Business Lines. Dt:- 21/05/24

At 21.4 mt, April sees third highest crude oil imports

SURGING DEMAND. Refiners boost supplies to meet domestic needs, export opportunities

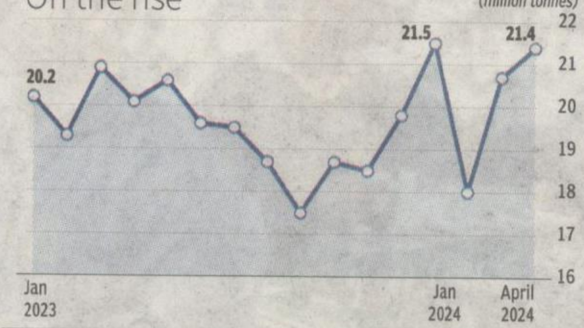
Rishi Ranjan Kala
New Delhi

The country's crude oil imports during April 2024 rose to its third highest level on record as refiners topped up on supplies to meet the domestic demand for auto fuels and export opportunities in the northern hemisphere ahead of the summer travel season.

The world's third largest energy consumer imported 21.4 million tonnes (mt) of crude oil last month, a growth of 3 per cent M-o-M and 7 per cent Y-o-Y. Inbound shipments of the critical commodity rose for the third consecutive month during April, according to Petroleum Planning & Analysis Cell (PPAC) data.

Prior to this, Indian refiners imported an all-time high of 21.6 mt in April 2022, followed by 21.5 mt in January this year.

On the rise



Source: PPAC

KEY FACTORS

Analysts and trade sources attribute the higher numbers to more export volumes being shipped out of Russia and Chinese refiners lifting of lower cargoes, which increased Russia's share in total imports to 40 per cent from roughly 30 per cent in March 2024.

According to energy intelligence firm Vortexa, India imported more than 1.72 mb/d crude oil from Russia in April, the highest amount in the last nine months.

Private refiners, Reliance Industries (RIL) and Rosneft-backed Nayara Energy, imported around 770,000 barrels per day (b/d) of crude oil from Russia in April 2024, the highest in a year.

Sensing the opportunity to procure more barrels, public refiners such as Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation (HPCL) too imported 1.02 million barrels per day (mb/d) last month, which is a seven-month high.

HIGHER IMPORT BILL

Brent crude oil prices averaged $90.15 per barrel in April 2024, up from against $85.48 in March 2024 and $84.94 a year ago. The Indian basket crude price averaged at $89.46 a barrel last month, up from $84.49 in March 2024 and $83.76 in April 2023.

Consequently, India's oil import bill rose last month. The net import bill for oil and gas rose from $10.1 billion in April 2023 to $12.3 billion in April 2024. Crude oil imports constituted $13 billion, LNG imports $1.1 billion and exports were $3.7 billion in April.

Earlier this month, BPCL said that Russian supplies have moderated, compared to FY24. The oil marketing company said that discounts have almost halved to $3-6 per barrel, from an average of $8-10 during FY24.

However, trade sources noted that the Ukranian drone attacks on Russian refineries are making more crude oil supplies available for exports. According to the US EIA, around 14 per cent of Russia's refining capacity came offline in the first quarter of 2024.

"This will make more supplies available for exports to India. In April, more supplies were available due to drone attacks and lower imports from China. May should follow suit," said one of the sources.

Vortexa's Head of APAC Analysis, Serena Huang, told *businessline*, "Higher Russian crude exports in February and March as well as lower imports by Chinese refiners have made available more volumes for Indian refiners. Given that Russian crude cargoes are likely to be more discounted than Middle East grades, Indian refiners are likely to opt for the former."

Business Standard. Dt: 21/05/24

Wabtec eyes $30 mn rail parts exports

DHRUVAKSH SAHA
Rohtak, 20 May

Multinational rail components manufacturer Wabtec Corporation is eyeing a tenfold increase in exports from India in the next three years, a senior executive of the firm said. The firm inaugurated a ₹150 crore manufacturing facility in the city on Monday to bolster its India footprint.

"Our current exports from India are $3-4 million and we plan to multiply this number ten times to $30 million in the next three years," Pascal Schweitzer, global president of the firm's transit business said. Schweitzer was among the top executives of the company present for the inauguration, along with Senior Vice-President and India Regional Leader Sujatha Narayan, and Managing Director - Transit India Ajay Mani.

The new plant will initially manufacture transit rail components and sub-systems followed by other Wabtec product lines, the company said.

"We intend to grow this site with plans to invest an additional $10 million (₹80 crore) over the next few years," said Narayan. "We currently employ 300 people and as the business grows, we intend to add another 200 employees with a keen focus on diversity hires."

The company was one of the largest foreign direct investment generators in the railways sector after it was awarded the contract to supply 1,000 diesel locomotives for Indian Railways. Narayan said that 600 locomotives have been delivered to the railways through its manufacturing facility in Marhowra, Bihar.

The company is expected to deliver all 1,000 locomotives by 2027-28.

After the national transporter decided to shift away from diesel for its operations and move aggressively towards electrification, Wabtec, which globally specialises in diesel locomotives, has been trying to capture the rail components space.

FINANCIAL EXPRESS Dt: 21/05/24

Mandatory testing put in place for spices exports

MUKESH JAGOTA
New Delhi, May 20

THE GOVERNMENT HAS come out with detailed guidelines to prevent Ethylene oxide (EtO) contamination in spices for exports, an official said on Monday. Preventive measures like mandatory testing of spices being exported to Singapore and Hong Kong have been put in place.

The steps assume significance amid reports on the recall of MDH and Everest products in Singapore and Hong Kong due to the presence of EtO residue in certain spices. However, there has been no let up in India's spices exports.

For shipments to Hong Kong and Singapore, madatory pre-shipment sampling will continue for six months and the situation will be reassessed if there are no concerns.

After higher residue of EtO — used as a fumigant to reduce bacterial load, yeast and moulds, and can be carcinogenic if used beyond limits — was found in a batch of Indian spices, the government reviewed the situation with the industry. "We have found that all 18 samples of MDH were compliant with standards. However, in Everest's case, some of the samples (out of 12) were non-compliant and for that we have told them to take corrective actions," the official said.

DRAFT RULES

- Draft norms put in place **to prevent Ethylene oxide** contamination in spices
- For exports to Hong Kong and Singapore, mandatory sampling for **six months**
- While MDH is compliant with standards, **Everest told to take corrective actions**

The government is also working with the industry to ensure that compliance with evolving maximum residue limits (MRL) standards. "Requirements over MRL are evolving over time and the spices industry is fully aware of this. We have had three industry-wide consultations on the issue. They are also looking at alternatives to Eto use. There are alternative technologies being used by many exporters and these are being examined by the industry," the official added

He said the industry has also been asked to put in place standard operating procedures (SOPs) so that the compliance on MRL increases.

According to the official, 99.8% of around 1.4 million tonne of spices exports meet quality requirements of different countries and only 0.2% were non-compliant. On the other hand, 0.73% of food consignments imported into India are non-compliant. India is the world's top exporter of spices with shipments of \$4.2 billion in 2023-24.

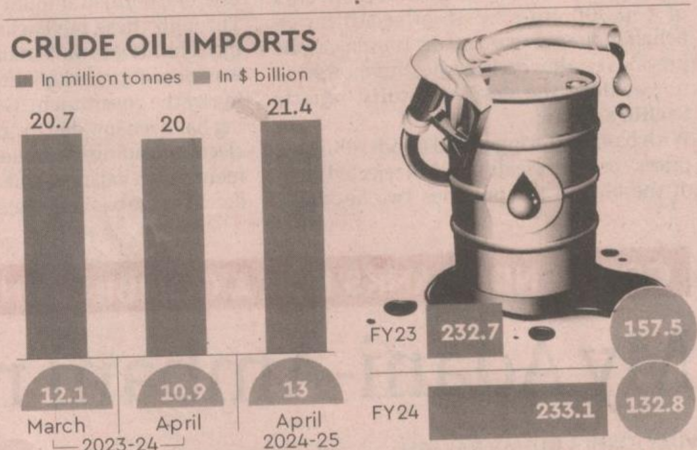
The MRL limits are different for different countries and there is no international standard for Eto. While it is not allowed in Hong Kong, the limit in the EU is 0.02-1 gram per kilogram. In Japan, it is 0.01 gram, in the US 7 gram and in Singapore it is 50 gram.

FINANCIAL EXPRESS Dt:- 21/05/24

CRUDE SHIPMENTS RISE 7% IN APRIL, DEPENDENCE ABOVE 88%

India's oil import reliance on the rise even as Russia discount halves

ARUNIMA BHARADWAJ
New Delhi, May 20



AFTER HITTING A FRESH all-time high of 87.8% in FY24, the country's reliance on crude imports is set to increase yet again in the current financial year as the demand for petroleum products continues to grow amid a stagnant domestic production. In April, India imported 21.4 million tonne (MT) of crude oil, up 7% from 20.0 MT a year ago, taking its dependency to 88.4% for the month, latest data from the oil ministry's Petroleum Planning & Analysis Cell (PPAC) showed.

Moreover, the country's crude import bill, which witnessed a significant decline in FY24 owing to huge Russian discounts on its oil exports, saw an increase of 19% in April to $13 billion from last year.

Apart from growing volumes, the increase in import bill can be attributed to the narrowing discounts by Russia, which has become the top supplier of crude oil to domestic refiners post the outbreak of Ukraine conflict. According to the industry, Russian discounts on its consignments have reduced to $3-4 per barrel against $8-10 per barrel it offered earlier.

Discounts on Russian oil narrowed sharply to around 8% during September to February against 23% in the first five months of FY24, as per Icra. Consequently, the estimated savings on account of discounted Russian crude have reduced to $2 billion in September-February period of FY24 from $5.8 billion in April-August. The country saved around $5.1 billion in FY23 and $7.9 billion in the first eleven months of FY24 on its oil import bill due to Russian discounts, as per the rating agency.

Icra now sees the country's net crude oil import bill reaching $101-104 billion in the current fiscal from $96.1 billion in FY24 provided the discounts on Russian crude purchase remain at prevailing lower levels amid rising import dependency. The narrowing discounts also come against the prospects of state-owned oil marketing companies weakening their refining margins. Lower-than-expected Russian crude discounts have already hit the refining margins of OMCs in the last quarter of FY24.

The government intends to reduce the dependence on oil imports while boosting domestic production and transitioning into green energy, but the targets have remained tall. In 2015, the government had set a target to reduce reliance on oil imports to 67% by 2022 from 77% in 2013-14. However, the dependency has only grown since.

Since 2016, the government has brought in several changes to enhance exploration of oil and gas blocks in the country, and auction it by launching the Hydrocarbon Exploration and Licensing Policy (HELP). Under the policy, open acreage licensing programme (OALP) has been launched, which provides investors the freedom to carve out blocks of their choice through submission of expression of interest (EoI).

The first bidding round under OALP was launched in January 2018 wherein 55 blocks were awarded. Since 2017, as per the government, seven OALP round have been successfully concluded with awards of 134 exploration blocks covering 207,691 sq km area for exploration and production activities.

Despite the measures, oil production has remained stagnant. The country's upstream companies cumulatively produced 2.4 MT of crude oil in April, unchanged from the last fiscal while the demand for petroleum products rose by 6%.

India's consumption of petroleum products, including petrol, diesel and jet fuel, among others, rose to 19.9 MT last month from 18.7 MT in April. Imports of petroleum products last month stood at 4.3 MT against 3.2 MT in the same period of FY24. In FY24, the domestic oil production stood at 29.4 MT, only marginally up from 29.2 MT in FY23.

Kolkata

FINANCIAL EXPRESS Dt. 21/5/24

Rice export restrictions hit agri shipments hard

SANDIP DAS
New Delhi, May 20

INDIA'S EXPORTS OF agricultural and processed food products in the last financial year declined 6% to $25.01 billion on year mainly because of a sharp fall in non-basmati rice shipment due to restrictions imposed last year.

Shipments of basmati rice, buffalo meat and fresh fruits saw a sharp spike last fiscal under the Agricultural and Processed Food Products Export Development Authority (APEDA) basket.

According to the Directorate General of Commercial Intelligence and Statistics, non-basmati rice exports last fiscal dropped by 28% to $4.57 billion on year owing to the ban on white and broken rice exports and 20% shipment duties on par-boiled rice imposed last year.

However, Basmati rice shipment rose sharply by 22% to a record $5.83 billion in FY24 on year.

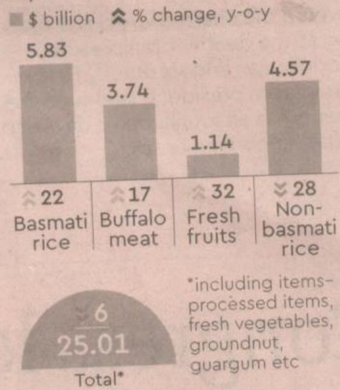
The government has imposed the minimum export price (MEP) of $950/tonne to basmati rice since November last year.

In terms of volume, overall rice exports declined by 27% to 16.34 million tonne (MT) in 2023-24 against a record shipment of 22.34 MT in FY23. India has been the world's biggest exporter of rice since 2012 and currently has about 40% share in global trade.

However, the shipment of buffalo meat rose by 17% on year to a record $3.74 billion in the last financial against the $3.19 billion registered in 2022-23.

FARM FACTOR

Agri & processed food products exports in FY24



Officials said that in the last decade, there has been a rise in demand of the Indian bovine meat across the globe due to its quality, nutrient values and risk-free nature as it is processed and exported as per the World Organization for Animal Health (OIE) guidelines for any risk mitigation.

Currently, only boneless buffalo meat is allowed for exports from the country.

The processed items shipment rose by 16% to $1.69 billion last fiscal on year. The exports of fresh fruits has risen by 32% last fiscal to $1.14 billion on year while shipment of fresh vegetables dropped by 4% to $0.89 billion in FY24 on year.

The exports of products under the APEDA basket grew by 9% to $26.7 billion in 2022-23 compared to FY22, due to a spike in shipment of rice, fruits and vegetables, livestock and dairy products.

The share of exports of products under the APEDA basket is around 51% in the the total shipment of agri-produce.

Meanwhile, to boost exports of Geographical Indication (GI) tagged rice varieties such as Gobindobhog, Red rice, Black rice and Kalanamak rice, the government is discussing with the stakeholders to allocate separate numbers for harmonised system (HS) codes, a numerical classification used in global trade.

The aim is to ensure that in case of a ban or restriction on exports of broken or white rice, such unique varieties are exported unhindered. Currently, there are six HS codes for non-basmati rice and one for basmati rice.

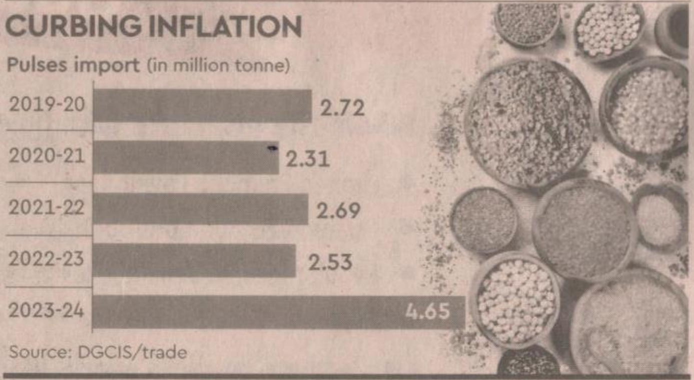
Rest of the agricultural products exports include marine, tobacco, coffee and tea.

FINANCIAL EXPRESS Dt: 22/05/24

Govt to expand pulses' import from more countries

Zero-duty import of five varieties till the end of FY25

SANDIP DAS
New Delhi, May 21



THE GOVERNMENT IS aiming to import pulses from several nations, including Brazil, Argentina, Australia and African countries to augment domestic supplies aimed at curbing inflation in pulses.

The Centre has removed import duties on several varieties of pulses — tur, urad (black matpe), masoor (lentils), yellow peas and bengal gram (desi chana). This concession will be in place till the end of FY25, which is expected to boost domestic supplies.

"The abolition of import duty on bengal gram announced recently was to give a signal to farmers in Australia and other countries for planting the pulses variety," an official said.

The country's pulses imports were at a record 4.65 million tonne (MT) last fiscal, up from 2.53 MT in 2022-23 due to surge demand and output not matching up.

"Brazil and India have been collaborating in the pulses sector for quite some time. However, our recent decision to plant and export urad to India look promising," Angrio de Queiroz Mauricio, agriculture attaché at Brazil's embassy in New Delhi, said.

Sources said there have been several rounds of discussions with Argentina on pulses imports.

Till last year, India mostly used to import masoor, tur, urad and masoor mostly from Australia, Canada, Myanmar, Mozambique, Tanzania, Sudan and Malawi. However, it abolished import duty on yellow peas in December, 2023, a variety which can be substituted for gram (chana).

India had signed an MoU with Mozambique for import of 0.2 MT of arhar annually for five years when the retail prices of tur skyrocketed to ₹200 a kg in 2016. This MoU was extended for another five years in September, 2021.

In 2021, India entered into a MoU with Malawi for the import of 50,000 tonne tur per annum for next five years. Under a MoU, India is committed to import 0.1 MT of tur and 0.25 MT of urad from Myanmar till 2026. The annual production of pulses is estimated in the range of 26-27 MT.

At present, the country is largely sufficient to meet the domestic demand. However in terms of production and consumption of pulses varieties — tur, urad and masoor, 'there is a slight mismatch", sources said.

Recently, the government had removed import duty on desi chana (bengal gram) while extending import duty exemption on yellow peas till October, which is aimed to curb the spike in chana prices.

Desi chana had attracted an import duty of 66%, a move aimed at encouraging domestic production. Yellow pea attracted a duty of 50% which was imposed in 2017.

Business Line. Dt: 23/05/24

Robust export demand likely for Indian basmati rice

Prabhudatta Mishra
New Delhi

Export demand for Basmati is likely to be robust this year, which is good news for farmers of the aromatic varieties ahead of the sowing season after they received record prices last year for their crop.

A calibrated production may help them to thwart any kind of over supply situation that normally follows after a good year.

Basmati rice shipments rose to a record high of 5.24 million tonnes (mt) in 2023-24 fiscal against 4.56 mt in the previous fiscal, registering a growth of 15 per cent. In value term, exports of the aromatic rice were up at a new high of \$5.83 billion over \$4.78 billion or ₹48,389 crore against ₹38,525 crore. The per unit realisation has jumped too.

With more rejections of Pakistan's Basmati rice due to not conforming to the maximum residue level (MRL) norm of the European Union and the likely recognition of India on the Geographical Indication (GI), Indian exports of the aromatic rice in the EU may register 0.5 mt higher in the current fiscal.

SET TO REAP GAINS. With record shipments and potential EU market growth ahead, farmers may get better rates

POLITICAL SITUATION

India had exported 152,881 tonnes of basmati rice worth \$166.81 million to EU countries in 2023-24, down from 164,138 tonnes worth \$210.97 million in 2022-23, APEDA data show. "The current geo-political scenario in the West Asia indicates that the export of Basmati rice will increase in the upcoming season. Our exports to Europe will also significantly increase in view of improving quality from India. At the earliest, India might receive Basmati GI from European authorities. This will significantly strengthen our exports in the global market," said S Chandrasekaran, a foreign trade policy expert who wrote a book on Basmati GI.

India had produced 9.85 mt of basmati rice from 2.1 million hectare (mh) area during Kharif 2023, according to latest report commissioned by government's agri export promotion agency APEDA. Basmati paddy price exceeded ₹6,500/quintal (traditional variety) last year due to an anticipation of higher export demand following tensions in West Asia.

As was anticipated, the APEDA report has confirmed the drop in production in Haryana last year which led to Punjab becoming the largest producer of basmati rice. The data show that basmati rice production in Haryana was 3.68 mt and in Punjab was 3.84 mt.

Though Haryana's basmati area increased to 0.78 mh in 2023 from 0.66 mh a year earlier, there was yield losses due to floods and heavy rains. But, Punjab last year saw record area under basmati at 0.81 mh, up from 0.59 mh in 2022.

Business Line. Dt: 23/05/24

Dairy exports dip to $468 m despite rise in volume on lower prices

Vishwanath Kulkarni
Bengaluru

India's dairy exports for 2023-24 slid by a fifth to $468 million despite a 10 per cent rise in volume on account of lower prices of skimmed milk powder and other products. Shipments were at a record $588.93 million in 2022-23.

In volume terms, the exports of dairy products during 2023-24 stood at 1.73 lakh tonnes (lt) – up from previous year's 1.56 lt.

RS Sodhi, President, Indian Dairy Association (IDA), attributed the decline in export value during 2023-24 to lower global commodity prices and dip in shipments of skimmed milk powder (SMP) and casein among others.

SMP EXPORTS

"SMP exports were negligible during the year as India was not competitive in countries such as Bangladesh," he said.

Exports of skimmed milk powder during April-January of 2023-24 stood at 3243 tonnes against 18,737 tonnes during 2022-23. Similarly, the export of casein, caseinates and other casein derivatives were lower during April-January period of current fiscal at 1,621 tonnes compared to 8,843 tonnes during 2022-23.

The US continues to be the largest buyer of Indian dairy products with shipment volumes registering a growth of 32 per cent at 94,381 tonnes during 2023-24 over previous year's 71,250 tonnes. However, in value terms the dairy exports to the US were down at $179.95 million ($240.6 million).

Shipments to the UAE, the second major destination for Indian dairy product, saw a growth of 16 per cent at 18,354 tonnes. In value terms, shipments grew to $69.78 million over previous year's $61.68 million.

Bangladesh, one of the major importers of dairy products from India, had a reduced offtake during the year. In volume terms, dairy exports to Bangladesh fell sharply by around 65 per cent to 5,162 tonnes during 2023-24 over previous year's 14,868 tonnes.

Business Standard Dt: 24/05/24

Share of export-bound cars at 10-yr low

IT'S SHRINKING

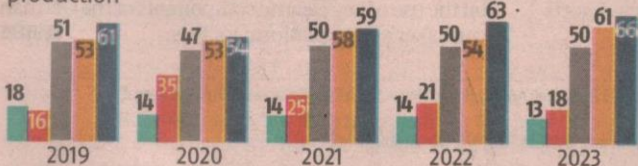
PV export as % of total production in India

Source: BNP Paribas

BEHIND PEERS

PV export as % of total production

India
Japan
South Korea
Indonesia
Thailand



SURAJEET DAS GUPTA
Mumbai, 23 May

The share of passenger vehicle (PV) exports relative to total production in India reached its lowest in a decade in 2023, notwithstanding the government's ambitions to transform the country into a global auto manufacturing hub, according to the latest data from BNP Paribas.

India's share of production geared for export is the lowest in Asia, trailing South Korea, Thailand, Japan, and Indonesia.

In 2023, exports accounted for just 13 per cent of total PV production in India, down from 14 per cent in 2022 and a significant drop from the pre-pandemic level of 18 per cent in 2019. The peak was in 2014, with exports comprising 19 per cent of production, a record that remains unbroken, the data revealed. By contrast, in 2023, Japan exported half of its car production, South Korea 66 per cent, Thailand 61 per cent, and Indonesia 18 per cent.

R C Bhargava, chairman of Maruti Suzuki, attributed India's declining export share to its lack of competitiveness in larger car segments: "For exports, you require bigger cars, in which India does not have economies of scale to be globally competitive. What we have exported are smaller cars, and our volumes have gone up from 100,000 in 2014."

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