Business Line. Dt: 09/07/24

Centre likely to fix a floor price of $500/tonne on non-Basmati rice exports

Our Bureau
New Delhi

The Committee of Ministers, headed by Home Minister Amit Shah, may decide this week on a proposal to fix a minimum export price (MEP) of $500/tonne on non-basmati rice and also defer the proposal to reduce the MEP of $950/tonne on Basmati rice, sources said.

Last week, the Commerce Ministry held a meeting with exporters to understand their concerns and, accordingly, some proposals have been finalised for the ministerial panel to consider, official sources said without disclosing the proposed changes.

However, industry sources said that though the demand was to replace the current 20 per cent export duty with a fixed $90/tonne tax, the government finalised it at $100/tonne after considering the likely MEP of $500/tonne.

Sources said the demand was to replace the 20% export duty with a fixed $90/tonne tax, but the government finalised it at $100/tonne after considering the likely MEP of $500/tonne

The fixed levy will be valid on both parboiled rice, which is allowed to be shipped duty-free, and white (raw) rice shipped through the canalising agency National Cooperative Exports Limited (NCEL).

The industry's other demand-, to reduce the Basmati MEP to $800-850, is likely to be deferred for now, the sources said.

REALISATION UP

Last month, *businessline* had reported the Commerce Ministry's likely move to seek a decision from the Shah-led panel to make changes to the export duty structure on parboiled non-Basmati rice and also to seek a direction on the industry's demand to cut the MEP on Basmati rice.

According to export data, the per unit average realisation of Basmati rice was $1,070/tonne in April and rose a tad to $1,080/tonne in May. On the other hand, the average export price of non-Basmati rice was about $476/tonne in April and $474/tonne in May.

Basmati exports rose 17 per cent to 0.97 million tonnes (mt) in the first two months of 2024-25 from 0.83 mt in the year-ago period. But shipments of non-Basmati exports dropped 32 per cent to 1.94 mt from 2.85 mt.

Business Line. Dt: 09/07/24

Copper firms in a spot as Indonesia plans to stop concentrate exports

Subramani Ra Mancombu

Chennai

Indonesia is likely to stop exporting copper concentrate from December this year to promote value-addition back home. This could create problems for Indian copper firms depending on these imports, Mayur Karmarkar, Managing Director, International Copper Association India (ICA India), has said.

Indonesia is one of the major sources of copper concentrates for India, which imports it duty-free due to the ASEAN Free Trade Agreement. "Indonesia is adding to its smelter capacity. The problem could aggravate a bit quickly. The government has to reduce duties on copper concentrates (from other sources) or allow imports at zero duty," he told *businessline* in an online interaction. India's demand for copper concentrate is likely to increase as the Adani Group's

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>
> **MAYUR KARMARKAR**
> MD, ICA India

Kutch Copper Plant would also require it. Allowing copper concentrate at a lower or zero duty would ensure a level playing field for domestic smelters and refiners, particularly when copper cathodes are being imported duty-free from Japan, he said. The government has understood the problem and is trying to work out a solution with African countries abd Peru, he said.

DOUBLE-DIGIT GROWTH

While the country is trying to achieve net zero emissions in which copper plays a critical role, the inverted duty structure, where finished products are levied import duty lower than raw materials such as concentrates, is an issue that confronts the domestic industry. For example, copper tubes are coming from South-East Asia duty-free.

Indian smelters depend on concentrates as none of them own mines. "They have to buy the concentrate to make copper cathode," Karmarkar said.

During the 2023-24 fiscal, the copper sector witnessed double-digit growth, largely driven by infrastructure. "Refined copper demand was largely met through imports. With demand growing, there is a constraint related to refined copper capacity. We hope this will be addressed to some extent by the Adani Group's copper plant," the ICA India managing director said.

The industry is faced with the quality control order but there is some breather now as it will be enforced only from December-end, he said.

This will also mean that by December-end, all importers will have to get certified for Bureau of Indian Standards (BIS) quality and start supplying the material. "I am sure the Japanese cathode makers have started working in that direction and they will comply with the requirements soon," said Karmarkar.

On the other hand, the domestic industry is fully prepared with Hindalco and Vedanta being able to supply the cathodes. Currently, there is no domestic production of inner groove tubes used in air conditioners but its production will likely begin in the next 2-3 months, he said.

With the Adani Group's copper plant going on stream, refined copper production will increase, he said.

Demand for copper will continue to grow at the same rate as last fiscal, while globally, clean energy transition is expected to drive demand. India is still depending on traditional drivers of copper demand, mainly infrastructure, the ICA India official said.

With many States implementing metro rail schemes, each metro coach will require 2.5 tonnes of copper. "Or each electrified railway route will require six tonnes per km of copper," he said.

The 5G technology is coming up in a big way and each 5G base station will require 70 kg of copper. The construction sector will likely see a demand of 30 gm per sq feet, Karmarkar said.

Business Line. Dt: 09/07/24

Despite telecom PLI, imports 7x more than exports in FY24

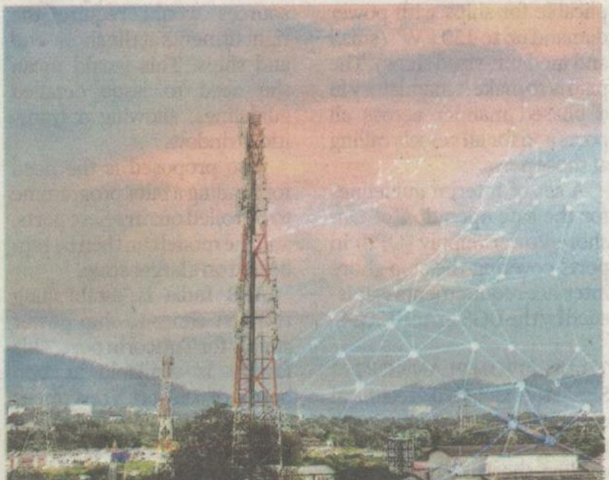
WIDENING GAP. Imports stood at ₹1,46,000 crore and exports at ₹20,000 crore

Ayushi Kar
Mumbai

India's imports of telecom products exceeded its exports by seven times in FY24. According to the data provided by the Department of Telecommunications, India imported telecom products exceeding ₹1,46,000 crore in the last fiscal year, while export of telecom products was valued at approximately ₹20,000 crore during the same period.

In fact, India's export of telecom goods has been falling for the last three years according to DoT's data.

In FY22, when the Centre announced a production linked incentive scheme for telecom products, India had exported telecom goods exceeding ₹60,000 crore. However, two years on, exports have been reduced to a third.



PROJECT COVERAGE. The telecom PLI scheme has 42 beneficiaries, to whom the Centre has committed a total outlay of ₹4,115 crore

DoT's telecom PLI scheme has 42 beneficiaries, to whom the Centre has committed a total outlay of ₹4,115 crore. It is now in its third year of implementation; however import of telecom goods has only risen marginally in the interim three years.

IMPORT DATA

According to DoT's data, India imported telecom goods worth ₹1,22,000 crore in FY22, this rose to ₹1,36,000 crore in FY23 and to approximately ₹1,46,000 crore in FY24. Prior to the elections, the outgoing Minister of Communications Ashwini Vaishnaw called the Centre's Make in India initiative a resounding success, noting that top equipment manufacturers like Nokia and Ericsson are making 90 per cent of their equipment in India.

Experts had hoped that the opening of telecommunication standards through OpenRAN would further democratise the manufacturing of telecom goods, by allowing smaller players to enter the fray as well.

Telecom operators like Reliance claim that they are deploying "Made in India," network equipment in their 5G network.

However, as per DoT's data, the trade deficit for telecommunications and network equipment has only risen in the last two years.

Business Line. Dt: 12/07/24

Edible oil imports down 2.6% in first eight months of oil year 2023-24

Our Bureau
Mangaluru

India imported 10.09 million tonnes (mt) of edible oil during the first eight months of the oil year 2023-24 (November to October) against 10.36 mt in the corresponding period of the oil year 2022-23, registering a decline of 2.62 per cent.

However, India imported 1.52 mt of edible oil in June 2024 against 1.31 mt in June 2023, recording a growth of 16.46 per cent.

Data compiled by the Solvent Extractors' Association of India (SEA) showed that there was a decline in the import of palm oil and soyabean oil during the first eight months of the oil year 2023-24.

BV Mehta, Executive Director of SEA, said overall palm oil (including crude palm oil and RBD palmolein) imports decreased to 5.7 mt in the first eight months of oil year 2023-24 from 6.03 mt in the corresponding period of the previous year.

India imported 1.38 mt of refined oil (RBD palmolein) during November-June of oil year 2023-24 against 1.4 mt in the corresponding period of the previous oil year.

Soyabean oil import to India stood at 1.86 mt during first eight months of oil year 2023-24 (2.48 mt during November-June 2022-23). However, sunflower oil import to India increased to 2.46 mt during November-June 2023-24 (1.85 mt).

India imported 1.52 mt of edible oil in June 2024 against 1.31 mt in June 2023, recording a growth of 16.46 per cent

Mehta said that the share of palm oil in overall edible oil imports decreased marginally to 57 per cent during the first eight months of oil year 2023-24 from 58 per cent in the corresponding period of the previous oil year.

The share of soft oils in the overall edible oil imports increased marginally to 43 per cent (42 per cent) during the period.

MAJOR EXPORTERS

Indonesia and Malaysia were the major suppliers of RBD palmolein and crude palm oil to India. During November-June of 2023-24, Indonesia exported 1.99 mt of crude palm oil and 1.17 mt of RBD palmolein, followed by Malaysia at 1.77 mt of crude palm oil and 0.2 mt of RBD palmolein.

India imported 1.05 mt of crude soyabean de-gummed oil from Argentina, followed 0.62 mt from Brazil.

Mehta said, "We are confident that this year's Budget will focus on agriculture and launch the National Mission on Edible Oils with adequate financial support to boost oilseed production and increase availability of edible oils, thereby reducing our dependence on imports."

Business Line. Dt: 12/07/24

Wage hikes, export slump to squeeze jute margins: Crisil

Our Bureau
Bengaluru

Operating margins of jute manufacturers are expected to shrink by about 50 basis points (bps) this fiscal due to an increase in wages amidst subdued demand in the more profitable export markets such as Europe and the US. That will mark the second consecutive year of decline in profitability.

However, their credit profiles will be stable owing to strong procurement by government agencies, healthy balancesheets and negligible capital expenditure (capex) debt, Crisil Ratings said based on the analysis of 10 jute companies which account for about 30 per cent of the sector's revenues.

Wages of jute mill workers in West Bengal, which produces almost 80 per cent of the country's jute products, have been raised, effective end of last fiscal, following a tripartite agreement between the state government, mill owners and various trade unions. The extent of the wage hike depends on workers' experience.

IN DOLDRUMS. Continued weak export demand will result in low utilisation of specialised looms and, thus, limit capacity addition

DOUBLE TROUBLE

Overall, the wage bill of manufacturers is likely to increase 5-6 per cent per annum depending on the level of modernisation of the mills, Crisil said.

The demand from the US and Europe (which account for over 60 per cent of exports and a third of the sector's ₹12,000 crore revenue) will remain subdued as the end use of jute products is largely discretionary, Crisil said.

"The impact of the wage hike on operating profitability will be limited because of strong demand from government agencies under the mandatory packaging norms. Such demand accounts for two-thirds of the sector's revenue, with pricing allowing for cost pass-through. But a subdued export demand will weigh on sales of specialised jute products such as hessian, gift articles and decorative fabrics, which offer better margins. The upshot of all this is that operating margins of players rated by Crisil Ratings will fall 50 bps this fiscal," said Rahul Guha, Director, Crisil Ratings, in a statement.

Jute companies will only undertake maintenance capex, primarily through internal accruals.

Argha Chanda, Director, Crisil Ratings, said, "Minimal capex outlay will mean limited long-term debt addition for the industry. However, reliance on working capital debt will increase as working capital cycles of jute manufacturers will be stretched, nearing 150 days as they continue to provide extended credit to woo overseas buyers. That said, healthy balancesheets of jute manufacturers will keep debt protection metrics comfortable."

Business Line. Dt:- 12/07/24

Iron ore exports rise in Q1 despite falling Chinese demand

Abhishek Law
New Delhi

The country's iron ore exports saw a near 5 per cent y-o-y increase for the April–June period (Q1FY25) to 10.25 million tonnes (mt) despite reduced demand from China, the key buyer. Indian exporters tapped into other smaller markets like Indonesia and Malaysia, trade data show.

China, despite a demand slowdown in steel-consuming sectors like real estate, accounted for 80 per cent of the deliveries of iron ore, the key steelmaking raw material, or around 8.3 mt of the total shipments for the period under review.

Shipments to the neighbouring nation, however, fell 10 per cent y-o-y from 9.3 mt in the year-ago period, data collated by consultancy firm BigMint (formerly SteelMint) show.

Over the last six years, China has been the highest buyer of Indian iron ore with its share hovering around 70 per cent in Q1FY20, before peaking over 90 per cent during the Covid years (Q1FY21 and Q1FY22). Post-Covid too, the share of Chinese buying hovered around 80 per cent.

DEMAND OUTLOOK

"In Q1, demand from China has been volatile. After a pick-up in May over April, shipments fell again in June," a market participant told *businessline*. Data from BigMint show that in April, India exported (to China) 2.11 mt of iron ore; in May, the figure increased to 3.75 mt but fell to 2.45 mt in June.

Market sources said iron ore exports are expected to remain volatile in the near term.

Chinese economic conditions continue to be a concern for iron ore's long-term demand prospects. The economy there is not growing as fast as it used to, and is becoming less steel-intensive.

The property sector is in the grip of a protracted crisis. The government is trying to cap steel production at or below the previous year's level to reduce overcapacity and cut emissions.

BNP Paribas India, in its India Steel Weekly (for July 8) report, said China's National Development and Reform Commission, in a survey, suggested "further weakening of steel prices in July" and the policies, announced earlier, that favoured the real estate market are losing momentum and are failing to significantly boost demand.

On Tuesday, China's Dalian iron ore futures fell. The most traded iron–ore contracts stood around $114.70 per tonne, down 0.5 per cent in day time trade.

Iron ore exports

quantity in million tonnes

Unload country	April 2024	May 2024	June 2024	Total
China	2.11	3.75	2.45	**8.32**
Malaysia	0.07	0.11	0.12	**0.29**
Indonesia	0.06	0.12	0.05	**0.17**
UAE	0.15	0.06	1.02	**1.22**
Total	**2.44**	**4.17**	**3.64**	**10.25**

Source: BigMint

Figures including pellet/concentrates

Business Line, Dt. 12/7/24

APK concerned over call for 'uncontrolled' rubber imports

V Sajeev Kumar
Kochi

The Association of Planters of Kerala has objected to the attempts by tyre industries to seek uncontrolled imports of natural rubber, citing a supposed domestic shortage.

Feedback from APK members indicate that rubber growers are not holding back any stock for better prices.

The need for working capital for day-to-day operations prevents growers from holding back stocks, Ajith Balakrishnan, Secretary, APK, said.

"We would like to clarify that at the end of March 2024, the total stock of natural rubber was 3,72,085 tonnes. The total consumption by auto tyre manufacturers during FY 24 was 9,52,495 tonnes, averaging approximately 79,375 tonnes per month. These figures demonstrate that more than four months of stock are available domestically," he said.

Rubber growers, he said, have been under severe financial stress for nearly a decade due to un-remunerative prices and high production costs.

For the past two years, the average cost of production in Kerala hovered around ₹200 per kg.

Since January 2024, international RSS 3 prices have shown an upward trend above domestic RSS 4 price.

For the first time in nearly a decade, the prices of RSS 4 have crossed ₹200, providing some hope for the growers, he said.

Business Line, dt. 15/7/24

2-wheeler exports rise 23% in H1 of 2024 but recovery fragile

Aroosa Ahmed
Mumbai

Two-wheeler exports witnessed growth of 23 per cent in the first half of 2024 with 18,37,769 two-wheelers exported between January and June, data from the Society of Indian Automobile Manufacturers (SIAM) showed. This recovery in exports is, however, seen to be fragile.

According to the data, two-wheeler exports picked up in February with 3,28,082 vehicle units. However, a 8 per cent month-on-month dip was seen in June with 2, 88,967 two-wheelers being sold overseas.

The exports of two-wheelers between January and June in 2023 were 14, 92,080 units.

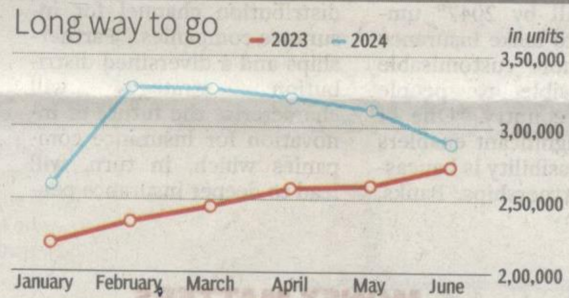
Exports of two-wheelers from India are majorly focused on Columbia, Nigeria, Philippines, Mexico, Sri Lanka, Bangladesh, Egypt and Nepal.

Industry experts have alluded the growth to the easing of geopolitical tensions but indicated that the uptick in exports is required to be sustainable.

"Export recovery appears fragile and sustainability of the same is yet to be established. Earlier, exports were impacted by consumer price inflation, high interest rates and foreign currency-related issues in fiscals 2022 and 2023. During this period, consumers switched to used vehicles or deferred purchases," Anuj Sethi, Senior Director, CRISIL Ratings Ltd, told *businessline*.

Original equipment manufacturers (OEMs) have been evaluating new markets to tap to grow their exports and international presence. Two-wheeler manufacturer Bajaj Auto recently announced the opening of a manufacturing plant in Brazil. The domestic sales of two-wheelers also saw a 22.5 per cent uptick in H1. Between January and June, 94,89,154 two-wheelers were sold in the Indian market as compared with 77,45,554 two-wheeler units sold during the same period in 2023.

"The slow moderation in export growth during 2024 can be attributed to a slowdown in demand from African and Asian countries," said an automobile analyst.



Business Standard - Dt: 15/07/24

Exports positive in Q1 amid global challenges: Goyal

PRESS TRUST OF INDIA
New Delhi, 14 July

India's exports have recorded healthy growth in May and remained in the positive zone in June and the first quarter of the current financial year (Q1FY25) despite global challenges, Commerce and Industry Minister Piyush Goyal has said.

He also said that growth in the services sector is helping the country's outbound shipments to register positive growth rates. "In May, exports were positive, the figure for June is also positive. The first quarter is also in the positive territory," Goyal told *PTI*.

India's merchandise exports rose 9.1 per cent to $38.13 billion in May. During April-May this FY, the outbound shipments grew by 5.1 per cent to $73.12 billion.

The commerce ministry will officially release the export data for June on July 15.

"Despite the ongoing two wars (Russia-Ukraine and Israel-Hamas), the Red Sea crisis, and container shortage issues, our exports are in a positive zone. One more advantage we have is the fast pace growth in the services exports," the minister said. He added the services sector has received a boost from the government's Digital India mission.

"The roll-out of 4G and 5G in the country too is helping the services exports of India," Goyal noted.

Last month, the minister stated that India's goods and services exports are expected to cross $800 billion in FY25 despite global challenges. In 2023-24, the shipments stood at $778.2 billion (goods $437.1 billion and services $341 billion). When asked about foreign direct investments into the country, he said the inflows would increase once the international recessionary conditions start improving and rates in the US and Europe start falling.