

Export Credit Access may Become Easier

Kirtika.Suneja@timesgroup.com

New Delhi: The government is looking at ways to ease export credit access to improve the competitiveness of Indian exports amid mounting geopolitical tensions.

The commerce and industry ministry has sought details on exporters' financial needs, challenges faced in accessing export credit and the ways to improve it. India gives pre- and post-shipment export credit to enable exporters to access financial resources that are crucial for facilitating international trade.

"The exercise aims to look at effective interventions as many exporters encounter difficulties in utilising these export credit facilities," said an official.

The ministry has sought details on specific bottlenecks in the existing export credit mechanisms that need to be addressed and the best practices from other countries



es that could be adapted to improve the export credit landscape in India.

"There is almost a 5% difference between the cost of export credit in India and countries like China, Vietnam and South Korea, which impacts the competitiveness of our exports," said Ajay Sahai, director general, FIEO.

The exercise assumes significance as India's goods exports in FY24 fell 3.11% to \$437.06 billion from \$451.07 billion in the previous fiscal. Exporters expect a demand slowdown due to global uncertainty and hence need funds for a longer period. Officials said specific intentions co-

uld be looked at to improve the access to export credit once the exercise is over.

Export credit includes priority sector lending and interest subvention scheme, which allows exporters of 410 products and all MSME exporters to get bank credit at a subsidised rate of 2-3%.

Seeking an extension of the interest subvention scheme, Ashwani Kumar, president of FIEO, said the scheme is relevant more today as buyers are asking for longer period of credit, with a slowdown in demand and offtake from the shelves, whereas exporters are also looking for larger credit due to huge hike in sea and air freight.

"The cost of credit is high at around 14% in India. Interest rates are high and small exporters are under pressure," said a representative of the cotton textiles export industry.

India's merchandise goods imports fell to \$677.24 billion in FY24 from \$715.97 billion in the previous fiscal.

Urea imports decline for third year in a row

EYEING ATMANIRBHARTA. Higher domestic output, launch of nano-urea led to 28% fall in 4 years from a record 98 lakh tonnes

Prabhudatta Mishra
New Delhi

India's urea import has dropped 7 per cent in 2023-24 fiscal, for the third consecutive year, thanks to increase in its domestic output and launch of nano-urea.

Besides urea, there is also a decline in import of Di-ammonium Phosphate (DAP) and complex fertilizers, which led to overall imports falling 10 per cent in 2023-24 fiscal.

However, despite the reduction in import, the fertilizer subsidy last fiscal reached near ₹2-lakh crore, more than the ₹1.89-lakh crore Budgeted in the revised allocation.

Experts point out the high

subsidy to global prices and also increased sales, despite the government's best efforts to reduce fertilizer off-take by farmers.

"Even if the import of finished products of fertilizers showing a negative trend, it is not actual fall as the ingredients are also imported. For instance, to produce urea one has to use gas as main feedstock and there is limitation on its domestic availability. Ultimately, the sales figures are the real indicators," said SK Singh, an agriculture scientist.

Based on the latest official data, urea imports decreased to 70.42 lakh tonnes (lt) in the last fiscal year from 75.77 lt in 2022-23, a decline of 7.1 per cent. DAP imports remained stable at 55.14 lt

Urea, DAP, and complex fertilizer imports all dropped, leading to a 10% overall decrease in imports during FY24

(same level as in 2021-22) from 70.83 lt, marking a decrease of 22.2 per cent. Imports of complex fertilizer varieties dropped to 21.87 lt from 27.52 lt, down by 20.5 per cent.

However, Muriate of Potash (MoP) surged to 21.06 lt from 13.93 lt, showing an increase of 51.2 per cent, mainly attributed to a low base. A record 98.28 lt of

urea was imported in 2020-21.

PRODUCTION UP

Urea production last fiscal jumped up 20.9 per cent to 314.07 lt.

Domestic production of DAP (mainly through imported raw materials), which has a share of about 40 per cent in its total annual availability, jumped 6.8 per cent to 42.93 lt. In case of MoP, India imports the entire requirement.

Production of complex fertilizers, too, showed a jump of 9.7 per cent to 95.48 lt. But the target to produce 100 lt of of single super phosphate (SSP) could not be achieved as production dipped to 44.45 lt from 51.91 lt. Import and consumption

of urea largely depends on availability as it is completely controlled by the government.

In case of potash and phosphorous, the selling price of these two fertilizers determine the consumption. The current MRP of DAP is ₹1,350/bag, whereas that of MoP is around ₹1,650 for a bag of 50 kg.

According to the Fertilizer Ministry, fertilizer consumption in the country increased 2.6 per cent to 600.79 lt in 2023-24.

Of this, urea sales are almost on par at 357.81 lt against 356.75 lt year-ago. DAP sales edged up to 109.74 lt (105.19 lt), MoP sales was up from 16.28 lt to 16.44 lt and that of complex from 107.21 lt to 116.8 lt.

Towards self-sufficiency

Data for April-March

(lakh tonnes)

	2023-24	2022-23	% change
Sales			
Urea	357.81	356.75	0.3
DAP	109.74	105.19	4.3
MoP	16.44	16.28	1.0
Complex	116.80	107.21	8.9
Total	600.79	585.43	2.6
Import			
Urea	70.42	75.77	-7.1
DAP	55.14	70.83	-22.2
MoP	21.06	13.93	51.2
Complex	21.87	27.52	-20.5
Total	168.49	188.05	-10.4
Production			
Urea	314.07	259.79	20.9
DAP	42.93	40.21	6.8
Complex	95.48	87.07	9.7
SSP	44.45	51.91	-14.4
Ammonium Sulphate	6.38	6.73	-5.2
Total	503.31	445.71	12.9

Source: Fertilizer Ministry

Business Line. Dt: 01/05/24.

India-Chile FTA 'must cover mines acquisition, key mineral import'

MINES MINISTRY PITCH. The deal could be on the lines of one signed with Argentina

Abhishek Law
New Delhi

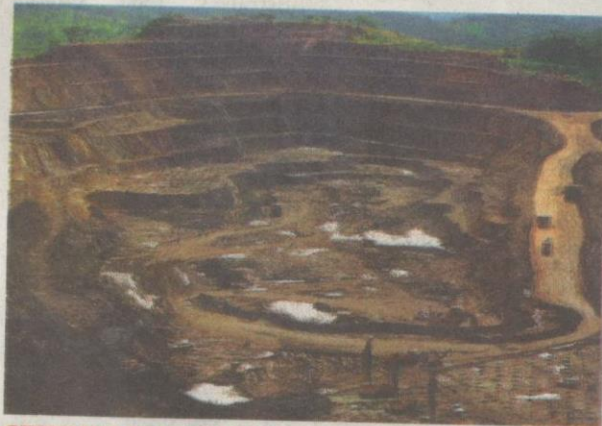
The Mines Ministry has suggested that the discussions on India-Chile Free Trade Agreement (FTA) must cover securing of critical minerals, acquisition of copper and lithium mines and commercial offtake agreements at the G2G (government-to-government) level, an official aware of the matter told *businessline*.

Currently, both countries have a preferential trade agreement (PTA), which is a limited trade arrangement, and not an FTA.

A delegation of industry and government officials had recently visited Chile to explore scope of larger economic cooperation, including securing critical mineral partnerships.

G2G AGREEMENTS

Previously, the Mines Ministry signed a non-disclosure agreement with ENAMI, the state-owned company of Chile, for exchange of in-



SECURING CRITICAL MINERALS. A delegation of industry and government officials had recently visited Chile to explore the scope of larger economic cooperation, including critical mineral partnerships REUTERS

formation and data sharing. "So, we are looking at G2G agreements for exploration, acquisition of mineral blocks and subsequent offtake of these critical minerals - if exploration activities are successful. In this case, the mineral blocks under-discussion is that of copper and lithium. These agreements could be on the lines of what we had done in case of acquiring lith-

ium blocks in Argentina," the official said. Earlier this year (in January), India made its first ever acquisition of lithium blocks overseas, in Argentina. Five blocks were acquired through the state-run entity, KABIL or Khanij Bidesh India Ltd - a JV of NALCO, Hindustan Copper and MECL. Around ₹200 crore will be invested towards exploration and other

mining activities there, over a five-year-period. Chile, along with two other LatAm nations, Argentina and Bolivia, form the world's Lithium Triangle, accounting for majority of the resources globally.

LITHIUM TRIANGLE

Lithium, also called white gold, is pivotal for usage in EVs (electric vehicles), batteries - mobile phones and cars, and other energy storage solutions. It is the cornerstone of India's transition to green energy. The country is dependent on imports.

On the other hand, copper, is also identified as a critical mineral in India, and finds widespread usage in power cables, wind turbines, electric vehicles and solar panels. Copper demand, including its price movement, is seen as a key indicator of economic health.

"Our suggestions to the Commerce Ministry have been to include discussions on critical minerals, specially copper and lithium, in the FTA talks with Chile," the official said.

Business Standard. Dt 01/05/24

India replaces China as top Russia oil importer

S DINAKAR
Amritsar, 30 April

India unseated China to become the world's biggest buyer of discounted seaborne Russian crude oil in April, with imports jumping by 12 per cent on the month to a nine-month high, according to early ship tracking data and industry officials. Indian purchases of Russian oil exceeded Chinese imports by 450,000 barrels per day (bpd), data from market intelligence agency Vortexa shows.

An appetite for Russian oil has revived as cheaper Venezuelan supplies dried up after the US reimposed sanctions this month on the Latin American nation. A 45-day "wind-down" period expires at the end of May, but sanctions could be relaxed again should the Venezuelan government show progress toward democratic reforms.

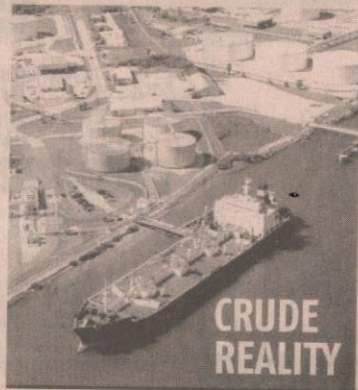
Russian supplies to India increased in April to 1.85 million bpd compared to 1.65 million bpd in March 2024, according to data from Paris-based

market intelligence agency Kpler. The data is as of Tuesday.

London-based Vortexa pegged Russian supplies to India in April at 1.78 million bpd, compared to 1.33 million bpd for China. Both nations accounted for a combined 62 per cent of exports of crude - including Kazakstan oil exported via Russian ports--from Russia in April, with India accounting for 35 per cent. Chinese seaborne imports averaged 1.84 million bpd in March compared to 1.5 million bpd for India. (China also imports oil and natural gas from Russia via pipelines.)

"Higher Russian crude exports in Feb/ Mar as well as lower imports by Chinese refiners have made available more volumes for Indian refiners," said Singapore-based Serena Huang, head of Asia-Pacific market analysis for Vortexa. "Given that Russian crude cargoes are likely to be more discounted than Middle East grades, Indian refiners are likely to opt for the former," she added.

Indian refiners continued to source



Source: Vortexa



Source: Kpler

cheaper grades such as the medium, sour Urals to avoid US sanctions, with the Russian export benchmark accounting for 77 per cent in April compared to 68 per cent in calendar 2023, Kpler data shows. Urals has gained acceptance in India after the US tightened sanctions in February, bringing Russian state shipping behemoth Sovcomflot. Volumes of Urals imported in March totalled 1.35 million bpd, accounting for 82 per cent of

Russian supplies. There's a \$8-\$10 per barrel difference between Urals and sweeter crudes like Sokol or ESPO, according to market data. That helps traders price Urals below the \$60 per barrel price cap imposed by G-7 nations on a FOB basis to avoid Western sanctions. Light, sweet premium grades like Sokol, Espo and Varandey typically trade over the price cap, which necessitates the use of non-Western

shipping and insurance services, leaving the doors open for US policing.

Shipments from Venezuela to India more than halved in April to 2 million barrels of crude oil from 4.78 million barrels in March. Venezuelan export-grade Merey is the cheapest among all Indian crude sources. The slump in Venezuelan sales came after Washington ended a six-month relaxation in US sanctions, which ended on April 18, disappointing Indian refiners.

Venezuela's heavy, sour grades undercut Russian and Iraqi crudes by \$14.60 per barrel in February, according to Indian customs data.

Delivered rates of Venezuelan oil into India averaged \$63/bbl in February compared to \$77.60/bbl and \$77.70/bbl, respectively, for Russian and Iraqi grades.

Shipments from Iraq averaged 878,000 bpd, down from 1.16 million bpd last month, 50 per cent higher from February, but in line with a 1.05 million bpd average for the last three months, Kpler data shows.

Exports may edge higher in April, order book robust

Textiles, leather among sectors looking up

MUKESH JAGOTA
New Delhi, April 30

EXPORTERS WHO WITNESSED a 3.1% annual decline in shipments last fiscal are again upbeat as order inflows have seen a significant rise in April, the first month of new fiscal. Orders have risen across key sectors in April as compared to March and April of last year, sources said.

Sectors like textiles & apparel and leather are reporting an increase in orders which points to a healthy first quarter, director general and chief executive officer of Federation of Indian Export Organisations (FIEO) Ajay Sahai said.

Export figures for April is yet to be released by the commerce ministry.

Another factor that will help in coming months is the shipments of orders that were booked in March but could not leave Indian shores on time as the Red Sea crisis and other developments in West Asia disrupted global shipping. Earnings from these orders will be reflected in the early months of 2024-25.

Key reason for disruption in shipping is that after Houthi rebels from Yemen started attacking merchant ships and the cargo vessels began avoiding the Suez Canal and detouring around the Cape of Good Hope. Transit times have increased by 30% and container shipping capacity has dropped by 9% as ships spend more time at sea.

The experience of exporters aligns with the forecasts of revival in world trade by World Trade Organisation (WTO) and United Nations Conference on Trade and Development (UNCTAD). WTO expected world trade volumes to expand 2.6% in 2024 after a contraction of 1.2% in 2023. In value terms, the world merchandise trade had fallen 5%.

India, too, had recorded a 3.1% decline in exports to \$437 billion in FY 24. In the last financial year, the



UPWARD MOVEMENT

■ Orders that were booked in March but could not leave Indian shores due to Red Sea crisis and other developments in West Asia are likely to reflect in the April data

■ Export figures for April is yet to be released by the commerce ministry

■ WTO expected world trade volumes to expand **2.6%** in 2024 after a contraction of 1.2% in 2023

April-June quarter was the toughest when exports declined 6.3%. So, this year, the low base would also help the numbers look good.

The engineering sector that contributes 25% to total exports is also reporting order inflows at above the last year's level. "April is traditionally a slow month after a rush in March and order flow is by and large sustaining at least year's pace," chairman of Engineering Export Promotion Council (EEPC) Arun Kumar Garidia said.

Engineering exports struggled in the early part of FY 24 but made a sharp rebound in the second half to close the year with a 2.1% growth at \$109.32 billion. The sector also increased its share in India's exports to 25.01% from 23.74% in FY 23.

The export sector has weathered the global headwinds from macro-economic factors and geopolitical tensions well in FY 24 but fears of an escalation remain. Sahai said if the Middle East situation deteriorates it will pose a challenge.

Business Line. Dt. 03/05/24

India's palm oil imports up 41% in April; prices rise

Reuters

Jakarta/Kuala Lumpur

Malaysian palm oil futures closed higher on Thursday following news of a jump in India's imports, while traders awaited fresh cues.

The benchmark palm oil contract for July delivery on the BMD rose 26 ringgit to 3,844 ringgit (\$808.92).

Palm oil imports in India, the world's No 1 importer of vegoils, jumped 41 per cent in April from the previous month to the highest level in three months as easing prices prompted refiners to increase purchases, five dealers told Reuters.

"Bursa Malaysia crude palm oil contract is awaiting new leads in May, anticipating higher production and lower exports," a Kuala Lumpur-based trader said.

Malaysian palm oil exports fell between 9 per cent and



11.5 per cent in April from a month earlier, cargo surveyors Intertek Testing Services and Amspec Agri said.

Meanwhile, Indonesia, the world's biggest palm oil exporter, maintained its palm oil export tax and levy unchanged for May at \$52 per tonne and \$90 per tonne, respectively.

Soya oil prices on the Chicago Board of Trade were up 0.62 per cent. The Dalian Commodity Exchange is closed until May 5 for International Labour day holidays.

Business Line . Dt.: 03/05/24

Steel exports to Europe in FY24 rise 65% to hit 5-yr high

Abhishek Law

New Delhi

India's steel exports to Europe hit a five-year high in FY24 with outbound shipments hovering at 3.3 million tonnes (mt), up 65 per cent y-o-y and nearly doubling over a five-year period (from FY20). However, the country has suffered a setback when it comes to exports to the UAE, which hit a five-year-low. Exports to South East Asia have also slipped, Steel Ministry reports accessed by *business-line show*.

Competition from Chinese exports have seriously dented Indian mills' prospects in the UAE and Vietnam.

India's steel exports stood at 7.5 mt, up 11 per cent y-o-y, buoyed primarily by the rise in shipments to the EU.

Exports to the region are dominated by three countries - Italy (1.7 mt), Belgium (0.85 mt) and Spain

(0.7 mt) in FY24. Over the five-year period, Italy saw exports increase by 112 per cent; exports to Belgium more than doubled from 0.4 mt; and in the case of Spain, there was a 133 per cent rise in shipments.

In FY23, exports to the EU were at 2.0 mt level, while in FY22, it was at 3 mt. In FY21, when Covid-induced restrictions were being lifted globally, it was at 2 mt. In FY20, the Covid year, exports were 1.5 mt.

Indian steel mills have held back HRC export offers to Europe this week, market participants said. The indicative prices are around \$625-635/t.

"Supported by re-stocking and a weak dollar, domestic prices in the EU rose after the Euro to US dollar exchange rate changed. Buyers also held off on overseas purchases due to long lead times. This ended the downward trend in European prices that had been in place since January. Despite lim-



ited demand, mills are expected to raise prices soon due to the lack of import competition," consultancy firm, BigMint said in a recent report.

According to Ministry officials, sanctions on Russia and lesser competition from China made Indian exporters tap the European market.

Stainless steel demand across some pockets such as Germany, France, Poland, Italy and Spain is also witnessing some improvement in demand.

However, Indian exporters lost market share in Vietnam and the Middle East, to China. While price disparity

was a key reason, geo-political issues too played a part in changing the trade dynamics.

COMPETITION FROM CHINA

For instance, in FY21 and previously, Indian exporters were tapping Turkey. But that has not been the case FY22 onwards. Among other West Asian nations, there is less demand from the UAE too. In FY24, exports were 0.5 mt, down 30 per cent y-o-y (from 0.7 mt). Shipments have practically halved over this five-year period.

Vietnam, among top five buyers of Indian steel till FY22, is now a key seller of steel. Till FY21, exports to the country averaged 1.7-2.4 mt, making it the largest buyer.

"Chinese steel is being re-ported into India through Vietnam, while Indian exporters are unable to compete in these markets with China where the selling price of steel was less than

their cost of production. It is a matter of worry," a Ministry official said.

EXPORT MARKETS

Indian HRC export market remained inactive and mills withheld offers for South-east Asia and the Middle East (ME) even in late April. The domestic market is being prioritised because of better demand.

"For the Middle East, imported HRC offers from China and Japan remain very competitive," BigMint said in its report, adding that lower offers from other origins has further discouraged Indian mills from exporting there.

Chinese HRC offers were around \$575/t, while offers from Japan were around \$580-590/t. In comparison, Indian mills had quoted around \$595-600/t.

"Market demand in Southeast Asia remains weak while geo-political issues in the Middle East persist," the report added.

FINANCIAL EXPRESS. Dt: 06/05/24.

Met coal imports from Russia jump nearly three-fold in last 3 fiscals

PRESS TRUST OF INDIA
New Delhi, May 5

**IMPORTS OF METALLURGI-
CAL** coal from Russia have spurted around three-fold in the last three years to around 15.1 million tonne in 2023-24 mainly due to lower prices while the same from Australia have declined, according to a research firm.

Russia's share in India's metallurgical coal imports of 73.2 million tonne (MT) has



risen to around 21% from around 8% in 2021-22, research firm Big Mint said in a statement.

The import of metallurgical coal, which includes coking coal

and pulverised coal injection (PCI), from Russia, stood at 5.1 MT, accounting for 8% of India's total imports of 65.6 MT of the commodity in 2021-22.

Metallurgical coal imports from Russia rose to 11.3 MT in 2022-23, accounting for 16% of 69.9 MT met coal imports in that year.

In 2023-24, met coal imports from Russia were 15.1 MT or 21% of total met coal imports of 73.2 MT.

Australia, a major supplier of

met coal to India, saw a decline in the commodity's exports to India. Australia supplied 50.7 MT of met coal in FY22, or 77% of the total imports of India. Met coal shipments dropped to 42.2 MT in FY22, while market share also declined to 60%. In the last fiscal, met coal imports from Australia dropped further to 40.4 MT, resulting in a market share of 55%.

Iron ore and metallurgical coal or met coal are essential ingredients in steel production.