terms of quantity and value, during the current financial year mainly in view of imports from Myanmar nearly treblign during the period, the Centre told the Lok Sabha on Wednesday.

Data provided to the Member of Parliament from Dakshina Kannada, Nalin Kumar Kateel, by the Union Minister of State for Commerce and Industry, Anupriya Patel, showed that India imported 6,1452.21 tonnes of arecanut until November, compared to 25,978.98 tonnes during the entire financial year of 2021-22. That means arecanut imports went up by 136.35 per cent in the first eight months of 2022-2023. The value of the imported arecanut went up from $90.18 million in 2021-22 to $217.8 million in the first eight months of 2022-23.

Rising imports

	Quantity (in tonnes)	Value (in $ million)
2019-20	16,760.78	47.98
2020-21	23,988.30	68.40
2021-22	25,978.98	90.18
2022-23*	61,452.21	217.80

Source: LS anwer; *April-Nov

MAJOR SHIPPER

Myanmar, Sri Lanka, and Indonesia were the major exporters of arecanut during the period. In fact, there was a more than 273 per cent increase in the import of arecanut from Myanmar in the first eight months of 2022-23 compared with the whole of 2021-22. Myanmar exported 28,589.22 tonnes of arecanut to India from April to November of 2022-23, compared with 7,645.77 tonnes in 2021-22, recording a growth of 273.92 per cent. India imported arecanut valued at $99.59 million from Myanmar in the first eight months of 2022-23, compared with $27.12 million in 2021-22.

"Arecanut is imported from some countries, including Singapore and the UAE. However, there has been no import of arecanut from Bhutan in the last four years, including the current financial year," the minister said.

"The government has imposed the condition of a minimum import price of ₹251 per kg on arecanut to restrict the unabated import and to prevent entry of inferior quality arecanut and destabilisation of domestic prices," Patel said.