

# Govt to focus on nano-DAP to cut import

**SAVING REVENUE.** Move follows the success in checking urea imports by raising domestic nano-urea output

**Prabhudatta Mishra**

New Delhi

After successfully checking urea imports by increasing its domestic production, the government is now said to be mulling a similar strategy for DAP which witnessed a 6 per cent rise in imports during April-January of 2023-24 fiscal. While announcing the nutrient-based subsidy for kharif 2024 season recently, the government raised the subsidy for phosphorus while keeping the financial assistance for other nutrients at same levels as they were in rabi 2023-24 season.

According to latest official data, the overall consumption of urea until January 31 in the current fiscal dropped 0.3 per cent to 317.51 lakh tonnes (lt) from 318.52 lt a year ago, whereas sales of all fertilizers put together increased by a modest 2.9 per cent to 539.79 lt from 524.64 lt. This was mainly due to higher sales of complex

and di-ammonium phosphate (DAP) fertilizers.

## PUTTING OFF CHEMICALS

The total sale of DAP increased by 5.9 per cent to 103.03 lt during April-January 2023-24 from 97.3 lt in the year-ago period, muriate of potash (MOP) was flat at 13.95 lt against 13.98 lt and complex increased by 11 per cent to 105.3 lt from 94.84 lt a year ago. Complex fertilizer is a combination of nitrogen (N), phosphorous (P), potash (K) and sulphur (S) nutrients.

Fertilizer minister Mansukh Mandaviya last week said that India's conventional urea consumption is estimated to decline by 25 lt this fiscal on increase in demand of nano liquid urea and the government's efforts to discourage use of chemical. The urea consumption was nearly 357 lt during FY23.

He said the consumption of conventional urea has gone down in 344 districts and sales of nano-urea have increased in

## Fertilizer sales up, imports decline

	2023-24	2022-23	% change
(lakh tonnes)			
<b>Sales</b>			
Urea	317.51	318.52	-0.3
DAP	103.03	97.30	5.9
MOP	13.95	13.98	-0.2
Complex	105.30	94.84	11.0
<b>Total</b>	<b>539.79</b>	<b>524.64</b>	<b>2.9</b>
<b>Import</b>			
Urea	64.33	73.07	-12.0
DAP	50.91	63.80	-20.2
MOP	20.28	13.93	45.6
Complex	18.34	22.49	-18.5
<b>Total</b>	<b>153.86</b>	<b>173.29</b>	<b>-11.2</b>

Source: Fertilizer Ministry

74 districts. He was hopeful that India would be self-sufficient in urea by 2025.

Industry sources said the government is now planning to make a similar push for nano-DAP (non-subsidised fertilizer) so that the consumption of phosphatic fertilizer is also reduced, without affecting crop yield. When DAP sales increase, overseas sellers also raise their

prices, which the government has to bear to maintain the maximum retail price (₹1,350/bag of 50 kg) for the farmer, an industry official said.

## CAPPING UREA IMPORTS

He cited the recent Cabinet approval for the nutrient-based subsidy for kharif 2024 and said while the rates for all other nutrients are kept at the same

levels at the rabi season 2023-24 level, the subsidy for phosphatic has been raised to ₹28.72/kg from ₹20.82.

Import of urea, controlled by the government, was recorded at 64.33 lt during the first ten months of the ongoing fiscal against 73.07 lt a year ago, a fall of 12 per cent. There was a record import of urea at 98.28 lt during FY 2020-21.

Import of overall fertilizers also dropped by 11.2 per cent to 153.86 lt during April-January from 173.29 lt, in which complex import declined 18.5 per cent to 18.34 lt from 22.49 lt and DAP by 20.2 per cent to 50.91 lt from 63.8 lt. But, MOP import surged 45.6 per cent to 20.28 lt from 13.93 lt. Production of all fertilizers was up by 5.9 per cent to 429.03 lt from 405.25 lt, which included urea at 265.82 lt (against 235.8 lt year-ago), DAP 37.67 lt (36.16 lt), complex 81.85 lt (79.68 lt), SSP 38.37 lt (47.4 lt) and ammonium sulphate at 5.32 lt (6.21 lt).

# Vegoil import likely to dip to 16.2 mt in 2023-24

Our Bureau

Mangaluru

The Indian Vegetable Oil Producers' Association (IVPA) expects vegetable oil import to be at 16.2 million tonnes (mt) during the 2023-24 (October-September) edible oil season against 17.06 mt in 2022-23. Presenting a paper on 'Competitiveness of Palm Oil in Indian Markets' at the UOB Kay Hian Palm Oil Outlook Seminar in Kuala Lumpur on Monday, Sudhakar Desai, Chief Executive Officer of Emami Agrotech and President of IVPA, said the share of palm oil in total imports is expected to decline from 60 per cent in 2022-23 to 54 per cent, owing to very low spread with soft oils.

Stating that India drastically reduced import of soya oil in January-March due to a lack of hedging tool, he said it is expected to increase in April-September as many players attempted to lock the negative forward soyabean oil-palm oil spread. If the soya-palm spread continues to be zero for longer, then palm share can drop to 50 per cent. Soya-palm oil spread was more than \$400 a tonne a year ago.

## CONSUMPTION RISE

Consumption is expected to increase by 3.3 per cent due to a price fall and a supportive macro environment in India. He said soft oils are expected to increase consumption share due to tight spreads. Supply chain disruptions such as the Red Sea issue and the expectation of good soyabean and rapeseed crops in India slowed down soyabean oil imports in the last few months. This helped palm oil prices to be resilient.

Desai estimated crude palm oil (CPO) price outlook at \$900-940 a tonne (c&f) for April-June and at \$840-900 a tonne (c&f) for July-September. He estimated it at \$900-960 a tonne (c&f) for April-September for soyabean oil.



**BIG RISE.** Mustard crop has shown a remarkable 45% surge during the year

For sunflower oil, he estimated it at \$890-940 a tonne (c&f) for April-June and \$900-950 a tonne (c&f) for July-September. Globally, demand for oilmeals, energy prices, biodiesel policies in various countries, and geopolitical issues are expected to be the key price drivers. With elections at different origins and destinations, government manifestos would keep adding volatility to the markets, he said.

## SAVING GRACE

On palm oil production, Desai estimated that Malaysian production is likely to increase by 2.6 per cent to 19 mt and Indonesian output to be flat at 49.6 mt. The combined carry-out stocks of Indonesia and Malaysia are expected to be tighter by at least 300,000 tonnes in 2024, with March-April being the tightest months, especially in Malaysia, he said.

The IVPA president has projected domestic oil availability at 9.23 mt during 2023-24 against 9.07 mt in 2022-23. He attributed this to the good mustard crop with a sizeable carry-out. He said the mustard crop has shown a remarkable 45 per cent surge during the year. He said the government might have to take the right steps if the rapeseed prices trade lower than MSP levels, either by government procurement or by a general increase in import duties to support domestic oilseed crops.



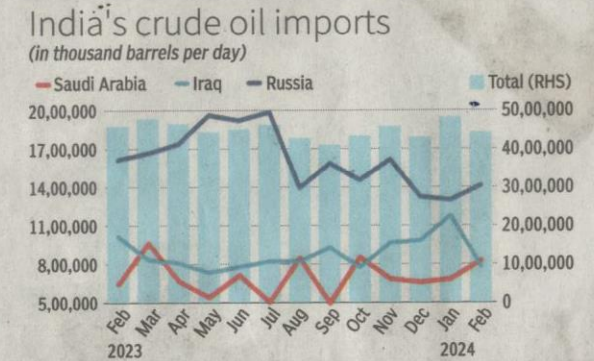
Business Line Dt: 06/03/24

# Crude oil imports from Saudi Arabia at 4-month high in Feb

Rishi Ranjan Kala  
New Delhi

India's crude oil imports from its traditional source, Saudi Arabia, inched up to a four-month high in February 2024 at more than 8,33,590 barrels per day (b/d). It was aided by softening prices of Saudi Arabia's flagship grade, Arab Light and declining number of vessels ferrying Russian crude oil due to tightening sanctions by the US and western countries.

According to Vortexa, Saudi Arabian crude oil exports to India rose by 28 per cent year-on-year (y-o-y) and 21 per cent month-on-month (m-o-m) last month. In fact, crude oil imports to India



Source: Vortexa

from the Arabian nation were the fourth highest in FY24, ending March.

Overall, India's crude oil imports fell 3 per cent y-o-y and 8 per cent m-o-m to 4.46 million barrels per day (mb/

d) in February as Asia's second largest crude oil importer sourced lesser volumes from Iraq, the UAE, the US and Kuwait.

Vortexa's Head of APAC Analysis, Serena Huang told

businessline, "Saudi crude's heavy official selling price (OSP) discounts is likely a strong reason for driving India's imports of Saudi crude in February."

For February 2024, Saudi Arabia slashed rates by fixing the Arab Light price for Asia at \$1.50 a barrel over Oman/Dubai, the lowest since November 2021. In January, India set the price at \$2 per barrel over Oman/Dubai. For March 2024, it has kept prices unchanged from February.

"With Saudis getting aggressive, keeping the OSP unchanged for March, and supply woes with Russia continuing, Middle-Eastern grades are likely to continue to get support from Indian refiners. Also, Saudis are be-

coming competitive to counter Atlantic Basin cargoes," trade sources said.

On the other hand, crude oil imports from Iraq fell and 23 per cent y-o-y to 7,85,586 b/d in February 2024, the lowest since October 2023. Vortexa data shows that during November 2023 to January 2024, Iraqi exports averaged at over 1 mb/d. Trade sources said that some barrels imported from Iraq during November 2023 to January 2024 could be term contracts, adding to the overall numbers. Besides, India turned to Iraq as the price of its flagship grade Basrah Medium was lower compared to Saudis, averaging between \$76-82 a barrel.

"India's imports of Middle

Eastern crude were down m-o-m in February, but this could reverse if availability of non-sanctioned tankers to move Russian crude starts becoming a constraint," Huang explained.

## RUSSIAN IMPORTS

Crude oil imports from Russia rose by 9 per cent m-o-m to 1.42 mb/d. However, cargoes on an annual basis declined by more than 12 per cent last month. The annual decline is largely attributed to issues in contacting vessels to transport the critical commodity as the US and western sanctions tighten making it difficult for European shippers, particularly Greek vessels, to transport the commodity.

Business Line Dt:- 06/03/24.

# Munitions India's export orders swell to ₹6,000 cr

**M Ramesh**  
Chennai

Ammunitions maker Munitions India Ltd says its products are in great demand abroad. It has export orders worth ₹6,000 crore, to be supplied over the next three years.

The Pune-headquartered company, which was formed in November 2021 when the Ordnance Factory Board was reorganised into seven Defence PSUs, produces bullets, shells, mortars, rockets and hand grenades from its 12 manufacturing units.

"Everybody wants bombs," Gnaneshwar Tyagi, Chief General Manager, High Energy Projectile Factory, MIL, told *businessline*, adding that among the leading overseas customers are the UAE, Vietnam "and one European country" which he did not wish to name.



MIL achieved a turnover of ₹4,200 crore in 2022-23, which is expected to touch ₹7,000 crore in the current financial year and to ₹10,000 crore in the next, Tyagi said.

"They (MIL) are sitting on a gold mine," said PS Unni Raj, Joint Director, Export Promotion Cell, Department of Defence Production, Ministry of Defence. Tyagi and Raj participated in the 'International Engineering Sourcing Show' organised in Coimbatore by the Engineering Export Promotion Council (EEPC).

**MIL achieved a turnover of ₹4,200 crore in 2022-23, which is expected to touch ₹7,000 crore this financial year**

Raj said India's exports of defence products would cross ₹20,000 crore in 2023-24 to touch ₹25,000 crore in 2024-25, and ₹35,000 crore in the following year. A presentation by Sanjeev Kumar Joshi, Deputy DEO, Brahmos Aerospace, showed that Defence exports in 2013 were ₹1,050 crore. Joshi, who was present at the EEPC meet, told *businessline* that India's Brahmos missiles were in demand all over the world. It was the only cruise missile that was supersonic throughout its

flight; others have sub-sonic durations, when they can be intercepted. While the Philippines has been in the news lately as a buyer of Brahmos missiles, countries in the MENA region, Latin America and South-East Asia were also interested in buying the missile.

India's imports-to-exports ratio for defence products has fallen. Imports increased from ₹41,198 crore in 2013-14 to ₹50,061 crore in 2021-22, but exports rose from ₹1,153 crore to ₹12,815 crore, in the same period.

Tyagi said MIL would start producing the 125-mm 'mango' tank shells, which are capable of piercing a 600mm-thick tank skin. The Mango shells are produced in India under licence from Russian armament major Techmash. MIL would produce 6,000 units at its plant in Tiruchi, Tamil Nadu, he said.



Business Line Dt: 06/03/24.

# Basmati export prices drop but Indian shippers unfazed

**NO CAUSE FOR WORRY.** Most shipments were contracted at higher rates amid global supply disturbance, while paddy ruled lower during Oct-Dec 2023

**Prabhudatta Mishra**  
New Delhi

Basmati export prices have dropped in the past couple of months to the level of minimum export price (MEP) of \$950/tonne from over \$1,050, which some exporters fear could be a loss-making proposition to ship out if the purchase price of Basmati paddy on October-November is taken into account.

Some premium Basmati varieties' prices too have dropped to about \$1,200/tonne from \$1,300, industry sources said.

However, many exporters said it is not a concern as most of the exports were contracted at higher rates

when they were signed amid concerns over global supply disruption due to conflict between Israel and Palestine.

Basmati rice exports have increased by 12.3 per cent at 4.11 million tonnes (mt) during the January 2023-24 fiscal from 3.66 mt in the year-ago period, per provisional data released by Agricultural and Processed Foods Exports Development Authority (APEDA).

In value terms, the growth is an impressive 20.2 per cent at \$4.59 billion against \$3.82 billion year-ago.

The higher growth has been attributed by industry experts on increased demand from countries such as Saudi Arabia and Iraq.

The average realisation was about \$ 1,120/tonne until January, whereas it was nearly \$1,045 year-ago, said an exporter.

### STRIKING BARGAINS

However, the basmati paddy was considerably lower in harvesting period (October-December) of 2022 from the same period in 2023, the exporter said. He said while it is less than 10 per cent increase in the export realisation, paddy prices this year (2023-24) were 20-25 per cent higher.

In Punjab, Pusa Basmati 1509 (paddy) sold at ₹3,200-3,600/quintal, depending on quality while Pusa Basmati 1718 at about ₹3,800 in November 2023. On the other hand, traditional Bas-



**SPREADING AROMA.** Basmati rice exports have increased by 12.3% at 4.11 mt during January 2023-24 fiscal from 3.66 mt in the year-ago period, per APEDA's provisional data

mati CSR 30 commanded between ₹6,300 and ₹6,600/quintal for the farmers.

The key Pusa 1121 was

sold at ₹4,300-4,500 per quintal, whereas last year it was ₹3,600-3,800.

"There is a slowdown in

demand from overseas buyers after the Red Sea issue came up as freight cost increased. But, this type of event is normally temporary and hope we see things to normalise in the days ahead," said Vijay Setia, a former president of All India Rice Exporters Association.

### GLOBAL TRADE

According to foreign trade policy expert S Chandrasekaran, current basmati export price decline is a response of global trade demand sentiments and pressure from competitive supply.

"However, the export price will recover when domestic and export market finds equilibrium. This will reflect at the end of festival

season in the West Asia," he said.

Further, Chandrasekaran said the local demand and higher price realisation from domestic market brings new trend and trade stability for basmati rice.

Official sources in the Commerce Ministry do not see the fall as a concern and term it as normal market trend on demand-supply issue.

The officials said that since more than 90 per cent of the shipments have already gone in the ten months of this fiscal as against 4.56 mt exported during the entire 2022-23, the exports in February and March may also follow the current trend of 10-12 per cent rise.



# Gencos can import 6% of coal needs till June

Logistical challenges, higher power demand nudge govt to extend mandate

SHREYA JAI

New Delhi, 5 March

The government has directed all power producers to continue importing 6 per cent of their coal requirements until June 2024, as it expects power demand to hit a new high this summer. The weatherman, too, has forecast a "harsh" summer.

A notification to extend this mandate was issued by the Union power ministry on Monday. The ministry's earlier mandate on coal import was to end this month.

In a recent note, the power minister has underscored that domestic coal availability would not be enough to meet the required demand.

"The status of power supply has been reviewed by the Ministry and as per the projections, the peak demand is likely to reach up to 250 Gw in summer season (April-June 2024). It has been further observed that despite the increase in loading of domestic coal rakes, the supplies of domestic coal will remain constrained due to logistical issues associated with the railway network," the recent directive said.

The ministry note said that in order to meet the power demand during the crucial summer months and to ensure uninterrupted power supply across the country, adequate coal reserves in domestic coal-

## IN PERSPECTIVE

■ February coal production up 12% Y-o-Y at 880.72 mt

■ **October 2023:** Imported coal-based units asked to run at optimal capacity to meet demand

■ **January 2023:** The mandate was back with 6% blending

■ **2022:** Gencos mandated to blend 10% of their coal requirement. It was later made voluntary for any genco, which faces domestic coal shortfall

based plants (DCBs) need to be maintained by all the central/state power generating companies (gencos) and independent power producers (IPPs).

"All gencos are to firm up their imported coal contracts for ensuring supplies till June 2024. Further, gencos must also continuously review the stock positions of their domestic coal based plants and opt for blending as per the requirements so that the adequate coal stocks are maintained at the thermal power plant level," said the directive.

In October, the imported coal-based units were also asked to run an optimal

capacity in order to meet the rising demand. This directive was also extended recently. In 2022, the gencos were mandated to blend 10 per cent of their coal requirement. It was later made voluntary for any genco, which faces a domestic coal shortfall. In January 2023, the mandate was back with 6 per cent blending.

On September 1, it was reduced to 4 per cent. Following a steep reduction in domestic coal availability due to the extended summer in large parts of the country and festival demand, the ministry again increased the threshold to 6 per cent.

In 2023, highest ever peak power demand was witnessed in the country but post the usual high demand summer months. During September the peak power demand of the country touched 240 Gw. This year it is expected to rise further to 250 Gw, while some estimates project it at 260 Gw.

The coal ministry, which is responsible for domestic coal production, is confident domestic coal would be enough to meet the demand.

The ministry in a public statement on Tuesday said, the cumulative coal production (up to February 2024) has touched 880.72 million tonne (provisional) in FY' 23-24 as compared to 785.39 mt during the same period in FY23, showing 12.14 per cent growth.

Business Line. Dt: 07/03/24.

# Plastics export topped \$1.1 billion in Dec on record shipments of contact lenses, spectacles and goggles

**Our Bureau**

Chennai

India's plastic exports topped \$1.1 billion in December 2023, while dropping short of topping the \$1 billion-mark in January 2024 with a substantial expansion in shipments across a wide range of product categories.

The Plastic Export Promotion Council (Plexconcil) said in a statement that in December 2023 plastics exports were worth \$1.12 billion, an increase of 12.7 per cent from \$989 million in December 2022.

In January 2024, exports totalled \$916 million, up 5 per cent from the \$873 million a year ago. In December, there was a significant uptick in various product categories, including consumer and houseware

products, plastic films and sheets, plastic raw materials, fibre-reinforced plastics (FRP) and composites.

Floorcoverings, laminates, medical items, flexible intermediate bulk containers (FIBC), woven sacks, woven fabrics, tarpaulin, plastic pipes and fittings, and packaging items (flexible, rigid), were the other products in demand.

However, some sectors such as cordage, fishnets, monofilaments and writing instruments and stationery face problems, the council said.

## HOUSEHOLD GOODS

Plexconcil Chairman Hemant Minocha said exports of consumer and houseware products witnessed a 139 per cent growth in December 2023.

This was primarily due to



higher sales of tableware and kitchenware of plastics, wallets, purses and similar articles, safety headgear and sunglasses.

Exports of plastic medical items continued to perform well in December with shipments rising by 10.8 per cent in December 2023 due to increased sales of contact lenses, spectacles and goggles, and syr-

inges, with or without needle he said. "Notably, India reported its highest-ever monthly export of spectacles and goggles in December 2023," Minocha said, adding that export of plastic pipes and fittings increased by 16.1 per cent due to higher sale of rigid tubes and pipes of polyethylene, polymers of vinyl chloride, and fittings like joint elbows and flanges of plastic for pipes.

## RISING INFLUENCE

Minocha said, "The export growth in December and January reflects the increasing influence of India on the global economy. The past two months have given us a clear-cut indication of the increasing demand from global markets, and we aim to sustain this momentum throughout 2024."



# Mobile exports set to grow more than five fold, says Vaishnaw

PRESS TRUST OF INDIA  
New Delhi, March 6

## MOBILE PHONE EXPORTS

from India will grow more than five-fold to \$50-60 billion in the coming time from about \$11 billion last year, Union IT and communications minister Ashwini Vaishnaw said on Wednesday.

While speaking at a fintech event, the minister said employment in the electronics manufacturing sector will increase from about 1 million at present to 2.5 million in the coming days.

He said that 10 years ago India imported 98% of mobile



phones and at present 99% of the devices are made in India.

"(Mobile phones worth) \$11 billion were exported last year. In the coming days, you will see exports to the tune of \$50-60 billion. 1 million people work in electronics manufacturing. In the coming days, 2.5 million people will work in

electronics manufacturing," Vaishnaw said while sharing a presentation on India's growth story.

He said India will become the third largest economy by 2027 while it was ranked 11th in 2014.

A report published by Jefferies Equity Research last month said that India would become the third-largest economy by 2027 and expected to achieve a market capitalisation of \$10 trillion by 2030.

He said that when the country is in 5th spot in terms of economy it has created huge infrastructure in terms of railways, highways, airports etc.



Business Line. Dt: 08/03/24

# Steel exports surge in Feb, but India still a net importer

**Abhishek Law**

New Delhi

In February, India's steel exports reached 1 million tonnes, a roughly 21 per cent surge compared with January, a report from the Steel Ministry accessed by *businessline* shows. Meanwhile, steel imports remained steady at 0.76 million tonnes. The country was a net exporter for the second straight month this year.

On a year-on-year (y-o-y) basis, outbound shipments increased 78 per cent in February and finished steel shipments coming in went up 29 per cent.

## DEFICIT COMES DOWN

Exports stood at 0.8mt in January 2024, while imports was 0.77 mt for the month.

According to a Steel Ministry official, the import situation is "gradually improving" and it is being closely monitored. The fluctuations are



**IN SPOTLIGHT.** Imports outpaced exports during the April-Jan period by 1.1 mt, the highest in recent times REUTERS

seen as a short term phenomenon.

Increase in exports saw the country bring down the deficit (in volume terms) between shipments going out and coming in.

India continued to be a net importer at 0.9 mt for the first 11 months of FY24 (April - February), with the gap narrowing by 0.2 mt. For 11MFY24, imports were at

7.58 mt — up 36 per cent y-o-y, while exports were at 6.65 mt — up 13 per cent.

Imports outpaced exports during the April to Jan period by 1.1 mt, the highest in recent times.

"Exports are witnessing an up-trend over the last few months with Q4 (Jan - Mar) seen as a seasonally strong quarter. Global production glut is down. Imports have sta-

bilised too. So if all things remain constant, the difference (between export and import) should even out soon," an exporter said.

As per the Steel Ministry report, exports of non-alloy steel — which is the key offering — saw an over 100 per cent y-o-y increase in February to 0.98 mt, accounting for majority of shipments made. In February 2023, the exports were at 0.49 mt. On the other hand, alloyed and stainless steel exports saw a 44 per cent increase to 50,000 tonnes. Exports in the segment stood at 90,000 tonnes in the year-ago period.

For imports, non-alloyed steel shipments coming in saw a 42 per cent increase to 0.61 mt last month, while alloyed and stainless steel shipments declined by 4 per cent to 0.155 mt. In the year-ago period, non alloyed steel imports stood at 0.43 mt while alloyed and stainless steel shipments were at 0.161 mt.

Business Line Dt: 08/03/24.

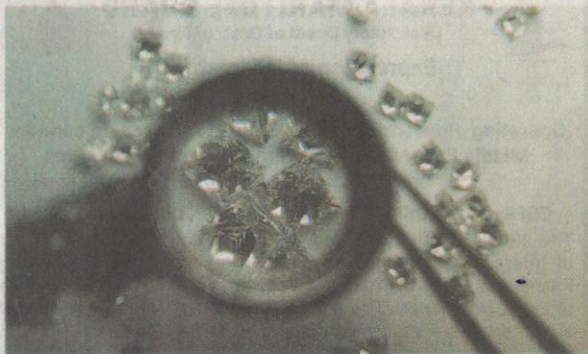
# Cut and polished diamond exports to hit 5-year low this fiscal: CareEdge Ratings

**Our Bureau**  
Mumbai

The exports of cut and polished diamonds from India are expected to hit a five-year low in this fiscal, experiencing a dip of about 25-30 per cent to \$16 billion as demand in the near term remains subdued.

Given the slowing economic growth in the US and China, along with intense competition from lab-grown diamonds, CareEdge Ratings expects no significant recovery in the segment during FY25. Additionally, the rise of alternative discretionary spending options and geopolitical tensions has negatively impacted CPD exports, leading to a 28 per cent year-on-year drop to \$13.04 billion in the first 10 months of this fiscal.

The impending impact of



**LOSING SHEEN.** Due to slowing economic growth in the US and China, coupled with fierce competition from lab-grown diamonds, no substantial recovery is seen

G7 sanctions on Russian-origin diamonds, regarding logistic and operational challenges for Indian CPD players, would remain a key monitorable, said CareEdge Ratings.

In the medium term, it said that CPD exports will be influenced by economic recovery in

consumption markets, geopolitical landscape, and customer preference for diamond jewellery. The entities with prudent debtors and inventory management are expected to sail the tough tide.

Yogesh Shah, Senior Director, CareEdge Ratings, said

players operating in smaller carat diamonds (below 0.3 carats) to be better placed as they have witnessed lower price erosion and limited impact of LGD diamonds.

Furthermore, the demand-supply imbalance has exerted pressure on the pricing of polished diamonds, resulting in a 5-10 per cent price decline for diamonds below 0.3 carats, a 20-30 per cent drop for 0.3-3 carat diamonds, and a 10-20 per cent decrease for diamonds above 3 carats last year. This imbalance and price correction have affected the export value.

Colin Shah, Managing Director, Kama Jewelry, said the last one and a half year has been a period of constant economic turmoil for the diamonds industry amid constant ongoing geopolitical crises, ranging from Russia-Ukraine war to Israel-Hamas conflict.



# Inter-ministerial panel pitches for higher tax on coal imports

SHREYA JAI  
New Delhi, 7 March

An inter-ministerial committee (IMC) led by the coal ministry on Thursday suggested that GST compensation cess should be imposed on an "ad valorem" (according to value) basis so that it is directly related to the price and quantity of coal, instead of a flat rate of ₹400 per tonne.

The report, released by Union Coal Minister Pralhad Joshi, notes that there should be a higher cess on imported coal than on domestic to slash shipments of the polluting fuel.

The report titled 'Strategy Paper on Coal Import Substitution' said the current GST compensation cess is at a fixed rate of ₹400 per unit. GST compensation cess is based on tonnage and not on the gross calorific value (GCV) of coal. The imported coal has a high GCV value (5000-6000 Kcal) in comparison to domestically supplied coal (3000-3500 Kcal), the tax inci-

dence on imported coal on a per kilocalorie (Kcal) basis is less in comparison to domestic coal, the report said.

"GST compensation cess may be imposed on ad-valorem basis wherein the cess would be directly related to the price and quantity of the coal, instead of the present levy of a fixed amount of ₹400 per tonne," the report noted.

During the financial year (FY22), the GST compensation cess collected on the import of coal was around ₹8,359.15 crore against the total import value of ₹ 2,287,42.44 crore. During the same period, GST compensation cess collected on domestic coal (CIL & SCCL) was around ₹29,096.8 crore against the approximate value of ₹1,172,51.40 crore, according to the report. According to the committee, the cess is increasing the price of electricity by around ₹0.24 per unit.

GST compensation cess is levied on

coal production. It was earlier called coal cess and the proceeds from the cess were accumulated into the National Clean Energy Fund which was disbursed for green energy projects. It was subsumed under the GST umbrella after it was launched in 2017.

"Imposition of GST compensation cess on ad-valorem basis would also give the benefit of any future increase in the price of coal to the exchequer. The appropriate percentage of GST compensation cess on coal may accordingly be decided so that the same can be revenue neutral and there is no loss to the exchequer," said the report.

Among other suggestions for reducing the import of coal are building a multi-modal logistics network for the transport of coal and more coal-washing facilities, especially for non-power consumers.



**IMC suggested that GST compensation cess should be imposed on an 'ad valorem' basis**



# China exports rise 7% as global demand picks up

It is an encouraging signal for policymakers as they try to boost the economy

## Xi urges preparation for military conflicts at sea

### HEALING SIGNS



Source: Bloomberg

**BLOOMBERG**  
7 March

China's exports jumped at the start of the year, offering an early, positive signal for recovering global demand as the world's second-largest economy contends with trade curbs and geopolitical tensions.

Overseas shipments in US dollar terms rose 7.1 per cent in the January-February period from a year earlier, well above economist forecasts and significantly higher than December's gain. The trade surplus reached a record \$125 billion, while imports grew 3.5 per cent.

"China is moving up the value chain," said Zhang Zhiwei, president and chief economist at Pinpoint Asset Management, adding that the data "will likely strengthen policymakers' confidence in China's economy."

China is looking for green shoots in 2024 as authorities target economic growth of around 5 per cent. Some economists have expressed scepticism about that ambitious target absent additional policy support, given ongoing challenges from the property crisis and deflation. This week's national legislative meeting has been fairly scant on detail about more stimulus, though People's Bank of China Governor Pan Gongsheng did hint Wednesday at a potential boost to liquidity. "While stronger demand will not offset domestic pressures around a housing sector slowdown, it will not be a drag in 2024", a senior economist said.

AGENCIES  
7 March

China's President Xi Jinping on Thursday called on the armed forces to coordinate preparations for military conflicts at sea, protect the country's maritime rights and interests and the development

of the maritime economy. It is necessary to build cyberspace defence system and improve the ability to maintain national network security, Xi was quoted by state television as saying when he met a delegation of the People's Liberation Army and Armed Police Force at China's annual parliament meeting.

He called for the mobilisation of "patriots" in Taiwan and abroad to fend off pro-independence efforts on the self-governing island, in a meeting tied to China's highest profile annual political gathering.

Xi met on Wednesday with the Revolutionary Committee of the Chinese Kuomintang, a political group that's based on the mainland and distinct from Taiwan's main opposition party KMT. Xi urged the group, an ally of the dominant Communist Party, to unite "all patriots from home and abroad, in and out of Taiwan" to step up opposition to Taiwanese independence and to jointly advance the peaceful reunification of

China. The phrase "peaceful reunification," widely seen as a benign sign of China's policy approach toward the island, was missing from this year's government work report.

“

IT IS NECESSARY TO BUILD CYBERSPACE DEFENCE SYSTEM AND IMPROVE THE ABILITY TO MAINTAIN NATIONAL NETWORK SECURITY"

XI JINPING,  
CHINA PRESIDENT





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# India to phase out import duties on chocolates, watches, textiles, smartphones

**Amiti Sen**  
New Delhi

Duties on a substantial number of goods imported from EFTA countries—Switzerland, Norway, Iceland and Liechtenstein—including chocolates, watches, smartphones, olive oil, corn flakes, machinery, textiles, medicines, cod liver oil, tuna, trout and salmon, will be phased out by India under the

India-EFTA Trade and Economic Partnership Agreement signed on Sunday.

“India is offering 82.7 per cent of its tariff lines which covers 95.3 per cent of EFTA exports of which more than 80 per cent import is gold. The effective duty of gold remains untouched. Sensitivity related to PLI in sectors such as pharmaceuticals, medical devices and processed food have been taken into account while extending offers,” per a statement released by the Commerce Department.

### EXCLUSION LIST

Sectors such as dairy, soya, coal and sensitive agricultural products are kept on the exclusion list, it added.

The items on which tariffs will become zero immediately on entry into force of the FTA

include coal (except steam and coking coal), most medicines, dyes, most textiles and apparel and iron and steel products, according to an analysis carried out by research body Global Trade Research Initiative.

Tariffs on cod liver oil and fish body oil will be eliminated in five years while those on tuna, trout, salmon, olive oil, cocoa bean, powder, malt products, corn flakes, instant tea, roasted chicory, most machinery, bicycle parts, clock and watches will be eliminated in seven years.

Phasing out of import duties on smartphones, chocolates, medical equipment (most), chocolate, caramel, coffee, avocado, apricot and olives will happen over ten years.

Some of the duty cut offers



Piyush Goyal

are exclusive to Switzerland as it is by far the largest trade partner amongst the EFTA countries. Concessions for some agriculture items have been made based on specific requests.

Duty cuts on wines from Switzerland will be mostly at par with concessions extended to Australia under the Australia-India Economic Co-

operation and Trade Agreement, the GTRI report said. There will be no import duty reduction on wine bottles priced lower than \$5. For bottles priced between \$5 and \$15, the duty cut in the first year will be to 100 per cent from 150 per cent. Duties will subsequently be reduced to 50 per cent in ten equal yearly instalments.

For wine bottles priced at \$15 or more, the duty cut in the first year will be to 75 per cent from 150 per cent. Duties will finally be brought down to 25 per cent over ten years with a yearly reduction in ten equal instalments.

### TARIFF CUT IN SUGAR

India has also committed to a 50 per cent tariff reduction in sugar in 10 years and a 50 per cent tariff reduction for cut

and polished diamonds, to 2.5 per cent, in five years, the GTRI analysis noted.

As much as 98 per cent of India’s exports to Switzerland (market accounting for 70 per cent of India’s exports to EFTA) are industrial products and they will now be imported duty-free, the GTRI report said. “However, this doesn’t create new market opportunities since these products were already entering Switzerland without duty under the Most Favoured Nation (MFN) status,” it added.

The remaining 2 per cent of exports are agricultural products. “Switzerland has excluded most agricultural items such as dairy products, honey, various vegetables, wheat, maize flour and cane sugar from these concessions,” it said.

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