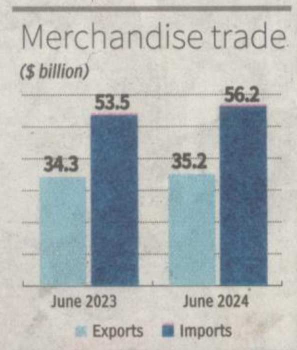
BusinessLine Dt:- 16/07/24

Goods exports rise 2.6% to $35.2 billion in June

WIDENING GAP. A sharp 4.9% jump in imports pushes trade deficit to $20.98 billion



Our Bureau
New Delhi

India's goods exports inched upwards in June growing 2.6 per cent (year-on-year) to $35.2 billion, fuelled by sectors such as engineering goods, electronics, chemicals and pharmaceuticals as global conditions supporting trade showed some improvement.

Imports in June increased by a higher 4.9 per cent to $56.18 billion, generating a trade deficit of $20.98 billion, which was a tad higher than the trade deficit of $19.19 billion in June 2023, but lower than the previous month's $23.8 billion.

"If you look at various global forecasts, there is positive global growth and inflation is also getting down. If growth sustains globally, India's exports will also sustain. However, there are a lot of ifs and buts due to geopolitical conflicts. Going by the ongoing situation, we will be crossing $800 billion total (goods and services) exports during the current financial year," Commerce Secretary Sunil Barthwal said at a media briefing on Monday.

While goods exports increased in June for the third consecutive month, there was a slowdown in the rate of growth compared to May 2024 when exports posted a rise of 9.1 per cent (year-on-year) to $38.13 billion.

Q1 EXPORTS UP

In the April-June 2024 period, goods exports rose 5.84 per cent to $109.96 billion, while imports grew 7.6 per cent to $172.23 billion. Trade deficit during April-June 2024 widened to $62.26 billion compared to $56.16 billion in the same period last year.

"I am very confident, given the current trend of Q1(April to June) in which we have crossed $200 billion in exports (of goods and services), we will be able to cross $800 billion of total exports (in the fiscal)," the Commerce Secretary said.

The country's import growth in June was driven by items such as petroleum products, electronic goods, iron and steel, non-ferrous metals and chemicals. Oil imports increased by 19.62 per cent to $15 billion in June 2024 while gold imports declined by 38.66 per cent to $3 billion during the month.

Top five import sources in June in terms of growth were the UAE, China, Russia, Indonesia and the US.

SECTORS IN FOCUS

Barthwal said the Commerce Ministry was focusing on six major sectors (engineering, textiles and apparel, electronics, pharmaceuticals, chemicals and plastics, and agriculture) and 20 countries to give exports a further push. "The need of the hour is to take steps on the liquidity front with deeper interest subvention support and extension of the interest equalisation scheme for five years," said Ashwani Kumar, President, Federation of Indian Export Organisations.

The government also needs to ensure availability of containers, marine insurance and a rational increase in freight charges to address the challenges arising from the Middle East geopolitical situation and the Red Sea crisis, he added.

TOP EXPORT HUB

The top five export destinations for India in June in terms of growth included the US, the UAE, Malaysia, Bangladesh and Tanzania.

In 2023-24, exports declined 3.11 per cent to $437 billion partly due to the global slowdown.

Business Line: Dt: 16/07/24

Gem, jewellery exports dip 15% on weak demand

Our Bureau
Mumbai

Gem and jewellery exports dipped 15 per cent last month to $1.91 billion (₹15,940 crore) from $2.24 billion in the same period last year, largely due to weak global demand amid geopolitical tensions.

According to data released by the Gems and Jewellery Export Promotion Council, imports of gems and jewellery declined 17 per cent to $1.55 billion (₹12,927 crore) from $1.85 billion (₹15,248 crore) logged last year.

WEAK CHINESE DEMAND

Cut and polished diamond exports dipped 26 per cent to $1.02 billion ($1.39 billion) due to weak demand, especially in China, which accounts for about a third of India's cut and polished diamond exports. Rough diamond imports were down 15 per cent at $3.39 billion ($4 billion). Cut and polished diamond imports also dropped 36 per cent to $77 million ($120 million).

Polished lab-grown diamond exports declined 9 per cent to $89 million ($98 million) due to volatile prices in global markets.

Gold jewellery exports increased to $608 million ($572 million) as demand revived after the fall in gold prices. Coloured gemstone exports were down 29 per cent to $91 million ($128 million) due to a fall in demand in the international markets.

Colin Shah, Managing Director of Kama Jewelry, said the gems and jewellery industry has been going through a tough time due to geopolitical tensions and elections in over 60 countries.

He said the industry expects the Finance Minister to take some measures for the gems and jewellery industry to navigate through this challenging time.

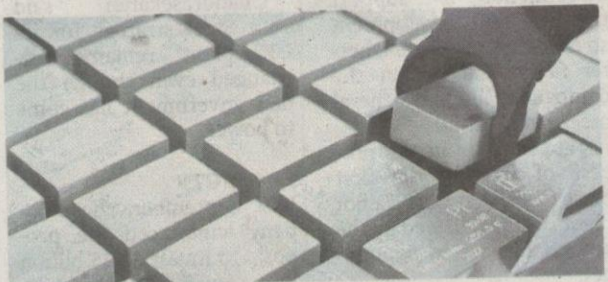
Business Line · Dt: 16/07/24

Bullion traders exploit loophole as platinum imports soar

Reuters
Mumbai

India's four-week platinum imports from mid-June eclipsed 2023's total as bullion dealers exploited a loophole by registering alloys containing around 90 per cent gold as platinum to avoid higher duties, government and industry officials told Reuters.

In that time frame, dealers cleared 13 tonnes of these metal consignments valued at around $1 billion from customs, compared to total platinum imports of 9.97 tonnes in 2023, said a government official. This masking was possible because of a government rule on classifying platinum which states that "an alloy containing 2 per cent or more, by weight, of platinum is to be treated as an alloy of platinum," the official said. Since April 1, dealers pay only 5 per cent import duty on platinum against 15 per cent on gold under the Comprehensive Economic Partnership Agreement signed between India and major bullion trading hub the UAE in 2022, said Nitin Kedia, national general secretary at the All India Jewellers and Goldsmith Federation. "Because bullion dealers pay 10 per cent less import duty on what they claim is platinum, they can offer discounts of up to 2 per cent when selling refined gold. This puts those who import gold legitimately, paying the full 15 per cent duty, at a competitive disadvantage," he said.



UPSURGE. Since mid-June, dealers have cleared 13 tonnes of platinum consignments, valued at $1 billion from customs, compared to total platinum imports of 9.97 tonnes in 2023

BIG CONSUMER

India is the world's second biggest consumer of gold and relies on imports to fulfil most of its requirement. It is also among the top five global consumers of platinum.

The recent shipments have resulted in New Delhi losing tax revenue. Additionally, importers are taking advantage of the lower duty to sell this imported metal at a discount, distorting prices in the local market.

Gold discounts in India widened on Monday to $34 an ounce over official domestic prices, the highest in nearly 3-1/2 months and up sharply from a discount of $9 a fortnight back. The government established the current platinum import rule when platinum prices significantly exceeded gold prices, said a Mumbai-based bullion dealer with a private bank. "With platinum now trading at a discount and attracting a lower import duty under CEPA, a revision of the definition is necessary."

Value-added products were eligible for lower Indian import duty under CEPA. However in Dubai, traders are just mixing small amounts of platinum and copper into gold bars and presenting it as value addition while exporting them to India, the bullion dealer said.

Business Standard Dt: 16/07/24

Trade deficit narrows in June; exports fall to 7-month low

Growth in merchandise exports fell to 2.6% amid muted demand overseas

SHREYA NANDI
New Delhi, 15 July

Growth in India's merchandise exports fell to 2.6 per cent year-on-year in June from 13.5 per cent in May amid muted demand overseas.

They plummeted to a seven-month low in June to $35.2 billion, the data released by the Department of Commerce showed.

GROWING CONCERN

Merchandise trade (value in $bn)

Source: Department of Commerce

Merchandise imports expanded by 4.9 per cent to $56.18 billion due to a jump in inbound shipments of items such as petroleum products, electronic goods, and metals.

The trade deficit narrowed to $20.98 billion in June as compared to a seven-month high of $22 billion in May, but widened from the $19.2 billion in June last year.

Commerce Secretary Sunil Barthwal said if inflation fell globally and growth sustained, then trade would sustain. However, India will have to remain cautious of the existing geopolitical conflict or a new one if it arises.

"Going by the ongoing situation, we will be crossing exports of $800 billion (goods and services) this financial year. The quarterly figures are optimistic. Services exports are growing in a sustained manner," Barthwal told reporters in a briefing.

Non-petroleum and non-gems and jewellery exports, a clearer parameter of the health of trade, grew 8.5 per cent at $27.43 billion.

The main drivers of growth were engineering goods (10.27 per cent), electronic goods (16.91 per cent), drugs and pharmaceuticals (9.93 per cent), organic and inorganic chemicals (3.32 per cent) and textiles (3.68 per cent). "We are focusing on 20 countries of significance and are looking at six major sectors of the economy so that we can take advantage of growth factors in these sectors and these economies," Barthwal said.

However, exports of petroleum products, which comprise 15 per cent of India's export basket, contracted 18 per cent year-on-year to $5.52 billion despite a rise in international petroleum prices.

International petroleum prices rose from $74.93 a barrel in June 2023 to $82.55 per barrel in June 2024.

Aditi Nayar, chief economist at ICRA, said: "Owing to the slightly faster growth in imports vis-à-vis exports, the merchandise trade deficit expanded to $62.3 billion in Q1FY25 from $56.2 billion in the year-ago quarter. This is expected to push up India's current account deficit to ₹1.4 per cent of gross domestic product (GDP) from 1 per cent in Q1FY2024 and a turnaround of the transient surplus of 0.6 per cent of GDP that was seen in Q4 FY2024."

Services exports grew 8.9 per cent at $30.27 billion in June while imports increased 10.7 per cent to $17.29 billion, resulting in a surplus of $12.98 billion.

The services trade data for April, however, is an "estimate", which will be revised based on the Reserve Bank of India's subsequent release.

Federation of Indian Export Organisations President Ashwani Kumar said the need now was to take steps on liquidity with deeper interest subvention and extending the interest equalisation scheme for five years, "besides addressing the West Asian geopolitical situation and Red Sea challenges by ensuring containers, marine insurance, and rationale increase in freight charges".

FINANCIAL EXPRESS. Dt: 16/07/24

Exports subdued, rise just 2.6% in June

MUKESH JAGOTA
New Delhi, July 15

INDIA'S MERCHANDISE EXPORTS grew 2.6% on year to \$35.2 billion, on a very weak base (-19%), official data showed on Monday, indicating that the shipments are yet to come out of the woods. The exports had risen 12.8% in May, causing the government to predict a revival after nearly two years of stagnant trade, even as that growth too was on a shrunken base (10.4%).

Exporters ascribed the continued sluggishness to logistics disruptions like lack of availability of containers, shipping space, irregular shipping schedules and ships skipping Indian ports.

Without these disruptions, exports would have recorded a double-digit growth, Federation of Indian Export Organisations (FIEO) president Ashwani Kumar claimed. Officials from the ministry of commerce, however, discounted the issue of shortage of containers.

Imports in June were up 4.9% on year to \$56.18 billion driven by petroleum and electronics, while there was a sharp 17% contraction a year ago. The trade deficit widened 9.3% on year to \$20.98 billion. In May, it stood at \$22.3 billion, the highest level since August 2023 (\$24.3 billion).

In the April-June quarter, goods exports climbed 5.84% to \$109.96 billion and imports grew 7.6% to \$172.23 billion, both helped by favourable bases. The trade deficit in April-June widened to \$62.26 billion against \$56.16 billion a year ago.

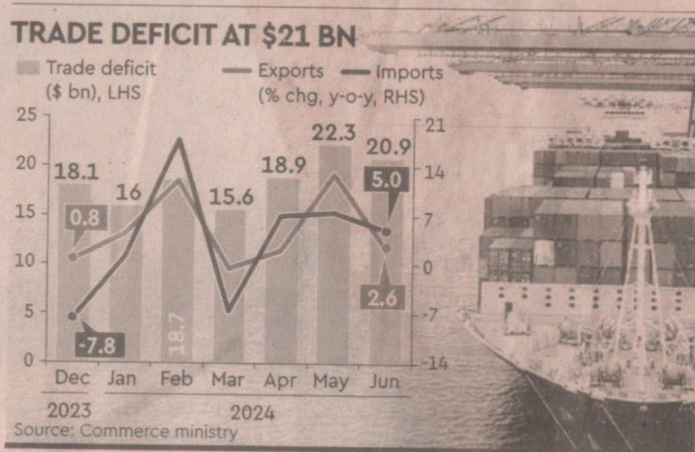
Services exports grew 8.9% on year to \$30.27 billion while imports were up 10.7% to \$17.29 billion. Services exports in April-June stood at \$90.37 billion, up 12.16%. Cumulatively, goods and services exports crossed \$200.33 billion in the first quarter of 2024-25.

"If the current trend continues, we will certainly cross \$800 billion in exports (of both services and goods) this fiscal," commerce secretary Sunil Barthwal told reporters. The major drivers of the exports in the June were engineering, electronics, pharmaceuticals, coffee and chemicals.

Engineering exports were up 10.2% to \$9.4 billion, electronics exports grew 16.9% to \$2.8 billion, pharma exports were up 9.9% to \$2.4 billion while chemical exports grew 3.3% to \$2.3 billion.

The government is focusing on six sectors — engineering, textiles and apparel, electronics, pharmaceuticals, chemicals and plastics, and agriculture — and 20 key countries to boost exports, Barthwal said.

The US, the UAE, the Netherlands, the UK and China were the biggest export markets in June while the biggest sources of imports were China, Russia, the UAE, the US and Iraq.



Business Line. Dt: 17/07/24

Crude oil imports decline to 4-month low of 18.5 mt in June

Rishi Ranjan Kala
New Delhi

India's crude oil imports during June declined to a four-month low of 18.5 million tonnes (mt) after the world's third largest importer procured record high cargo of the commodity in May.

After rising for four months, beginning February, crude oil imports fell by 15 per cent m-o-m and almost 6 per cent y-o-y in June on a provisional basis, Petroleum Planning and Analysis Cell (PPAC) data showed.

India procured a record 21.8 mt of crude in May, the highest on record as refiners rushed to meet domestic demand for auto fuels as well as for export opportunities. Subdued interest from China also spared more barrels to be shipped to India.

RUSSIAN CRUDE

During June, Indian refiners continued their purchasing momentum from Russia, its largest supplier. Inbound volumes were in the range of 2 million barrels per day (mb/d) with both public and private sector refiners lifting record volumes.

Even as India lifted higher cargo from Russia, import from traditional suppliers Iraq and Saudi Arabia declined during June, both on an annual and monthly basis.

IMPORTS FROM US

However, import of crude oil from the US has been rising since March.

Trade sources said imports were of light sweet grade due to weak market fundamentals amid refinery outages in Europe and the US's lowered demand, coupled with high supply availability specifically from US exports and better price arbitrage compared to West Asian grades. Crude oil exporting bloc OPEC said India's robust economic expansion, coupled with a positive outlook for the manufacturing sector, is expected to bolster demand for oil products in the near term.

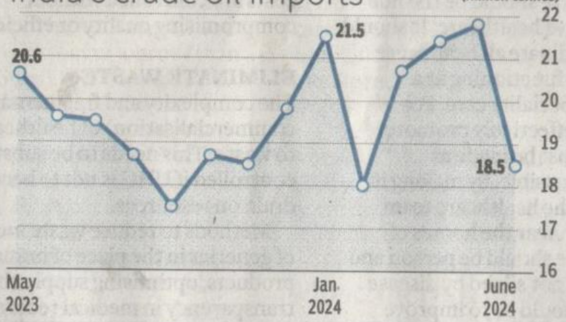
"This is expected to drive growth of 0.2 mb/d, y-o-y, on average in H2 2024. Moreover, government initiatives aimed at supporting manufacturing and household consumption are expected to underpin demand for LPG, ethane and diesel," OPEC said in its monthly oil market report for July.

At the same time, India's jet fuel demand may surge as the government adds more airport terminals amid an ongoing recovery in air travel. Jet fuel demand is expected to outperform all other transport fuels, leading to oil demand growth in the 2024 fiscal, it added.

FESTIVE BOOST

"The country's annual traditional festivities are set to support transportation activity and boost gasoline demand. However, cyclone activity in eastern India and a forecast of above-average rainfall this monsoon could weigh on agricultural and construction activities, affecting oil demand in the third quarter...," OPEC said.

India's crude oil imports



Source: PPAC

FINANCIAL EXPRESS. Dt: 17/07/24

Oil import bill up 11% in June on reduced Russian discounts

ARUNIMA BHARADWAJ
New Delhi, July 16

INDIA'S CRUDE IMPORT bill increased 10.9% in June to $11.1 billion even as the imports volume declined by 5.6%, data from the Petroleum Planning and Analysis Cell showed. The increase in import bill can be attributed to the lowering of discounts offered by Russia on its crude oil.

The country imported 18.5 million tonne (MT) of crude oil in June compared with 19.6 MT in the corresponding period of last fiscal.

Russia has become the top supplier of crude oil to Indian refiners post the Ukraine conflict.

The country imported 2.13 million barrels of crude oil per day from Russia last month, up 7.2% from the previous month, according to the data provided by Kpler. This was the highest since May 2023 when imports from Russia stood at 2.15 million barrels per day.

During the first quarter of the current fiscal, India's crude oil imports rose by 3% to 62.0 MT valued at $37.5 billion, up from $31.5 billion in the year ago period, as per PPAC data. "The rise in crude oil import bill reflects higher crude oil prices as well as lower discount on imports from Russia," IDFC First Bank said in a note.

CRUDE OIL IMPORTS

During April-May, the imputed cost of crude oil from Russia has risen to $84 per barrel, which is similar to the other two key suppliers of crude oil, Iraq ($83/barrel) and Saudi Arabia ($90/barrel), according to the bank.

"For the same period in FY24, the discount on Russian crude oil was $12/barrel (on an average vs Iraq and Saudi). As a result, the share of crude oil imports from Russia has reduced to 35% in FYTD25 (April-May) in volume terms against 38% in the same period in FY24."

The country's dependency on import of crude oil during the first quarter of the current fiscal rose to 88.8%, up from 88.3% in the April-June quarter of FY24 as the domestic production remained stagnant.

Upstream companies produced 7.3 MT of crude oil during April to June, unchanged from the same quarter last fiscal.

In June too, production remained muted at 2.4 million tonne from last year. Despite the government's efforts to boost production and reduce dependency on imports, the production has remained stagnant over the last 10 years.

So far, the country's upstream sector companies have explored only 10% of the sedimentary basin.

The government is now aiming to increase the explored area to 16% by the end of 2024 after the end of upcoming rounds of bids under Open Acreage Licensing Programme.

Business Line. Dt: 18/07/24

Oilmeals shipments down 9% in Q1 as export of rapeseed, castorseed meals dip

Our Bureau
Mangaluru

India exported 11.02 lakh tonnes (lt) of oilmeals during the first three months of 2024-25 against 12.10 lt in the corresponding period of the previous fiscal, registering a decline of 9 per cent.

However, oilmeals export increased by 19.71 per cent in June. Data compiled by the Solvent Extractors' Association of India (SEA) showed that India exported 3.35 lt of oilmeals in June 2024 against 2.80 lt in June 2023.

BV Mehta, Executive Director of SEA, said the decline in the oilmeals export during the first quarter was mainly due to cut in export of rapeseed meal and castorseed meal. Added to this, there has been no export of de-oiled ricebran since September 2023 as the Government has prohibited its export.

However, the country shipped 3.35 lt of oilmeals in June 2024 against 2.80 lt in June 2023

India exported 5.23 lt of rapeseed meal during Q1 of 2024-25 against 6.20 lt in the corresponding period of 2023-24, registering a decline of 15.7 per cent. India's castroseed meal exports decreased to 78,776 tonnes (90,750 tonnes).

He said the de-oiled ricebran prices are at the lower level and likely to go down further with increased availability of dried distiller grain solids.

In view of the above facts and sharp fall in prices of de-oiled ricebran, SEA has once again appealed to the Government not to extend the prohibition beyond July 31, he said.

India exported 4.96 lt of soyabean meal during April-June of the current fiscal against 3.64 lt in the corresponding period of the previous fiscal.

Mehta said soyabean meal (ex-Rotterdam) is being quoted at $423 a tonne now; while soyabean meal (ex-Kandla) is being quoted at $495 a tonne. This makes the Indian soyabean meal expensive in international market. Excessive production of soyabean meal is also putting downward pressure on oilmeals prices, he said.

MAJOR IMPORTERS

South Korea imported 1.88 lt of oilmeals from India during April-June 2024-25 (2.47 lt in April-June 2023-24). This included 1.37 lt of rapeseed meal, 40,039 tonnes of castorseed meal, and 10,388 tonnes of soyabean meal.

Vietnam shipped in 55,420 tonnes of oilmeals (1.92 lt) which included 48,920 tonnes of rapeseed meal, 4,736 tonnes of soyabean meal, and 1,764 tonnes of groundnut meal.

Thailand imported 1.08 lt (1.86 lt) of oilmeals from India during the quarter under review.

This included 1.05 lt of rapeseed meal and 2,296 tonnes of soyabean meal. Meanwhile, Bangladesh imported 2.18 lt (2.57 lt) of oilmeals which included 1.83 lt of rapeseed meal, and 34,437 tonnes of soyabean meal.

Iran has turned out to be the largest importer of Indian soyabean meal. This includes shipment via Dubai also. Iran imported 1.14 lt of the meal during April-June 2024-25.

Business Line. Dt: 18/7/24

Exporters urge Centre to lift ban on palm oil imports via Kerala ports

V Sajeev Kumar
Kochi

Stressing the need for the removal of palm oil imports through Kerala ports, the Kerala Exporters Forum (KEF) has urged the Directorate-General of Foreign Trade (DGFT) to come up with a proper timeline for removing the trade ban on palm oil rather than continuing with unending extensions. The DGFT imposed the ban in 2007 and subsequently extended it to protect the interests of coconut farmers.

A KEF study suggested that Kerala's 17-year ban on palm oil imports to protect coconut and coconut oil production may have been excessive. Despite this protection, the sector remains uncompetitive globally and faces price and production fluctuations, indicating deeper issues.

LACK OF EVIDENCE

There is no evidence to suggest that large imports of palm oil have caused a drop in the prices of coconut and coconut oil. Rather the decline is the result of the integration of the domestic market with the international market for coconuts.

The fluctuations and shocks in the international market are behind the sudden drop in the prices of coconut and coconut oil, the report said.

The ban, according to the report, resulted in the loss of business for Cochin Port, impacting the development of other minor ports in the State, and hit consumer interest.

This led to a rise in logistics costs as palm oil imported from neighbouring ports were transported to refineries in Kerala via road, leading to an increase in the price of palm oil for end-consumers due to the tax levied on import to Kerala via road.

The Karnataka and Tamil Nadu (two States with coconut production higher than Kerala) governments have not banned the import of palm oil.

The report requested the government to set up an expert panel to study the magnitude of revenue loss due to the trade ban.

The Economic Times. Dt: 18/07/24

Tea Exports at 231.691 m kg Almost Stagnant In 2023

PTI

Kolkata: Tea exports from the country almost remained stagnant at 231.691 million kilograms during the calendar year 2023, according to the latest Tea Board data.

Exports of the beverage during the preceding calendar year 2022 were 231.08 million kilograms.

A spokesperson for the Indian Tea Association (ITA), a leading planters' body, said that the loss of the Iran market due to payment problems following US sanctions had affected offtake of the beverage on the whole.

Iran's imports of Indian tea had plummeted to around 5.16 million kilograms during 2023 as compared to 54 million kilograms in 2019.

Business Line. Dt:- 19/07/24

Thermal coal imports fall in June on dip in power demand

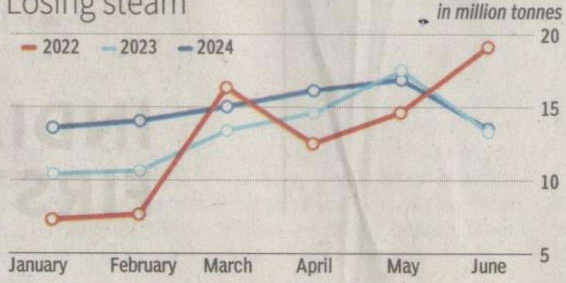
Rishi Ranjan Kala
New Delhi

India's seaborne thermal coal imports fell to a four-month low in June, reflecting the seasonal weakness in power demand as monsoon rains spread across the country bringing down temperatures.

As monsoon rain forecasts continue to be favourable, analysts expect imports to continue to slip during July and August, before a seasonal upturn takes place in September 2024.

According to energy intelligence firm Kpler, India's thermal coal imports, largely consumed by the power sector, fell a steep 22.8 per cent m-o-m to 13.62 million tonnes (mt) interrupting the five-month rally this year during which cargoes of the critical fuel rose from 13.53 mt in January to a six-month high of 17.57 mt in May.

Losing steam



Source: Kpler

However, shipments were higher, albeit marginally by 1.4 per cent, on an annual basis. According to the National Power Portal, India's coal-based power plants reported a plant load factor (PLF), or capacity utilisation, of 74.90 per cent last month, compared with 77.17 per cent and 76.48 per cent in April and May 2024, respectively.

Kpler's Lead Major Dry Bulks Analyst, Alexis Ellender, told *businessline*, "Indian seaborne thermal coal imports slowed sharply in June, dropping by 3.95 mt m-o-m to 13.62 mt, but in line with the year-ago level. Although we had anticipated this trend, the steepness of the decline was greater than expected."

PRICES UNDER CONTROL

The slowdown in thermal coal imports in June primarily reflects a seasonal fall in demand as monsoon rains bring lower temperatures. There was also a modest drawdown of stockpiles at the country's power stations, he added.

Even as India witnessed unprecedented heat waves lifting its power demand during the summer months (April-June), the prices on power exchanges were largely flat on an annual basis. The Indian Energy Exchange (IEX), in its June 2024 commentary, said proactive measures taken by the government and the regulators, including the sale of surplus un-requisitioned power on power exchanges, increased fuel supply and ensuring higher availability of generating units led to an increased sell liquidity on the exchanges which kept the prices under control on exchanges.

FINANCIAL EXPRESS. Dt:- 19/07/24

LNG imports rise 11% in June

ARUNIMA BHARADWAJ
New Delhi, July 18

INDIA'S IMPORT OF liquified natural gas in June rose by 11% to 2,648 mscm (million standard cubic meter) as the country's consumption of gas increased by 7% primarily due to the rising demand for power and increased utilisation of gas based power capacities, data from the Petroleum Planning and Analysis Cell showed.

The country consumed 5,594 mscm of natural gas in June against 5,224 mscm in the same period last year. In the first quarter of the current fiscal year 2024-25, natural gas consumption grew 3.7% to 16,707 mscm.

The natural gas import bill last month also registered a significant increase of 10% at

LNG imports	Apr-Jun FY24	Apr-Jun FY25	June FY24	June FY25
(in MSCM)	3.2	3.4	1	1.1
(in $ billion)	7,748	7,796	2,380	2,648

$1.1 billion compared from June 2023. In the first quarter of current financial year, LNG imports stood at $3.4 billion, up 6.2% from the first quarter of FY24.

In the quarter ended June, power generation from gas based power plants rose by almost 62.5% on year to 13.49 billion units, data from the Central Electricity Authority showed. Plant load factor for these plants stood at 24.8% compared to 15.3% in Q1FY24. PLF for gas-based power plants in June came to be at 25.8%, up from 17% June 2023.

The demand for power surged to about 152.38 billion units last month, 9% higher than the same month last fiscal. The rise is attributed to heatwaves in temperatures across the country. The demand grew 13% during April-June over the same period in 2023.

Power demand in the northern part of the country surged by 22% in June compared to last year due to a prolonged heatwave leading to considerably higher consumption of power for cooling appliances.

Business Line. Dt: 22/07/24

Five-year action plan underway to boost exports to $2 t by 2030

KEY STRATEGY. Focus on longer-term interventions to increase export of goods, services

Amiti Sen
New Delhi

The Department of Commerce is working on a five-year action plan to provide the building blocks for attaining the goal of exporting $2 trillion worth of goods and services by 2030. This plan will build upon the 100-day agenda road-map and go beyond, sources said.

"The focus areas for the five-year plan is likely to be expansion and diversification of products and markets, facilitating MSME export, growth of e-commerce, boost to the services sector, improvement of logistics and ease of doing business and bringing down transaction time and costs, among others," an official tracking the matter told *businessline*.

It will comprise interventions that the government is planning over a longer term to ensure that exports remain on a steady growth path with the final objective of attaining $1 trillion exports of goods and $1 trillion exports of services by 2030, the official said.

PRIORITY AREAS

- Product and market diversification key to higher growth
- Bid to increase share in global goods exports
- Boost to services sector to be part of growth strategy
- E-commerce exports to be encouraged

Increasing India's share in world trade is also one of the goals. In 2023, the country's share in export and import of global goods stood at 1.8 per cent and 2.8 per cent respectively, per the WTO.

GLOBAL DEMAND HIT

Last fiscal, exports were hit by a slowdown in global demand as turmoil in the Middle East and Russia's war on Ukraine continued to affect economies worldwide. India's export of goods slipped 3 per cent to $437 billion in 2023-24 while service exports increased 4.9 per cent to $341.1 billion during the fiscal.

In the current fiscal, things appear more upbeat. Export of goods in the first quarter of 2024-25 increased 5.84 per cent to $109.96 billion.

India's export growth challenge lies in diversifying its markets as well as products. For over one-and-a half decades, the US and the UAE have remained the top export destinations accounting for about 25 per cent export share in 2023-24. While exports to new markets like the Netherlands, Saudi Arabia, Brazil, and Indonesia have increased consistently over the recent years, there is scope for much more diversification, both in terms of products and destinations.

While India's top exports still remain traditional items like petroleum products, gems & jewellery, textiles, chemicals and pharmaceuticals, a breakthrough has been achieved in terms of increase in exports of telecom products, especially mobile phones. "There is opportunity in hi-tech exports and that could be one of the thrust areas," the official said.

GOVT MEASURES

The government strives to reduce costs and time taken for exports by reducing paperwork and facilitating online transactions, the official said, adding that this will be further enhanced, especially through specific zones like SEZs, e-commerce hubs and district export hubs.

Under the 100-day agenda roadmap, the Commerce Department is hopeful of launching the Trade Connect e-platform to help exporters get in touch with relevant stakeholders of international trade, finalise standard operating procedures for negotiating FTAs; introduce amendments in SEZ rules, make e-commerce hubs operative, besides other measures to boost exports.

Business Standard Dt. 22/07/24

'Concerned over imports from China and Asean'

JSW Steel, the country's largest steelmaker by domestic capacity, reported a 63.9 per cent Y-o-Y drop in consolidated net profit at ₹845 crore in Q1FY25. In an audio interview, **JAYANT ACHARYA**, joint managing director and chief executive officer of JSW Steel, tells Ishita Ayan Dutt about the positives on the operations side even as low-cost imports played spoil sport. Edited excerpts:

Raw material prices had softened and yet JSW recorded a sharp drop in net profit. What led to the weak performance?

Actually, from an operations perspective, the performance is not weak. We had very good demand in the country despite some interruptions due to election activity and heat waves. So, we were able to realign our domestic sales mix and our Indian operations had the highest Q1 sales.

The raw material cost on account of coking coal fell and we were able to get the advantage. Iron ore prices increased between the quarters but we had a better regional mix with sourcing from our mines in Karnataka. And we were able to focus on the value-added piece. However, Chinese exports increased and started hitting the world market. It impacted steel prices from the latter half of May and in June. That softened the sentiments in India as well. The long product prices also moderated because of the oncoming monsoons.

Are you engaging with the government on imports?

Our main concern is imports from China and Asean countries at predatory prices. We have raised this concern. The Indian Steel Association continues to engage with the government to find solutions for appropriate trade measures that can be put up quickly. We are all aware that China has got surplus of steel. Vietnam is adding to that problem. Even imports from Japan and Korea have been elevated. India is basically a vulnerable ground because our domestic demand is very good.

The Indian steel industry is adding a lot of capacity in anticipation of the economic growth in the country. The capex is heavy in nature. So, it is important for the industry to see that at least unfair trade coming into the country at predatory prices is not allowed.

Do you see further correction in steel prices?

I think flat steel prices will be range-bound because China is now operating at less than marginal cost or variable cost. Therefore, the ability to drop prices is very limited. For long products, there is a seasonal factor.

Q&A

JAYANT ACHARYA
Joint MD & CEO, JSW Steel

But support will come from two areas. Coking coal prices are coming down further. Iron ore price reduction by Odisha Mining Corporation and NMDC towards the later part of June will play out partly in this quarter. This will reduce our cost and support the spread. Existing operations will deliver better volumes.

Can you explain the rationale behind transferring the slurry pipeline from your wholly-owned subsidiary to JSW Infrastructure?

This is a capital allocation strategy. We are growing our capacities in India rapidly and our brownfield projects are at a very low specific investment cost. We are getting a better IRR (internal rate of return) in our projects versus what we have been able to give to infrastructure. In addition, raw material security which we are looking at, will give us a better return. The focus is on completing our projects on time because timeline extension is again cost and loss of opportunity.

> WE ARE AWARE THAT CHINA HAS GOT SURPLUS OF STEEL. VIETNAM IS ADDING TO THAT PROBLEM. EVEN IMPORTS FROM JAPAN AND (SOUTH) KOREA HAVE BEEN ELEVATED"

So, the IRR in your brownfield projects is better than the IRR in the slurry pipeline project?

The IRR we would have in our steel brownfield project is more value accretive. Also, the allocation of capital for our raw material security would help us. It also allows the debt to be managed in a reasonable manner.

What kind of additional volumes of steel are expected in FY25?

We stand by our guidance - 28.4 mt of production and 27 mt of sales.

The general elections are over. Do you see the disinvestment of NMDC picking up pace?

We have already submitted our EOI (expression of interest). It's a strategic asset that we want to pursue in case they again open up the discussion.

Would you look at RINL if it comes up for disinvestment?

If it comes up for disinvestment, we will look at it, provided it fits into our overall growth story.

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● GRAIN STOCKS AT 3.5 TIMES THE BUFFER

Rice export curbs may be eased

SANDIP DAS
New Delhi, July 21

GIVEN THE SURPLUS rice stocks and robust kharif sowing, the government is considering relaxing the restrictions on the grain's trade. It may allow increased shipments of rice varieties under government-to-government (G2G) contracts from its stocks and may even lift some of general export restrictions imposed last year. Besides, additional quantities of rice may be allocated to states.

Sources told *FE* that a meeting of a group of ministers will be held soon to chalk out measures to deal with the surplus rice stock, which is currently more than three-and-half times the buffer.

"There are proposals for reduction of surplus rice stocks which is currently pushing up carrying costs for the grain which may reflect in higher food subsidy expenses," an official said. States are likely to allocate additional rice at subsidised rates in addition to entitlement under the Pradhan Mantri Garib Kalyan Anna Yojana or free ration scheme.

Currently, the Food Corporation of India holds 47.01 million tonne (MT) — 32.98 MT of rice stocks and 14.12 MT of grain receivable from millers. The stock is against the buffer of 10.25 MT for October 1.

Commerce and industry minister Piyush Goyal recently stated that a group of ministers will take a call on lifting the ban on certain varieties of non-basmati rice after considering the demand-supply and price situation.

A minimum export price (MEP) of $950/tonne was imposed last year on aromatic long-grain Basmati rice which is likely to be reduced, trade sources said.

With the overall monsoon rainfall this season till Sunday being just 1.2% below the benchmark long period average or normal range, it has given a boost to kharif paddy sowing. Till July 19, the area under paddy, the most important kharif crop, was up 6% at 16.6 million hectare on year. With the arrival of paddy for the new season (2024-25) is expected to commence from October 1, the government has to initiate steps to reduce the stock in the central pool through open market sale and allow exports of white rice.

The economic cost of rice, including minimum support price (MSP), storage, transportation and other costs at the beginning of the current fiscal is estimated at ₹3,975/quintal which may see an increase due to the surplus rice stock.

Last fiscal's open market sale of rice at ₹29/kg to bulk buyers did not elicit a positive response as only around 0.1 MT of rice was sold. In the current year, the FCI would commence selling rice in the open market to bulk buyers at ₹28/kg from next month.

The corporation will provide rice at ₹24/kg to agencies such as farmers' cooperative Nafed, NCCF and Kendriya Bhandar for selling the grain at a subsidised rate of ₹29/kg under the Bharat rice initiative.

Last year, the government had initially banned white rice exports and subsequently imposed a 20% shipment duty on parboiled rice to improve domestic supplies as price rise remained in double digits.

The government, from time to time, allowed rice exports to meet the food security needs of some countries on the basis of request. Retail rice prices rose 12.15% in June. The inflation in rice prices has been in double digits since October 2022.

BOUNTIFUL

- The Food Corporation of India currently holds **47.01 million tonne** of rice as against the buffer of more than **10 MT**
- The government introduced a minimum export price (MEP) of **$950/tonne** on aromatic long-grain Basmati rice last year

- Last year, the government initially banned white rice exports, but later imposed a **20%** shipment duty on parboiled rice to improve domestic supplies
- With the monsoon in the normal range, kharif paddy sowing has got a boost. Till July 19, the area under paddy was up **6%** at **16.6 million hectare** on year