Business Line, dt 18/06/24

India's import of gold, silver from UAE rose 210% to $10.7 b in 2023-24: GTRI

Amiti Sen
New Delhi

India's imports of gold and silver from the UAE – its Free Trade Agreement (FTA) partner – increased a whopping 210 per cent to $10.7 billion during 2023-24, while overall imports declined 9.8 per cent to $48 billion in the fiscal, per figures collated by research body GTRI.

The restrictions imposed by the Directorate General of Foreign Trade (DGFT) on imports of gold jewellery from all countries, except UAE, has also contributed to the spike in its imports from the UAE, the report noted.

There is a need to potentially revise the concessional customs duty rates under the pact to mitigate the arbitrage driving this surge and also check current account deficit by reducing imports, the report added.

"India's facilitation of gold and silver imports by allowing private firms to import from the UAE through the India International Bullion Exchange (IIBX) in Gift City has also added to the import surge. Previously, only authorised agencies could handle such imports," the report said.

Trade in gold, silver, and diamonds has been prone to misuse due to their low volume but high value and high import duties in India, said Ajay Srivastava, former Indian Trade Service officer and Founder, GTRI.

Under the India-UAE CEPA, which came into force in May 2022, India agreed to import 200 tonnes of gold annually from the UAE with a 1 per cent tariff concession, reducing the duty to 14 per cent under CEPA compared to a 15 per cent MFN tariff.

Business Line. Dt:- 18/06/24

Coal imports rise to 6-month high in May

Rishi Ranjan Kala
New Delhi

SURGING DEMAND

- Imports of thermal coal rose almost 6% month-on-month to 16.99 million tonnes in May
- However, the cargoes were down by almost 4 per cent on an annual basis
- Thermal power plants stocked up on the critical commodity anticipating a rise in power demand due to high summer temperatures

India's thermal coal imports continued to rise for the sixth consecutive month in May 2024 with cargoes hitting a six-month high as thermal power plants (TPPs) stocked up on the critical commodity anticipating a rise in power demand due to high summer temperatures.

According to data from energy intelligence firm Kpler, the country's imports of thermal coal, largely consumed by the power sector, rose almost 6 per cent month-on-month (m-o-m) to 16.99 million tonnes (mt) last month. However, the cargoes were down by almost 4 per cent on an annual basis.

"Indian thermal coal imports climbed to a six-month high of 16.99 mt in May, although still down slightly y-o-y. This brought a run of eight consecutive months of annual growth to an end," Kpler's Lead Major Dry Bulks Analyst, Alexis Ellender told *businessline*.

SUMMER DEMAND

The country's power demand has been growing at almost 10 per cent on an annual basis, the uptick in consumption led by growing industrial and commercial base as well as increasing household consumption.

Rising temperatures are also fuelling the demand for more electricity. For instance, the country's peak power demand met during the day rose to a record 250 GW on May 30 as intense heat waves parched lands across north, northwestern and central India resulting in a higher requirement for cooling. On May 29, the demand had hit 246 GW.

Thermal power plants reported a plant load factor (PLF), or capacity utilisation of 77.84 per cent in May 2024 against 73.64 per cent in May 2023.

Power generation was higher by 12 per cent to 43,332.91 gigawatt hour (GWh).

"Hot, dry weather has been supporting thermal coal demand. However, near-record thermal coal stockpiles, strong domestic production growth, and the early arrival of monsoon rains are now expected to slow the pace of imports," Ellender said. The 'above normal' monsoon rains forecast by the India Meteorological Department (IMD) is expected to replenish reservoirs and lift hydro power output to the detriment of thermal generation. "There has also been a rise in gas-fired power generation, although it remains a very small part of India's overall power mix," he added.

"We expect India's thermal coal imports to ease lower m-o-m in June, although they are likely to still be higher y-o-y as domestic coal shipments slow due to the rains. Imports in the July-September quarter are expected to be down on April-June, but still higher y-o-y as India's underlying power demand increases," Ellender added.

Business Line. Dt: 18/06/24

Spices exports at record $4.46 b in FY24

LIKELY CONCERN. Availability of some varieties, quality issues may weigh on shipments this year

Vishwanath Kulkarni
V Sajeev Kumar
Bengaluru/Kochi

Indian spices exports touched an all-time high during 2023-24 on rebound in volumes and higher prices for certain varieties such as pepper, cardamom and turmeric among others.

Spices exports in value terms touched a record $4.46 billion during 2023-24, an increase of 17 per cent over previous year's $3.95 billion. In volume terms, the spices shipments increased by 9 per cent to over 15.39 lakh tonnes (lt) during 2023-24 compared to previous year's 14.04 lt. In rupee value terms, the spices exports rose by 16 per cent to ₹36,958 crore during 2023-24 over the previous year's ₹31,761 crore.

The growth in exports was driven by increased demand for certain spices such as chilli, coriander, ginger, celery, fennel and garlic among others, which saw an increase volumes as well as value. Some commodities such as pepper, fenugreek, tamarind and mint products among others saw a dip in both volumes and value.

Spices exports in value terms were down by 5.84 per cent during April-May at $766.79 million over $814.37 million in the same period last year

Exports of major spice products

	FY 23-24		FY 22-23	
	Quantity (tonnes)	Value ($ million)	Quantity (tonnes)	Value ($ million)
Chilli	6,01,084	1,509.00	5,24,017	1,309.66
Turmeric	1,62,019	226.65	1,70,094	208.00
Coriander	1,08,624	114.74	54,481	82.61
Cumin	1,65,267	700.37	1,86,509	522
Pepper	17,890	88.91	18,026	90.89
Cardamom (Small)	6,186	120.52	7,353	109.72
Cardamom (large)	1,281	17.86	1,883	1,711.00
Curry Powder/ Paste	72,421	212.00	57,948	176.26
Spices oils/Oleoresins	18,762	497.98	18,398	510.40
Total*	**15,39,692**	**4,464.17**	**14,14,254**	**3,969.79**

Source: DGCIS/SPICES BOARD* Includes other spices such as Fennel, Fenugreek, Tamrind, Garlic and Mint products among others

CHINA LEADS PACK

China followed by the USA, Bangladesh, United Arab Emirates and Thailand and were the top five destinations for Indian spices during the year. India is the largest producer and exporter of spices products.

In the current financial year, the spices exports are likely to face some headwinds due to availability issues of some variety such as turmeric on account of lower crop last year and also due to the recent quality issues raised by countries such as Hong Kong and Singapore over presence of ethylene oxide (ETO), which is used as a fumigation agent, in some popular brands.

As per the quick estimates for first two months of current financial year released by the Commerce Ministry recently, spices exports in value terms were down by 5.84 per cent during April-May at $766.79 million over $814.37 million in the same period last year.

Emmanuel Nambusseril, Vice Chairman, All India Spices Exporters Forum said that there is actually not much dip in the export of spices due to the ETO contamination issue and there is some drop in the exports of spice blends (masalas).

However, there is a drop in the exports of some spices such as turmeric, but that is mainly due to crop shortage, Nambusseril said. Exports of value added have also not been affected by the current issues. Going by the trend, Nambuserril said the spices exports in the current fiscal are expected to remain at the same level in the previous year.

However, some customers are seeking new test results carried out by external laboratories in the wake of ETO issues which will have some financial burden on companies, Nambusseril said.

Business Line. Dt: 18/06/24

Red chilli exports hit all-time high at $1.5 b in FY24

Vishwanath Kulkarni
Bengaluru

Robust demand from China and Bangladesh has pushed up Indian red chilli exports to a record $1.509 billion in FY23-24, an increase of 15 per cent over the previous year. In 2022-23, chilli exports stood at $1.30 billion. In rupee terms, chilli exports during 2023-24 stood at ₹12,492 crore, registering a growth of 18 per cent over the previous year's ₹10,564 crore.

As per the Spices Board data, chilli exports during 2023-24 were up 15 per cent in volume at 6.01 lakh tonnes (lt), over the previous year's 5.24 lt. Chilli exports of $1.50 billion accounted for about 34 per cent of India's total spices exports during 2023-24, estimated at $4.46 billion.

GETTING HOTTER. Chilli exports during 2023-24 were up 15% in volume at 6.01 lt, over the previous year's 5.24 lt PTI

China was the biggest buyer of Indian chillies during 2023-24, with shipments exceeding 1.79 lt valued at over ₹4,123 crore. Compared to the previous year, chilli shipments to China were up 14 per cent in volume and about 21 per cent in rupee value terms. In 2022-23, China had imported over 1.57 lt of Indian red chillies worth ₹3,408 crore.

In fact, after touching a record volume of 1.91 lt during 2021-22, China's chilli imports from India dropped to 1.57 lt during 2022-23. However, during 2023-24, red chilli shipments to China rebounded due to growing demand from both the oleoresin and the food and culinary sectors. China buys mainly the Teja variety for oleoresin extraction.

Exports to Thailand, the second-largest buyer of Indian chillies in value terms, increased to ₹1,404 crore, up 10.6 per cent from the previous year's ₹1,269 crore. In volume terms, chilli exports during 2023-24 were up by about a tenth at 59,838 tonnes from the previous year's 54,512 tonnes.

Shipments to neighbouring Bangladesh rose by a whopping 67 per cent during 2023-24 to about 90,570 tonnes from the previous year's 53,986 tonnes. In value terms, chilli exports to Bangladesh were up 35 per cent at ₹1,210 crore from the previous year's ₹892 crore.

Also, chilli exports to the USA were up by a fourth at 36,413 tonnes from the previous year's 29,173 tonnes. In value terms, chilli exports to the USA were up 42 per cent at ₹1,141 crore from the previous year's ₹803 crore.

Chilli is a major commercial cash crop grown by farmers across the country, and the production of both green and red varieties is on the rise.

Business Line. Dt: 19/06/24

Corn outlook bearish on fears of lower exports

OFFSETTING OUTPUT DIP. 2024 prices forecast below $4.50/bushel; India's production projected to be flat

Subramani Ra Mancombu
Chennai

Corn (maize) prices are expected to rule lower in 2024 compared with 2023 lower global exports are expected to offset the decline in production in key producing nations, analysts have said.

Higher-ending stocks are also aiding the bearish outlook.

The Economic Research Service (ERS) of the US Department of Agriculture (USDA) as well as research agency BMI, a unit of Fitch Solutions, have forecast prices that are below $4.50 a bushel ($177.20/tonne).

Corn prices have dropped by over a third year-on-year. Currently, corn July contracts on the Chicago Board of Trade (CBOT) are ruling at $4.46 a bushel, while December futures are quoted at $4.65.

The USDA ERS has projected India's corn production to remain flat at around 35 million tonnes (mt) in 20224-25 on hopes of a better southwest monsoon.

Corn is driving the increase in feed grain stocks and overall supply, following a record production in 2023-24. Larger supplies are expected to prompt greater feed grain use, and ending stocks are projected higher for 2024-25 at 56.4 mt, up 2.3 mt from the already large ending stocks estimated at the end of 2023/24, the USDA ERS said.

"Consequently, corn prices remain projected at $4.40 per bushel for 2024-25. The production and use projections for 2024-25 U.S. feed grains also remain unchanged," it said.

"We hold unchanged at $4.30 per bushel our below-consensus forecast for the average price of CBOT-listed second-month corn futures contracts in 2024, which would mark a 22.3 per cent decline compared to the average price in 2023 of $5.54," BMI said.

HIGHER CARRYOVER

Up to June 10, corn contracts traded at an average end-of-session price level of $4.51 per bushel, which indicates that we anticipate further downside through the second half of 2024, it said. ING Think, the economic and financial analysis wing of Dutch multinational financial services firm ING said US ending stocks are expected to increase in 2024-25 — the highest since 2018-19.

"However, this is still below the close to 2.3 billion bushels the market was expecting," it said.

The Agricultural Marketing Information System (AMIS) of the Food and Agriculture Organisation, an arm of the UN, said corn production in 2024 will likely decline by 1.3 per cent from the 2023 level with decreases in Brazil, South Africa, Ukraine and the US. "By contrast, bigger harvests are likely seen in Argentina and the EU," it said.

Market at a glance*

	2023-24	2024-25
Production	1,238.20	1,222
Supply	1,525.60	1,535.50
Utilisation	1,211.20	1,224.10
Trade	188.9	183.7
Ending stocks	313.5	324.5

Source: FAO *in million tonnes

BMI said recent estimates indicate that total corn production in Argentina, Brazil, and the US, the world's three largest corn exporters, will be somewhat lower in 2024 than in 2023. "Nonetheless, recent national estimates suggest that the combined output of these three markets will amount to the second-highest volume on record," it said.

GLOBAL CORN OUTPUT

The total corn output in Argentina, Brazil, and the US is projected to amount to 535.6 mt in 2024 compared with 558.6 mt in 2023 (-4.1 per cent) and to 511.9 mt in 2022 (+4.6 per cent).

"The USDA expects US corn production in 2024-25 to fall by over 3 per cent year-on-year from last year's record crop. This shouldn't be too surprising with farmers expected to switch to soyabeans," said ING Think. "Both the USDA and the International Grains Council (IGC) forecast season-on-season declines in world corn exports in the 2024-25 marketing year, which we expect will weigh on average prices," BMI said.

FAO's AMIS said trade in 2024-25 (July-June) is likely to drop below the 2023-24 level by 2.7 per cent, primarily reflecting smaller purchases by China and lower exports by Brazil and Ukraine.

BMI said Chinese corn imports will ease in the 2024-25 marketing year compared with 2023-24 due to the continued normalisation of the domestic corn-wheat price differential after a period in which relative prices saw the use of feed wheat increase.

On India, the USDA ERS said timely rains, particularly for the kharif corn crop is expected to alleviate elevated temperatures and improve soil moisture conditions.

Business Line - Dt:- 19/06/24

Oilmeal exports down 31% in May

Our Bureau
Mangaluru

Reduction in the export of rapeseed meal and castorseed meal brought down the total export of oilmeal by 17 per cent in the first two months of 2024-25.

Data compiled by the Solvent Extractors' Association of India (SEA) showed that India exported 7.67 lakh tonnes (lt) of oilmeal during April-May 2024-25 against 9.30 lt in the corresponding period of 2023-24.

Export of oilmeals for was reported at 3.02 lt in May 2024 against 4.36 lt in May 2023, down by 31 per cent.

BV Mehta, Executive Director of SEA, attributed this decline in export to the reduction in export of rapeseed meal and castorseed meal during the period.

India exported 7.67 lt of oilmeal during April-May 2024-25 against 9.30 lt in the corresponding period of 2023-24

India exported 3.64 lt of rapeseed meal during April-May 2024-25 against 4.80 lt in the corresponding period of 2023-24. In the case of castorseed meal, India's export declined to 57,387 tonnes (73,238 tonnes).

Export of soyabean meal increased to 3.44 lt during April-May 2024-25 from 2.91 lt in the corresponding period of 2023-24.

IMPACT OF BAN

Stating that India usually exports around 5-6 lt of de-oiled ricebran mainly to Vietnam, Thailand and other Asian countries, Mehta said the Government prohibited export of de-oiled ricebran on July 28, 2023. It was later extended up to March 31 2024, and then to July 31, 2024.

He said the de-oiled ricebran prices are likely to go down further. The association has appealed to the Government not to extend the prohibition beyond July 31, he said.

India had exported 79,877 tonnes of ricebran extractions in the first two months of 2023-24.

Business Line. Dt:- 19/06/24

Late season demand from Bangladesh may drive Indian cotton exports up by 67%

Vishwanath Kulkarni
Bengaluru

India's cotton exports for the 2023-24 season, ending in September, are projected to increase by over two-thirds due to rising demand from mills in Bangladesh. The Cotton Association of India (CAI) expects shipments, increasing late in the season, to reach around 26 lakh bales (of 170 kg each) — a 67.7 per cent increase from the previous season's 15.5 lakh bales.

"Bangladesh mills, which are running hand-to-mouth, are buying Indian cotton as their import shipments from the US and Brazil have been delayed. Monthly about 1-1.5 lakh bales are being exported to Bangladesh," said Atul Ganatra, President, CAI. By road, Bangladesh gets Indian cotton delivered in about 5 days.

CAI, in its recent meeting, has revised the pressing estimates for 2023-24 at 317.70 lakh bales, up from 309 lakh bales in February. The increase has mainly come from Central India, where farmers are seen offloading their old stocks. However, the pressing estimates for the current season are still lower than previous year's 318.9 lakh bales.

Ganatra attributed the increase in pressing figures to the carry forward stocks coming into the markets. As of May-end, about 296.53 lakh bales have been pressed.

IMPORTS UP

Imports of the natural fibre are estimated at 16.4 lakh bales (12 lakh bales). Of this, 5.5 lakh bales have already arrived into the country till May-end. Including the opening stocks, imports and the pressing estimates, the total supply is seen at 363 lakh bales, which is higher than previous season's 355.4 lakh bales.

CAI estimates demand at 317 lakh bales (311 lakh bales). Demand from the non-MSME segment is estimated at 201 lakh bales (280 lakh bales), while the consumption from MSME is pegged higher at 100 lakh bales (15 lakh bales). Non-textiles consumption is seen flat at 16 lakh bales. Ganatra said the changes in consumption figures is because of the regrouping of consumption data in new categories decided by the COCPC.

The average capacity utilisation of spinning mills is estimated at around 90 per cent, with mills in Central India and North India running at 100 per cent capacity and 80 per cent in South. CAI sees closing stocks for current season by end September lower at 20.50 lakh bales against previous year's 28.90 lakh bales.

Business Line Dt: 21/06/24

Fuel exports grow in May backed by high refinery runs, huge inventories

Rishi Ranjan Kala
New Delhi

India's exports of diesel and petrol rose on a monthly basis in May this year amid higher refinery runs and growing inventories with more diesel cargoes heading to Asia amidst a saturated European market.

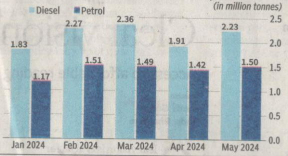
Analysts and trade sources said that higher inventories coupled with more refinery runs and a slight drop in consumption of petroleum products spared more cargoes for export. Indian refiners also turned to Asia amidst a saturated European market for diesel cargoes.

However, the situation could turn during the remaining Summer travel season in the northern hemisphere as competition rises from West Asian suppliers. According to energy intelligence firm Vortexa, India's diesel exports were flat on an annual basis and rose 17 per cent month on month to 2.23 million tonnes.

Outbound cargoes of petrol rose roughly 6 per cent on an annual and monthly basis to 1.50 mt.

The Petroleum Planning and Analysis Cell (PPAC) has pegged diesel exports at 2.14 mt in May against 2 mt in April and 2.38 mt in April 2023. Export of petrol stood at 1.23 mt in May compared to 1.18 mt in April and 1.25 mt in May 2023.

India's exports of diesel and petrol



Source: Vortexa

SATURATED EUROPE

Vortexa's Head of APAC Analysis, Serena Huang, told *businessline*, "India's gasoline (petrol) and diesel exports are up month on month in May, likely driven by strong refinery runs but lagging domestic demand. More diesel/ gasoil exports have headed towards Asia amidst a saturated European market that has been receiving healthy supplies from West Asia."

India's gasoline exports to Africa have also risen month-on-month, with lower supplies from the Middle East and South-East Asia creating opportunities for more supplies from India, she added.

On the demand scenario for the two auto fuels amidst the Summer travelling season in the Northern hemisphere, Huang pointed out that US gasoline imports have risen as refiners/ blenders prepare for the Summer driving season that has just begun. Meanwhile, imports into Europe are up marginally year-on-year, but weak diesel cracks suggest ample supplies in the region.

Going ahead for the remainder of the travel season, Indian diesel and petrol cargoes are expected to face competition from West Asian and African refiners.

The summer season generally begins in May and ends in September.

"The seasonal increase in gasoline and diesel demand in the Northern hemisphere will still play out, but what is uncertain is the strength of this demand. Indian diesel/ gasoil exports to Europe are facing increased competition from rising West Asian supplies. Finished gasoline exports to Africa will further come under pressure with the start of Nigeria's Dangote refinery towards the end of the year," Huang explained.

INVENTORY BUILD-UP

According to PPAC, the stocks of petrol and diesel reported higher inventories at the beginning of May. Diesel stocks also reported an inventory build up at the beginning of April.

Besides, the production and consumption of diesel during May this year stood at 10 mt and 8.4 mt, respectively. Similarly, petrol output and usage was 4.1 mt and 3.4 mt, respectively.

PPAC said that the consumption of petroleum products in May with a volume of 20.5 mt registered a minor de-growth of 1 per cent against 20.7 mt in May 2023. On a monthly basis the consumption was higher by 3 per cent.

Indian refiners also processed higher quantities of crude oil in May. Total crude oil processed last month rose 1.3 per cent year on year and 6.5 per cent month on month to 23 mt.

Production of petroleum products rose 0.5 per cent year on year and 2.6 per cent month on month to 24 mt during May.

Business Line. Dt:- 21/06/24

Commerce Ministry to take up the issue of rice export curbs with inter-ministerial panel

Our Bureau
New Delhi

The Commerce Ministry is likely to move a proposal before the Amit Shah-led Committee of Ministers (CoM) on food prices to "suitably change" the export duty structure on parboiled non-Basmati rice. It will likely seek a direction on industry's demand to cut the minimum export price (MEP) of Basmati rice from the current $950/tonne.

Rice industry representatives from different export bodies met with senior officials of Commerce and Finance Ministries on June 19, sources said. Discussions took place on various issues, including two key demands – a fixed absolute duty of $90/tonne on non-basmati parboiled rice and a reduction of MEP on Basmati rice to $850/tonne, sources said.

"While importers are contracting at a price inclusive of the export duty, the government has been insisting on levying 20 per cent duty on the contracted price," said an exporter who participated in the meeting. Currently, the free-on-board (f.o.b) price at Kakinada is about $550/tonne including the 20 per cent export duty, but exporters are finding it difficult when the Customs Department insists on paying duty at $550, said the exporter. A fixed duty will check under-invoicing by exporters having offices/firms abroad.

Exporters are demanding that shipments of white rice be permitted by fixing an MEP of $500/tonne and a fixed export duty of $100/tonne.

Another exporter who participated in the deliberations said the government has reservations about lowering Basmati MEP since the average price was over $1,000/tonne since October 2023 after the arrival of the new crop. The Government is unlikely to accept the demand for opening up the white (raw) rice export as inflation in rice is still a concern, and unless it is brought down, export restrictions may continue, he said.

Trade sources said the average monthly Basmati export price was $1,127/tonne in February, dipped to $1,096 in May, and is likely to fall further this month.

Basmati rice exports were up 14 per cent at $534 million in April against over $470 million in the same period a year ago.

WHEAT PRICES

Meanwhile, the Food Ministry issued a statement on Thursday, saying the CoM directed officials to monitor wheat prices closely and take suitable measures to ensure price stability for the consumers.

The panel of ministers met on Thursday to review the prices of essential commodities, the Ministry said.

The Centre procured 26.6 million tonnes (mt) of wheat until June 18, up from 26.2 mt in the entire season last year. However, the current purchase is about 71 per cent of the target of 37.29 mt.

The Food Ministry said sufficient wheat stocks are available to undertake market interventions, as and when required, even after meeting the annual requirement under the National Food Security Act (NFSA) and other welfare schemes, estimated at 18.4 mt.

Business Standard. Dt: 21/06/24

Bulk drug imports grow in April–May as prices cooled

Industry insiders say pharma players are taking advantage and stocking up on APIs

SOHINI DAS & SHREYA NANDI
Mumbai/New Delhi, 20 June

Imports of bulk drugs in the first two months of 2024-25 grew by 13.06 per cent because prices of active pharmaceutical ingredients (or bulk drugs) are low now.

Industry insiders say Indian pharma players are stocking up active pharmaceutical ingredients (APIs) while prices stay low.

The data culled from the Pharmaceutical Exports Promotion Council (Pharmexcil) shows in April and May India imported bulk drugs worth $1.44 billion, up from the $1.27 billion in the same months last year.

In May alone India imported bulk drugs and intermediates worth $763.43 million, up 8.67 per cent.

Uday Bhaskar, director general, Pharmexcil, told *Business Standard*: "Benefits of a production linked-incentive (PLI) scheme take time to kick in, but it is a move in the right direction. Not just for APIs but Indian companies depend on China for key starting materials, chemicals, solvents, etc. Therefore, one thing or the other gets imported."

API prices have cooled in the last two-three months. Prices of paracetamol API have come down to ₹250 per kg from ₹600. During the pandemic these prices were ₹900 per kg. Prices of APIs of some antibiotics like meropenem are down to ₹45,000-50,000 a kg from ₹75,000-80,000 a few months ago.

A Gujarat-based mid-sized formulation maker told *Business Standard* with the rise in the local production of APIs thanks to the PLI, the demand for some APIs from China had reduced. This led to a price fall.

"However, if there is a rise in imports now, it may be a result of that as local formulation players are stocking up," he said.

Industry insiders agree China tends to slash prices of certain chemicals and key starting materials whenever there is growth in production in India.

India recently started making key starting materials for penicillin G and clavulanic acid after their production stopped about three decades ago. These are used for making antibiotics and combination drugs. Aurobindo Pharma and Kinvan are coming up with key starting materials for them. India is highly dependent on China for bulk drugs. According to the data from Pharmexcil, China had the highest share in imports of pharmaceutical products (which include bulk drugs, formulations, surgicals, and vaccines) in 2023-24 at 43.45 per cent. The US had a 9.12 per cent share of pharma imports, followed by Germany at 5.06 per cent. India imported pharma products worth $3.6 billion in 2023-24 from China.

While imports from China grew 2.57 per cent, those from the US fell 7.8 per cent. Imports from Germany, however, saw a sharp rise of 27.21 per cent.

As for bulk drugs PLI, the target for investment in FY24 was ₹809 crore. Instead, around ₹1,195 crore was invested till December 2023, showed the government data. Cumulatively, till December last year, ₹3,586 crore was invested under the PLI scheme for bulk drugs, which has an outlay of ₹8,500 crore.

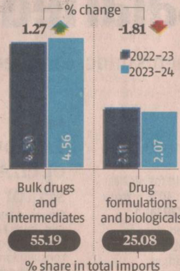
Production or sales of bulk drugs under PLI in FY24 (up to December) were ₹309 crore, and cumulatively around ₹844 crore of sales has happened for bulk drugs produced under the scheme.

The Centre targets sales of ₹46,400 crore of bulk drugs under PLI.

As of November, under the PLI scheme for bulk drugs, there were no takers for eight of the 41 products. That had resulted in an unallocated incentive outlay of ₹1,655 crore of the allocation of ₹8,500 crore.

Some companies were not able to claim incentives in time due to delay in commissioning projects.

CAPACITY BOOST



Source: Pharmexcil

FINANCIAL EXPRESS. Dt:- 21/06/24

India turns net importer of steel

RAJESH KURUP
Mumbai, June 20

FROM BEING AN exporter of steel, India became a net importer of the metal in FY24, with an overall trade deficit of 1.1 million tonne.

Exports from India were impacted by weak global markets and competitive pricing by China, while South Korea and Japan maintained their export volumes to the country, according to a report by Crisil. India imported 8.3 million tonne (MT) of finished steel in FY24, a 38% year-on-year increase, primarily from China, South Korea, Japan and Vietnam. The country had been a net exporter of steel since FY17. However, strong domestic demand remains a bright spot for the Indian steel industry, the report said.

China led the pack with exports of 2.7 MT to India in FY24, driven by lower investments in its real estate sector and weak steel consumption. This prompted Chinese steel mills to seek opportunities outside the country to boost volumes.

South Korea exported 2.6 MT to India, while Japan exported 1.3 MT, maintaining their export volumes. Vietnam, with a 130% y-o-y increase, also became a significant exporter to India.

Flat steel products accounted for 95% of finished steel imports by India, with non-alloys making up 76% of the flat steel category. Hot-rolled (HR) coils and plates accounted for 62% of the imports, witnessing a 117% rise.

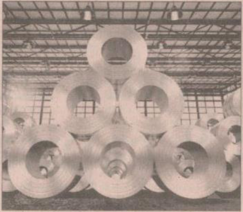
Galvanised plain and galvanised corrugated (GP/GC) sheets and electrical sheets saw a 41% and 25% rise, respectively, with China being the primary source of these imports. In the 2023 calendar year, China's global exports rose 38% year-on-year to about 94 MT of iron and steel products.

Indian exports of finished steel totalled about 7.5 MT in FY24, up 11.5% from the low base of the previous year. In terms of volume, flat products accounted for the bulk of the exports, with the European Union being the country's largest export market.

Exports had declined in the first half of FY24 but picked up pace in the second half, particularly in the last quarter, increasing 37% y-o-y.

Italy and Belgium were the top export destinations, followed by Nepal and the UAE. Exports to the EU rose 51% in FY24, with the region accounting for 36% of India's overall export basket, the report added.

TRADE DEFICIT



- In FY24, India imported **8.3 MT** of finished steel and exported **7.5 MT**
- Steel exports from India were impacted by weak global markets and competitive pricing by China

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Dynamic import tariffs for edible oils mooted

CAPC recommends 10-15% duty differential between crude and refined oils

SANDIP DAS
New Delhi, June 23

TO CURB THE surge in import of edible oils, which has adversely impacted domestic oilseed prices, the Commission for Agricultural Costs and Prices (CACP) in the agriculture ministry has recommended a "dynamic import duty structure" for these farm goods. The proposed tariff system will be based on minimum support price (MSP) for oilseeds as well as domestic and global prices.

"In addition, the duty differential between crude and refined oils should be kept at 10%-15%," CACP in the price policy report for kharif crops marketing season (2024-25) has stated.

Currently, crude palm, soybean and sunflower oil imports attract only a 5% agri infra cess and a 10% education cess, resulting in a total tax incidence of 5.5%. To bring down prices last year, the government had reduced the import duty on refined soybean and sunflower oils to 13.75% from 17.5%.

The Solvent Extractors Association of India (SEA) has urged the government to increase gap between import duty of crude and refined edible oil to at least 13% from current level of 8.25% for protecting domestic processing industry.

"With continuance of lower duty structure, India has become a dumping ground for cheap edible oil which would hurt farmers as well as processors," BV Mehta, executive director, SEA had earlier said. India imports about 60% of its annual consumption of around 24 to 25 million tonne (MT) edible oils mostly from Indonesia, Malaysia, Ukraine and Argentia.

India's import of edible oils – palm, soybean and sunflower – rose 17% on year to a record 16.47 MT in the 2022-23 oil year (October-Septemebr), helped by lower import tariffs. Because of record imports, the domestic prices of edible oil varieties such as mustard and soybean have been impacted.

To reduce import dependence, the Commission, which recommends MSP for 23 odd crops, has suggested extending the national mission on edible oils to major oilseeds such as mustard, soybean, sunflower, groundnut, etc. and ensure higher participation of the private sector in procurement operations of oilseeds.

The commission has noted that despite an increase in pulse output, the country's import dependence on masoor, tur and urad has been high. "Concerted efforts should be made for area expansion and yield improvement, and procurement of pulses should be strengthened," the commission noted.

According to CACP, Maharashtra, Karnataka and Uttar Pradesh account for more than two-third of the total tur production and 25 districts contribute 60% of the output of pulses varieties. India imports about 15% of its pulses consumption.

The CACP has stated that 'unsustainable and uneconomical' practice of offering bonus over and above the MSP for paddy procurement by the state governments creates distortions in the market.

"This restrains private trade participation and potentially discourages competition, which, otherwise could be advantageous for farmers," the commission observed.

Chhattisgarh last season announced purchase of paddy at ₹3,100/quintal against the MSP of ₹2,183/quintal for the current marketing season (October-September). The BJP in its manifesto for Odisha as in case of Chhattisgarh, promised to buy paddy at ₹3,100/quintal while the government recently announced MSP for paddy at ₹2,300/quintal for 2024-25 season.

Typically, when a bonus over MSP is offered for a crop, the farmers tend to grow that in more areas, leading to surplus output.

DYNAMIC DUTY STRUCTURE

- The proposed tariff system will be based on minimum support price for oilseeds as well as domestic and global prices
- India imports **about 60%** of its annual consumption of edible oils from Indonesia, Ukraine, Malaysia & Argentia
- Unsustainable and uneconomical practice of offering bonus over and above the MSP for paddy procurement by state governments creates distortions in market