

Business Line, Oct. 19/5/26

As government import curbs hit supply, silver to trade at a premium

TURNING PRICEY. ETFs gain momentum as tighter import rules reshape domestic precious metals market

Suresh P Iyengar

Mumbai

Silver mutual fund schemes and exchange-traded funds will see a short supply of the white metal with the government imposing curbs on imports.

Following the government curbs that require imports to get permits from the Directorate-General of Foreign Trade (DGFT), silver ETFs jumped between 4 per cent and 0.24 per cent on the stock exchange, bucking the weak price trend in the domestic markets.

Silver prices were down marginally at ₹268,040 a kg against ₹2,68,500 during the weekend, according to data from the Indian Bullion and Jewellers Association of India.

MFS REPORT OUTFLOW

The demand for silver ETFs



TOUGH MEASURES. The latest curbs come within days of the government increasing the import duty on precious metals from 6 per cent to 15 per cent REUTERS

has suddenly picked up even as MFs have been reporting net outflow from silver funds in the last few months. This is a clear indication that equity investors are trying to diversify and take advantage of a possible rally in domestic silver prices due to short-supply in the coming days.

Silver ETFs are trading well below the indicative Net Asset Value (i-NAV) an-

nounced by MFs as domestic prices are at a discount of about \$1.5\$2 an ounce.

Satish Dondapati, Fund Manager, Kotak Mahindra AMC, said the import restriction may support Indian silver prices gradually over the coming months.

“Silver had already risen sharply in recent weeks mainly due to the duty hike, so some investors or traders

booked profits in the last 2-3 sessions. A large part of the positive impact was already reflected in prices earlier,” he said.

IMPORT DUTY HIKE

In a notification, the DGFT on Saturday said the import policy for silver, including silver plated with gold and platinum, has been revised “from free to restricted” with immediate effect.

Goods placed under the “restricted” category can only be imported against a valid licence issued by the government.

The latest curbs come within days of the government increasing the import duty on precious metals from 6 per cent to 15 per cent. The revised structure includes a 10 per cent basic customs duty along with a 5 per cent Agriculture Infrastructure and Development Cess.

Silver imports crossed \$12

billion in fiscal year 2026, registering a 150 per cent jump from the previous year.

After a historic inflow of ₹3,962 crore and ₹9,463 crore in December and January, silver schemes of MFs have recorded a steady net outflow of ₹1,637 crore in the last three months as early investors booked profit after prices started moving down.

REDIRECTING SUPPLY

Renisha Chainani, Head of Research at Augmont, said the government is consciously redirecting India’s silver supply chain away from import dependence toward domestic refining and reducing CAD pressure.

“The market will adjust, which will neither be quick nor painless. Silver market participants must now navigate a fundamentally different regulatory and supply landscape than existed even two weeks ago,” she said.

Business Standard, dt. 19/5/26

India to drive Hyundai's global production, export road map

SHINE JACOB

Chennai, 18 May

India is all set to become the third country to cross 1 million units of production capacity for Hyundai Motor by FY28, and the second-largest export hub for the auto major outside South Korea, a senior company executive said. A major push towards this will be from the Chennai plant, which will roll out two new models in FY27.

Hyundai Motor India has lined up capex of ₹7,500 crore in 2026-27 (FY27), with one primary focus on Chennai unit upgradation to support overall production efficiency. A source said that India will be the third country to have 1 million units of production capacity, after South Korea and the United States. At present, the Chennai and Talegaon

plants provide a consolidated annual production capacity of 994,000 units, and are poised to scale up to 1.07 million by 2028. This will further be expanded to 1.1 million by 2030.

The company's share of exports from India also has been increasing over the years, moving up from 22 per cent of the total revenue in FY25 to 26 per cent in FY26.

"During this financial year, we shall be introducing two completely new nameplates. Both these launches are expected to meaningfully boost our volumes and act as powerful catalysts for our next phase of growth. The upcoming two new models will be manufactured at our Chennai plant," said Tarun Garg, managing director and chief executive officer, Hyundai Motor India, in an investor call.

LOCAL MANUFACTURING LAGS DESPITE MULTIPLE GOVT SCHEMES

Lithium imports rise tenfold in 8 years riding on EV boom

NITIN KUMAR
New Delhi, May 18

INDIA'S LITHIUM IMPORTS have surged more than ten-fold in eight years, reflecting the rapid expansion of the electric vehicle (EV) market and rising demand for battery storage, even as domestic manufacturing capacity continues to lag behind consumption growth.

According to data from the ministry of commerce and industry, lithium imports rose from ₹3,532 crore in FY18 to ₹37,624.6 crore during April-February of FY26. Imports stood at ₹25,458.6 crore in FY25, and have already climbed nearly 48% in the first 11 months of FY26, underscoring the sharp acceleration in demand for lithium-ion batteries.

The surge is being driven primarily by the growing adoption of EVs in India, where penetration has risen to an estimated 8.5%, alongside expanding deployment of energy storage systems and consumer electronics manufacturing. Industry executives say the import trajectory is likely to remain on an upward curve as India continues to push for accelerated electrification of transport and mobility.

However, analysts caution that without a matching expansion in domestic battery manufacturing and critical mineral processing capacity, rising

CHARGED UP

■ Lithium imports rose from

₹3,532 cr

in FY18 to

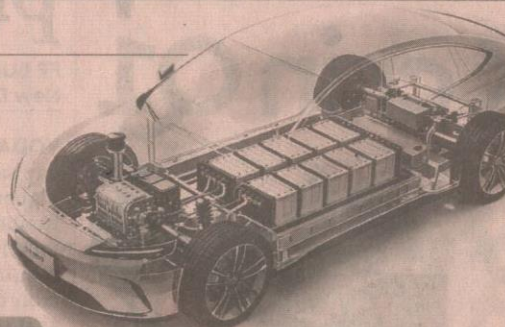
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■ The surge is being driven primarily by growing adoption of EVs in India, where penetration has risen to an estimated

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■ Analysts say that without a matching expansion in domestic manufacturing, rising demand from the EV transition could deepen import dependence

demand from the EV transition could deepen import dependence and keep the import bill elevated over the medium term.

Despite multiple government initiatives aimed at building a local battery ecosystem — including the ₹18,100-crore advanced chemistry cell (ACC) production-linked incentive (PLI) scheme, the ₹34,300-crore National Critical Mineral Mission, and the ₹1,500-crore Critical Mineral Recycling Incentive Scheme — progress on large-scale domestic cell manufacturing has been slow.

The ACC PLI scheme, launched in 2021 with a target of 50 GWh of domestic cell capacity, has seen limited operational progress. Among selected beneficiaries, only Ola Electric has commissioned a

small portion of its allocated capacity, about 1.5 GWh against a 20 GWh target. Other major awardees, including Reliance New Energy and Rajesh Exports, are yet to significantly operationalise their committed capacities.

The delay in scaling up domestic production has kept India heavily dependent on imported lithium and battery materials, much of which flows through China-linked global supply chains. Industry players say demand creation has significantly outpaced supply-side readiness. “EV adoption has accelerated rapidly, but localisation of battery manufacturing has not kept pace,” said an industry executive at an automobile original equipment manufacturer. Policy ini-

tiatives aimed at critical mineral development and recycling have also seen slow execution, further delaying efforts to reduce import dependence.

At present, there is no meaningful domestic lithium extraction at scale, while recycling capacity remains limited. Analysts warn that unless domestic refining, mining, and recycling ecosystems scale up, India risks replacing dependence on crude oil with a new reliance on imported critical minerals. Industry experts argue that stronger enforcement of production-linked incentives, combined with faster coordination between government and industry, will be essential to accelerate domestic manufacturing and reduce exposure to global supply-chain shocks.

High crude prices, electronic shipments drive April exports

EXPORTS OF PETROLEUM products grew 35% to \$9.6 billion in April due to higher global crude oil prices, which helped overall merchandise exports rise 13.8% year-on-year. As a result, India's net oil import bill moderated to \$9 billion in April. Non-oil exports which account for 78% of the total export of \$43.6 billion in April, grew by 9%, thanks to brisk

shipments of electronics and engineering goods. In fact, petroleum products, electronics and engineering goods accounted for 90% of exports growth in April. In contrast, exports from labour-intensive sectors such as gems and jewellery and textiles contracted 7.1% and 4.7%, respectively, in the month.

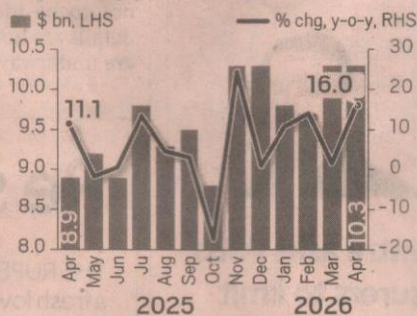
—Saikat Neogi

Merchandise exports

Petroleum products



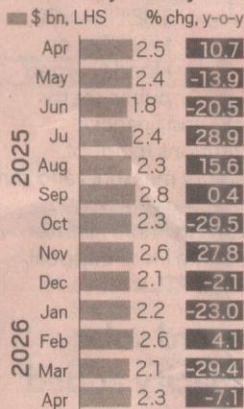
Engineering goods



Electronics



Gems and jewellery



Coking coal imports to surge on steel capacity push

SAURAV ANAND
New Delhi, May 18

ON GROWTH PATH



INDIA'S NEXT PHASE of steel sector expansion could structurally expose the country to nearly \$1 trillion in coking coal import costs and around 6 billion tonne of import dependence over the coming decades, if future capacity additions continue to rely on conventional blast furnace routes.

The findings come at a time when India is rapidly scaling up steelmaking capacity to support infrastructure growth, manufacturing and urbanisation, while simultaneously trying to reduce import dependence, strengthen industrial competitiveness and shield the economy from global commodity price volatility and currency shocks.

India is expected to roughly double steelmaking capacity over the next decade. According to a study released by the India

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■ At around \$3 per kg hydrogen prices, green steel production costs could decline to nearly **\$562 per tonne** — only around 5-10% higher than conventional steel produced from new plants

■ Green steel could achieve cost parity with or even become cheaper than conventional steel production by 2030

■ India's steel sector could increasingly face pressure from global carbon-linked trade measures, according to a report

Energy and Climate Center (IECC) at the University of California, Berkeley, if much of the expansion follows the conventional coking coal-based blast furnace route, India could lock itself into nearly 6 billion tonne of coking coal imports over 40 years, translating into import costs of around \$1 trillion.

The report said green steel

powered by renewable energy and green hydrogen offers an alternative pathway that can reduce import dependence, improve resilience against global fuel and currency shocks and strengthen India's export competitiveness as major markets increasingly shift towards lower-emission industrial products. "India is at a strategic deci-

sion point in steel," said Neelima Jain, director for industrial and trade Policy at IECC. "If future capacity is built around imported coking coal, the country would hardwire currency and price volatility risks into one of its most important industrial sectors. Green steel offers an alternative path," Jain said.

The study projected that

India's low-cost renewable energy resources could enable domestic green hydrogen production at around \$3 per kg by 2030. At those hydrogen prices, green steel production costs could decline to nearly \$562 per tonne — only around 5-10% higher than conventional steel produced from new plants. Unlike conventional steel production, which depends heavily on imported coking coal priced in US dollars, green steel production can be anchored through long-term fixed-price renewable electricity contracts denominated in rupees, significantly reducing exposure to fuel price and forex volatility.

Accounting for these differences in cost structure and risk exposure, the report said green steel could achieve cost parity with or even become cheaper than conventional steel production by around 2030.

"A static cost comparison

misses the central economic point," said Jose Dominguez of IECC. "Conventional steel depends on imported coking coal priced in dollars. Green steel can be powered by domestic renewable electricity under long-term rupee contracts. Over time, that makes it far more resilient," Dominguez said.

The report also said India's carbon-intensive steel sector could increasingly face pressure from global carbon-linked trade measures, particularly the European Union's Carbon Border Adjustment Mechanism (CBAM), which already covers steel imports. "India's green hydrogen costs are among the lowest globally," said Nikit Abhyankar of IECC. "India could be one of the few countries where green steel becomes economically viable within this decade, giving domestic producers an edge in export markets," Abhyankar said.

Business Line, 8/20/26

LPG supply disruption pulls India's March petroleum product imports to 8-year low

Rishi Ranjan Kala

New Delhi

The import of refined petroleum products declined to an average of 7,65,000 barrels per day (b/d) in March 2026 as closure of the Strait of Hormuz (SoH) impacted LPG supplies, pulling down the overall import volume to its lowest since 2018.

OPEC in its May monthly oil market report (MOMR) said, "Product imports into India fell to the lowest level since 2018 due to a sharp drop in LPG, which India primarily sources from the Middle East."

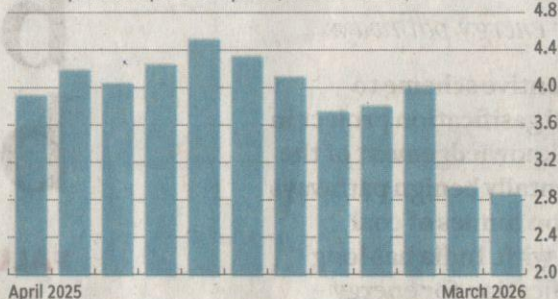
According to the Petroleum Planning and Analysis Cell (PPAC), India's refined petroleum product imports fell by 25.5 per cent y-o-y in March 2026.

OPEC pointed out that India's product imports declined sharply in March, averaging 7,65,000 b/d and representing the lowest import volume since December 2018. Month-on-month, product imports were down 245,000 b/d, or 24 per cent.

"The decline was primar-

War impact

Refined petroleum product imports (in million tonnes)



Source: PPAC

ily due to a 397,000 b/d fall in LPG imports, slightly offset by 'other products', which in the case of India generally consists of bitumen. Year-on-year, product imports were down 476,000 b/d, or 38 per cent," it added.

SUPPLY DISRUPTION

India's crude oil imports fell to an eight-month low of 4.5 mb/d in March 2026, due to trade flow disruptions and despite a temporary suspension of sanctions. Month-on-month crude imports into India declined by 7,75,000 b/d or almost 15 per cent, the OPEC MOMR said.

The International Energy Agency (IEA), in its latest commentary on the impact of the West Asia conflict on LPG flows, said, "India's LPG imports have been particularly affected, dropping by more than half over the first two months (March-April 2026) of the conflict, a loss of around 4,30,000 b/d."

The impact of supply side

disruptions on liquefied petroleum gas (LPG) imports by India also reflected in consumption of the commodity — the key cooking fuel for more than 33.50 crore households.

The OPEC report pointed out that LPG consumption witnessed the largest decline in March 2026 of about 120,000 b/d y-o-y, in March, down from a y-o-y increase of 100,000 b/d in February 2026.

As per PPAC, India's LPG consumption fell by almost 16 per cent m-o-m and 13 per cent y-o-y to 2.38 million tonne (mt) on a provisional basis — the lowest in the last 21 months.

However, India's cumulative LPG consumption in FY26 rose by 6 per cent y-o-y to 33.21 mt on a provisional basis, which is the highest annual growth in usage since FY19.

APPOINTMENT

SBI
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Business Line, 20/5/26

Duty-free Nepal inflows lift edible oil imports up 3% in FY26

Our Bureau
Mangaluru

A sharp rise in duty-free edible oil imports from Nepal played a key role in pushing up India's overall edible oil imports by 3 per cent in FY26.

Data compiled by the Solvent Extractors' Association of India (SEA) showed that India imported 166.51 lakh tonnes (lt) of edible oils in FY26 compared with 161.82 lt in FY25, despite higher global edible oil prices and a sharp depreciation of the rupee against the dollar.

BV Mehta, Executive Director of the Solvent Extractors' Association of India, said one of the main drivers of higher imports was the sharp increase in shipments from Nepal under the SAFTA arrangement, which allows the

neighbouring country zero-duty access for exports of refined edible oils to India.

HIGHER EXPORTS

Nepal exported 7.36 lt of edible oils to India in FY26, up 113 per cent from 3.45 lt in the previous financial year.

Refined soybean oil accounted for the bulk of imports, along with smaller quantities of sunflower oil, RBD palmolein and rapeseed oil, Mehta said.

Without zero-duty imports under SAFTA, India's edible oil imports in FY26 would likely have remained below last year's level despite the rising domestic demand, he added.

The surge in duty-free refined oil imports from Nepal significantly contributed to the increase in India's overall edible oil imports during the year. India remains structur-

ally dependent on edible oil imports, with domestic production meeting only around 40 per cent of total demand.

DOMESTIC OUTPUT

"Low oilseed productivity, fragmented land holdings, inadequate irrigation facilities and policy preference towards wheat and rice cultivation continue to constrain growth in domestic oilseed production," Mehta said.

SEA said that strengthening the domestic oilseed output, improving productivity and encouraging value addition within the country were essential to reducing the long-term dependence on edible oil imports and ensuring stability in the domestic edible oil sector. In this context, PM Narendra Modi's recent appeal for moderation in edible oil consumption assumes significance.

Business Line, dt. 20/5/26

Edible oils too see high inflation due to imports; no relief in sight

IMMEDIATE PLAN. Considering the pressure on rupee, Modi has appealed to the public to reduce consumption

Shishir Sinha
Prabhudatta Mishra
New Delhi

Indian household budgets are facing renewed pressure as edible oil inflation has surged sharply. Latest data from the Ministry of Statistics and Programme Implementation reveal that the inflation rate for refined oil has more than doubled over the past four months. Concurrently, mustard oil has registered an increase of over 21 percentage points, further intensifying the fiscal strain on domestic consumers.

These numbers are critical as India imports up to 60 per cent of its edible oil requirements, spending nearly \$19.35 billion during FY26. Considering the mounting pressure on the rupee due to elevated dollar outflows, Prime Minister Narendra Modi has appealed to the public to reduce consumption.

Noting that edible oil im-

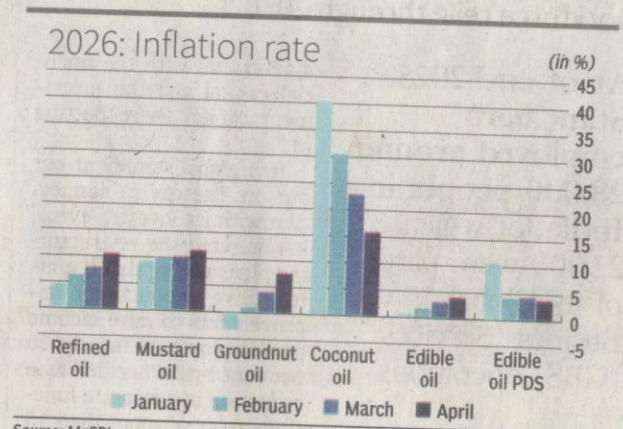
ports, alongside fuel, consume a substantial amount of foreign exchange, the Prime Minister highlighted the dual benefits of lower domestic consumption.

“Not only fuel, but also edible oil imports consume a large amount of foreign exchange. If we exercise restraint and reduce the consumption of cooking oil, both the country and our health will benefit,” he had said last week.

According to Ramakrishnan M, Managing Director at Primus Partners, the current surge is the product of long-neglected structural weaknesses now colliding with sharper, external forces.

The foundational problem is dependency. India relies on imports for 50-60 per cent of its edible oil demand, with palm oil alone comprising 45-60 per cent of that import basket, sourced primarily from Indonesia and Malaysia. News from Indonesia is adding to the woes.

“Indonesia is diverting about 50 per cent of its palm



Source: MoSPI

oil production to biodiesel; this will reduce the availability of palm oil in the open market. Higher global prices of edible oils will result in India paying more for imported edible oils,” Siraj Hussain, former Agriculture and Food Processing Secretary, said.

LONG-TERM STRATEGY
There is no relief in sight, Ghanshyam Khandelwal, Chairman at BL Agro, said. Going forward, prices are ex-

pected to remain firm, although a sharp rise may only occur if global crude oil or currency pressures intensify further.

“In the long term, India needs to focus on strengthening domestic oilseed production and promoting responsible consumption to reduce import dependence and ensure price stability,” he added.

Sudhakar Desai, President, Indian Vegetable Oil

Producers’ Association, said that global biofuel demand continues to divert oils away from food use, while supply growth in key producing countries remains constrained. “Newer South-East Asian origins like Thailand add incremental volumes, but they are unlikely to fully offset tighter balances in the major palm oil complex,” he added.

To structurally reduce India’s dependence on imports rather than merely managing temporary price spikes, the government needs to accelerate its missions on oilseeds and oil palm, according to BV Mehta, Executive Director of the Solvent Extractors’ Association of India. He emphasised that these missions must be backed by stronger procurement mechanisms, better seed varieties, improved agronomy, irrigation support, and clearer market assurance for farmers.

He noted that the country should pivot its strategy toward enhancing the yields of indigenous crops.

Business Line. Dt:- 21/05/26

'Higher global prices, tighter imports to boost oilseed output'

Our Bureau
Mangaluru

Higher global edible oil prices and tighter import supplies are creating a positive momentum for India's domestic oilseed sector, particularly mustard oil, according to Sanjeev Asthana, President of the Solvent Extractors' Association of India (SEA).

In his monthly letter to SEA members on Wednesday, he said domestic edible oil prices were moving in tandem with imported oil prices, thereby supporting mustard prices, which are currently ruling around ₹7,000 per quintal against the minimum support price (MSP) of ₹6,200.

Encouragingly, April 2026



KEY CATALYSERS. Sustained price realisations and improving market sentiment may encourage farmers to expand oilseed acreage during the upcoming kharif season

witnessed a record crushing of nearly 16 lakh tonnes (lt) of rapeseed-mustard, helping strengthen domestic edible oil availability while supporting better farmer realisations.

Asthana said the present trend is benefiting farmers through improved incomes and simultaneously reducing the government's burden relating to MSP procurement, storage and carrying costs,

thereby creating a positive situation for farmers, industry and the overall edible oil economy.

"Sustained price realisations and improving market sentiment may also encourage farmers to expand oilseed acreage during the upcoming kharif season, supporting domestic production growth over the longer term," he said.

SUNFLOWER BLOOMS

Stating that sunflower seed is also showing strengthening price alignment with MSP support, he said the government had increased MSP to ₹8,343 per quintal in 2026-27 from ₹7,721 in 2025-26 marking an increase of ₹622 per quintal, thereby strengthening price assurance and encouraging farm-

ers to expand sunflower cultivation alongside mustard.

He said that the second all-India castor crop estimate by SEA for the 2025-26 season had reported production at 17.16 lt, which is higher than last year's production of 15.90 lt.

Acreage under castor has also increased by around 3 per cent to 8.9 lakh hectares, while productivity improved to 1,928 kg/hectare.

"The improved crop outlook reflects better farmer participation and favourable productivity trends, which are expected to support the availability of castor seed and related value-added products during the year," he said.

Referring to the final crop estimates for rapeseed-mustard, Asthana said the total

production of rapeseed-mustard is estimated at 117.6 lt in 2025-26 compared to 115.2 lt last year.

COTTONSEED SUPPLIES

Terming the recently approved Mission for Cotton Productivity (2026-31) as another important development with long-term significance for the edible oil sector, he said higher cotton production would also lead to greater cottonseed availability and enhanced cottonseed oil production.

"In an import-dependent economy like India, every additional tonne of domestically produced edible oil contributes meaningfully towards reducing external dependence and strengthening national food security," Asthana added.

Business Line. Dt: 21/05/26

Leather exports dip 1.6% amid US tariffs, W. Asia crisis

Director of KH Exports India Pvt Ltd, said the US remained the largest importing country for Indian leather exports.

The imposition of a 50 per cent reciprocal tariff by the US affected shipments, but the subsequent withdrawal of the tariff and replacement with a 10 per cent *ad valorem* import surcharge from February 24 has provided some relief and could support recovery in the coming months, he said.

MARKET SHIFT

Europe, which accounts for around 55 per cent of India's leather exports, showed mixed trends. Exports to Germany, the UK, Italy and France declined, while shipments to Spain and the Netherlands grew.

Wahab said implementation of the India-EU and India-UK FTAs will provide a major boost to exports in FY27, as leather and footwear products had been granted duty-free access under the agreements.

Easing trade (value in \$)

Product	2024-25	2025-26	% variation
Finished Leather	445.32	397.63	-10.71
Leather footwear	2,007.76	1,946.86	-3.03
Footwear components	244.17	253.38	3.77
Leather garments	353.82	416.29	17.66
Leather goods	1,319.60	1,253.6	-5.00
Saddlery and harness	205.39	220.38	7.30
Non-leather footwear	252.91	261.97	3.58
Total	4,828.97	4,750.11	-1.63

Source : DGCI &S

T E Raja Simhan
Chennai

Leather, leather products and footwear exports declined 1.6 per cent in dollar terms to \$4.75 billion in FY26 from \$4.82 billion in the previous year, reflecting softer global demand and the twin impact of higher US tariffs and the prolonged West Asia crisis disrupting global trade flows. This comes after the sector has recorded around 3 per cent export growth in FY25.

According to DGCI&S data, exports for the fiscal year ending March 31, 2026, however, increased 2.62 per cent in rupee terms to ₹41,902 crore from ₹40,833 crore in the previous year.

GLOBAL HEADWINDS

Among the segments, leather garments recorded the highest growth at 23 per cent in rupee terms, followed by saddlery and harness, non-leather footwear, footwear components and leather

footwear. Exports of leather goods and finished leather declined during the year.

Industry observers said exports remained steady during the first half of FY26 before slowing down due to US tariff barriers and the West Asia conflict.

Sanjay Lulla, Managing Director of SM Lulla Industries Worldwide, said the sector was impacted by higher tariff barriers and protectionist trade measures in the US. He added that the prolonged West Asia crisis disrupted shipping routes, increased freight and insurance costs, and delayed logistics

movement, creating uncertainty in supply chains and affecting export competitiveness.

Rafiq Ahmed, Chairman of Kothari Industrial Corporation Ltd, said the FY26 performance reflected the industry's structural resilience despite global headwinds.

"While the West Asia crisis inflated freight costs and shifting US tariff dynamics slowed dollar-denominated growth, the 2.62 per cent expansion in rupee terms proves that underlying global demand remains robust," he said.

M Abdul Wahab, Managing

Business Standard. Dt: 21/05/26

Indonesia unveils plan to centralise control of commodity exports

REUTERS

Jakarta, 20 May

Indonesia unveiled a sweeping plan on Wednesday to centralise exports of key commodities such as palm oil and coal, aiming to boost government revenue through tighter control of the sale and pricing of its abundant natural resources.

Sovereign wealth fund Danantara will oversee a trading company designated to channel exports, starting with palm oil, coal and ferroalloys after a three-month transition. The government may add more commodities at three-month intervals.

"I tell my cabinet, formulate prices for nickel, gold. Every price must be determined by us," President Prabowo Subianto said in a fiery speech to parliament.

PHOTO: REUTERS



Indonesian President Prabowo Subianto delivering a speech on economic policies on Wednesday

"If they don't support our price, then they don't have to buy it. We can use it ourselves."

Indonesia is the world's biggest

Takeaways

- Policy aims to curb under-invoicing
- Exporters must keep foreign sales in state banks from June 1
- Sovereign wealth fund Danantara to oversee commodities exports

exporter of palm oil, thermal coal and nickel, and Prabowo's plan aims to tackle concerns about under-invoicing and how exporters account for transfer pricing. Indonesia's moves to assert greater control over its resources have rattled investors.

Tighter nickel ore quotas, higher taxes and a new pricing formula are driving up costs and threatening investment, the China Chamber of Commerce in Indonesia warned Prabowo in a letter this month.

Business Line. Dt: 22/05/26

Wagh Bakri flags sharp fall in tea exports to W. Asia

Avinash Nair

Ahmedabad

Tea brand Wagh Bakri expects exports to West Asia to decline sharply this year as cargo delays of over 40-45 days, stranded shipments and weakening regional demand disrupt India's tea trade through the Strait of Hormuz, amid the ongoing geopolitical conflict.

"Exports to the Middle East have slowed considerably due to disruptions in the Strait of Hormuz. Our shipments are now delayed by over 40 days," Paras Desai, Executive Director of Gujarat Tea Processors and Packers Ltd, which sells un-



WANING EXPORTS. Nearly 60,000 kg of tea bound for Dubai was stranded at various ports, while cargo already in transit remained stuck for 45-60 days

der the Wagh Bakri brand, told *businessline*.

Desai said nearly 60,000 kg

of tea bound for Dubai got stranded at various ports after the conflict escalated in

March-April, while cargoes already in transit remained stuck for 45-60 days. The company absorbed the additional logistics costs arising from the disruptions.

Sales in the region have already declined 10-15 per cent as hotels shut down, and the floating population of tourists and residents fell sharply amid the tensions.

"Exports to the Middle East are expected to dip significantly this year. We continue to receive orders from the region, but the core issue is logistics delays stretching up to 45 days," he said.

CLIMATE VOLATILITY

Wagh Bakri exports nearly 2.75 lakh kg of tea annually to

markets, including the UAE, Kuwait, Oman, Qatar, Bahrain and Saudi Arabia.

Apart from geopolitical disruptions, Desai said the tea industry is also grappling with rising production volatility due to erratic weather patterns and climate-related disruptions.

"Seasons have become highly unpredictable, and crop cycles are getting disrupted due to vagaries of nature," he said.

He added that in some months, production dropped to nearly 6 per cent of annual output against the expected 10-12 per cent, while in other months it surged to around 16 per cent, creating supply imbalances in the market.