

Business Line. Dt: 27/02/24

At \$14.5 b, garment exports slowed in 2023, trailing Bangladesh, Vietnam

Our Bureau

New Delhi

India's textiles and garment exports have declined over the last five years by 7.6 per cent to \$34.24 billion in 2023 from \$37.16 billion in 2018, with China, the EU, Bangladesh and Vietnam dominating global garments trade, says a report by research body Global Trade and Research Initiative.

In the same five-year period, India saw a 25.46 per cent increase in textile and garment imports at \$9.18 billion in 2023 from \$7.32 billion, indicating a domestic demand unmet by local production, the report titled 'Regaining textile glory' suggested.

Steps that could help improve competitiveness of Indian textiles include promoting production and export of synthetic apparels, strengthening weaving and processing sectors, simplifying fabric supplies/imports, negotiating possible non-tariff barriers in FTAs, liberalising labour laws and making more factories fast fashion industry (FFI) compliant, the report said.

In 2023, India's garment exports were a mere \$14.5 billion, significantly trailing China (\$114 billion), the EU (\$94.4 billion), Vietnam (\$81.6 billion) and even Bangladesh (\$43.8 billion), the report pointed out.

"This shows India significantly trails China and the EU and is also falling behind smaller countries like Bangladesh and Vietnam. From 2013 to 2023, Bangladesh's garment exports grew 69.6 per cent, Vietnam's by 81.6 per cent, but India's grew by only 4.6 per cent... Globalisation has significantly affected the garment industry by increasing com-



petition and moving production to lower cost labour countries," it added.

SYNTHETIC FABRICS

Clothing bought by developed countries was made of mixed synthetics, while its share in Indian exports was less than 40 per cent. "This is the key reason for India's weak garment exports. Today, most formal, sports and fashion wear uses synthetic fabrics," it said adding that diversifying into synthetics would allow Indian manufacturers to run their factories the whole year as there would be demand in the autumn and winter too.

The report further said there was a need for strengthening weaving and process as only large units with the latest technology can meet the quality requirements.

Indian exporters also need to keep up with the fast-paced demands of the fast fashion industry, which includes Walmart, Zara, H&M, Gap, and online retailers such as Amazon and Zalando, to be able to benefit from it.

Negotiating non-tariff barriers in its proposed FTAs with partners such as the UK and the EU is also important for actual gains. Relaxing labour laws to encourage large units were other suggestions made in the report.

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Government mulls tax on low-grade iron ore exports

Reuters
New Delhi

India is considering an export tax on low-grade iron ore after small steel producers urged the government to curb its overseas sales, two sources directly involved in the matter said.

China typically accounts for more than 90 per cent of overall shipments of iron ore from India, which is the world's fourth largest producer of the steel-making ingredient.

Demand for steel in India, the world's second-biggest crude steel maker, has raised iron ore consumption in the country and earlier this month small steel producers petitioned the Ministry of Steel to take measures to restrict exports to help ensure sufficient local supplies at affordable rates, the sources said.

A decision on whether to impose an export tax will depend on the recommendations of the Ministry of Steel, which did not respond to a Reuters request for comment on Monday.

EXPORT DATA

The government was examining the issue, including iron ore export data and small



MAJOR MARKET. China accounts for more than 90% of the overall shipments of iron ore from India REUTERS

steel producers' demands, the sources, who are directly involved in decision-making, told *Reuters*. They declined to be identified as the deliberations are not public.

In May 2022, India raised the export tax on low-grade iron ore lumps and fines - with iron content below 58 per cent - to 50 per cent from zero, and hiked the duties on pellets to 45 per cent from zero, as part of efforts to meet rising local demand.

But when exports trickled to a halt, the government scrapped these taxes November 2022 and currently allows duty-free exports of low-grade iron ore or ore with iron content below 58 per cent. India primarily exports low-grade iron ore.

Indian iron ore exports touched 32.2 million metric tons during the first nine

months of the current fiscal year that began in April 2023 - worth \$2.7 billion - from 9.5 million tonnes a year ago, government data reviewed by *Reuters* shows.

India's steel demand is likely to stay strong as the government expects economic growth to outpace the global economy in the next fiscal year.

In 2023, China's iron ore imports hit a record high of about 1.18 billion metric tons as Chinese demand surged and its steel exports picked up, with a lot of shipments of finished steel coming into India.

The Federation of Indian Mineral Industries (FIMI), an industry body of mining firms, has written to the federal Steel Minister asking the government not to curb iron ore exports.

Business Line-Dt: 27/10/29

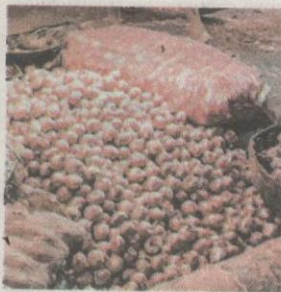
Onion producers urge Centre to ensure 'fair and just' export system

Radheshyam Jadhav

Pune

While the Centre has authorised the export of 54,760 tonnes of onions to Bangladesh, Mauritius, Bahrain and Bhutan until March 31, the Horticulture Produce Exporters' Association (HPEA) has urged for a "fair and just system" for onion exports, requesting the government to refrain from allocating export shipments to a select few exporters based on recommendations from the Ministry of External Affairs.

In a letter to the Centre on February 23, the HPEA said, "The government plans to allow exports of the onions by private traders/exporters. In this respect, we pray you good self to follow a fair and just equitable system for distribution of quantity to our associate members and an amicable system be laid out for the same." Earlier, the HPEA had suggested the government put in place standard operating



Exporters have raised concerns over the distribution of export opportunities PTI

ive implementation of export and equitable distribution, but it didn't get any response. Some exporters have been accused of using a specific method to secure export contracts. These exporters reportedly reach out to foreign countries, asking their governments to request onion exports from India and nominate them as the chosen exporters.

An exporter, speaking anonymously to *businessline*, expressed concern that if new contracts are awarded dispropor-

tionately to few such exporters based on the Ministry of External Affairs' recommendations, it would be detrimental to free trade, adversely affecting over 1,500 onion exporters in India.

DEMAND FOR PROBE

A prominent exporter in the field criticised the export ban for the general exporters while allowing a select few to export, who are reportedly making 300 per cent profit.

"This practice is unfair and could lead to an uncontrollable trend. There should be a thorough investigation by the Enforcement Directorate, Central Bureau of Investigation and other agencies to bring the culprits to justice. Onion farmers, affected labourers, truck owners, bag suppliers and struggling exporters need justice," said the exporter. Echoing these sentiments, other exporters raised widespread concerns about the distribution of export opportunities and profits in the onion industry.

Business Line Dt: 28/02/24

Amid surge in China shipments, steel imports in Apr-Jan at 6-year high

Reuters

New Delhi

Steel imports touched a six-year high in the first 10 months of the fiscal year to March, led by Chinese shipments, and India was a net importer of finished steel, according to provisional government data seen by Reuters on Tuesday.

The demand for steel was strong in the world's second-biggest crude steel producer as the country remained a bright spot globally with robust demand from its construction and automotive sectors. Steel consumption in the country jumped 14.5 per cent to a six-year high of 112.5 million metric tonnes during the period, reflecting buoyant demand for

the alloy. India's steel demand is likely to stay strong as the government expects economic growth will outpace the global economy in the next fiscal year. According to the data, India imported 6.7 million metric tonnes of finished steel between April and January, up 35 per cent from a year earlier. Meanwhile, India's steel mills have called for government interventions against surging imports. However, the Steel Ministry has resisted calls for curbs, citing strong local demand.

China was the top exporter of finished steel to India between April and January, shipping 2.18 million metric tonnes of the alloy, up 80 per cent from the same period a year earlier to hit a six-year high.

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New norms to sell dust tea via auctions will boost exports: ITEA

Mithun Dasgupta
Kolkata

The Indian tea industry has welcomed the Union government mandate that 100 per cent auction of dust tea from North Indian tea gardens. It is a "much-needed step" as to ensure greater regulatory compliance, boosting exports of the brew.



TO SPREAD AROMA. The reliability and transparency of MRL testing, resulting from 100% dust auctions, will ensure better compliance in the North Indian tea industry

"The gazette notification on 100 per cent dust auction be compulsorily required through public auctions, barring any directly exported or directly marketed tea by North Indian producers, is a welcome move," said Indian Tea Exporters Association (ITEA) Chairman Anshuman Kanoria.

Notably, in the gazette notification, the Ministry of Commerce and Industry said cent per cent of dust grades tea manufactured in a calendar year in its manufacturing units located in geographical areas of Arunachal Pradesh, Assam, Bi-

har, Himachal Pradesh, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand, and West Bengal, is to be sold through public tea auctions. However, this mandate will not apply to mini tea factories.

"Once these enforced variable sampling teas are required to be sold 100 per cent in the auctions, we will be able to reliably see the quality that has been pro-

duced and the MRL compliance of North Indian teas. The Indian Tea Exporters Association strongly welcomes it and commends the government for this much needed step," the ITEA chairman said.

The reliability and transparency of MRL testing, resulting from 100 per cent dust auctions, will ensure better compliance in the North Indian tea industry

and help boost tea exports, he added.

REGULAR TESTING

Meanwhile, Indian Tea Association, in a media statement issued on Tuesday, said all Indian tea estates and factories are registered with the Food Safety & Standards Authority of India (FSSAI) and remain committed to comply with the prevalent standards of FSSAI. "The present testing protocol allows testing of 33 chemicals for tea. Testing is being done on a regular basis by tea producers as well as buyers. The testing protocol not only includes FSSAI prescribed Plant Protection Formulations (PPFs) but also covers testing of banned chemicals," it said, adding the Indian tea industry is subject to social audit by Certification Agencies to ensure compliance with social, environmental and ethical standards.

"These are well documented and a transparent system is in place to check the teas being produced by

Bought leaf tea makers want Coonoor auction issue resolved

V Sajeew Kumar
Kochi

Voicing concern over the suspension of tea factories in Coonoor, bought leaf tea manufacturers have urged the Tea Board to rectify the issues at the earliest, saying that any disruption in the auctions cannot be tolerated considering the integrity of the tea industry.

Dhananjayan Krishnamurthy, President of the Nilgiri Bought Leaf Tea Manufacturers Association, said.

in a letter to the Tea Board, that there are several issues in Coonoor such as unavailability of warehousing space; overloading of warehouses; buyers not adhering to

stipulated time frames for moving teas; essential revision to free trade samples distribution, etc. Despite repeated requests to address these issues, the Board has failed to take decisive action, he said.

It is imperative that manufacturers are permitted to upload invoices for the upcoming sale and determine base prices and reserve prices for forthcoming auctions to avoid any disruptions in the auction process.

He said the preferential treatment afforded to auctioneers, permitting them to continue operations in other centres despite their licenses being suspended, is a stark example of biased enforcement.

tea estates. The ITA supports comprehensive testing to check compliance of teas," ITA said, adding there is, however, a need to create further testing infrastruc-

ture including a testing mechanism for testing of green leaf. And, this has been flagged by the association with the appropriate authorities.

'India slowly eating into China's electronics export market share'

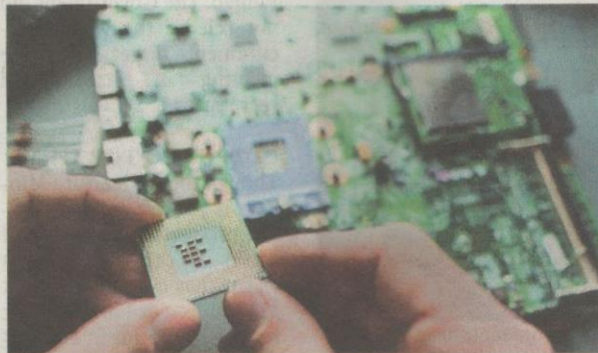
MAKE IN INDIA PUSH. Centre luring electronics makers with heavy incentives, says study

Bloomberg

India is chipping away at China's dominance in electronics exports in some key markets as manufacturers diversify supply chains away from the world's factory to other parts of Asia, a new study shows.

The impact is most pronounced in the UK and US, where geopolitical tensions with China have increased in recent years. India's electronics exports to the US as a ratio of China's increased to 7.65 per cent in November last year from 2.51 per cent in November 2021, according to London-based Fathom Financial Consulting. In the UK, the share rose to 10 per cent from 4.79 per cent.

The Centre is luring electronics manufacturers to the



STRATEGIC ALTERNATIVE. The impact is most pronounced in the UK and US, where geopolitical tensions with China have increased in recent years

country with heavy incentives, such as tax cuts, rebates, easier land acquisition and capital support. The aim is to expand the domestic manufacturing industry in order to export more, and help businesses grow to global scale through partnerships. India

houses Samsung Electronics's biggest mobile phone factory, while Apple makes at least 7 per cent of all its iPhones in India through its contract manufacturer Foxconn Technology Group and Pegatron Corp.

The rise in electronic ex-

ports is "likely the result of Foxconn's increasing investment in India," Andrew Harris, an economist at Fathom Financial Consulting said.

CHINA PLUS ONE

India's progress in gaining market share has been more limited in Europe and Japan, "suggesting a move towards dual supply chains (China plus one) rather than a complete abandonment of China-based production, at least for now," Harris said.

The report shows that India's electronics exports as a ratio of China's was 3.38 per cent in Germany and 3.52 per cent globally. Indian companies have been touting their role in multinationals' 'China plus one' strategy, which sees manufacturers developing back-up capacity in other countries.

PC imports from China up over 11%

ASIT RANJAN MISHRA
New Delhi, 28 February

After a month's gap, the import of personal computers, including laptops and tablets, from China surged 11.3 per cent to \$276 million in December. This occurred when total imports of such items contracted by 0.8 per cent, according to the latest data from the commerce department.

The same month witnessed a decline in the import of personal computers from countries/regions like Singapore and Hong Kong, which saw a decrease of 66.1 per cent and 41.8 per cent, respectively. These marginal players accounted for \$11.6 million and \$13.6 million worth of shipments to India in December.

China's share in total shipments of these items to India stood at 89.4 per cent in December. It was 76.4 per cent for the April-December period of FY24.

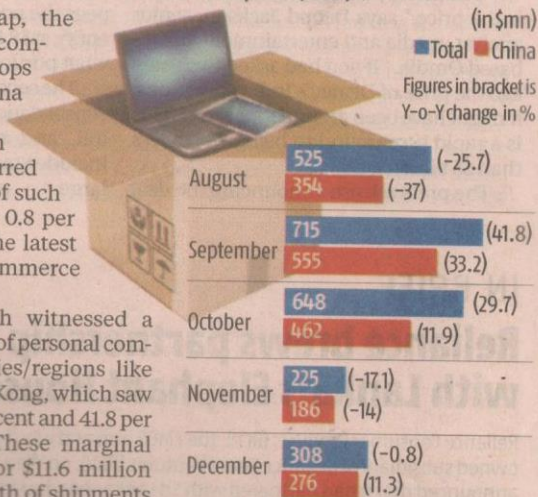
In November, when the government's online monitoring system for the import of electronic hardware items became operational, imports from China contracted by 14 per cent, while the overall decline was 17 per cent.

On August 3 last year, the central government announced plans to categorise products in the information technology hardware segment, such as laptops, tablets, all-in-one personal computers, ultra-small form factor computers, and servers, under the "restricted" label.

This announcement led to a surge in the import of laptops and tablets in September (by 41.8 per cent) and October (by 29.7 per cent), amid fears of licensing requirements. However,

SHIPPING IN

PC imports (2023)



Source: Commerce department

after the industry expressed serious concerns over the decision — which was originally aimed at reducing import dependence on China and ensuring a trusted supply chain — the government deferred the implementation until November 1.

In a further step-down, the government announced that it would not restrict the import of such electronic products from any territory, while also introducing a new contactless import authorisation system.

With the import monitoring system now in place, the government is able to collect data about specific products coming in from different sources.

India's key trading partners have expressed concerns over the online monitoring system at the World Trade Organization.

Turn to Page 6 ▶

KSCADC nets ₹49.5 lakh in fish product export orders

Our Bureau

Kochi

The Kerala State Coastal Area Development Corporation (KSCADC), an initiative of the Fisheries Department, has garnered export orders worth ₹49.5 lakh of value-added fish products from the United States, Canada, New Zealand and Australia.

The documents relating to the shipment of two containers of products were received by Chief Minister Pinarayi Vijayan and Fisheries Minister Saji Cherian. The documents were handed over by Anas KK, Managing Director of IAN Overseas Pvt Ltd, the export merchants firm through which the export is being executed.

The project seeks to scale up entrepreneurial and employment opportunities in the State's fisheries sector by promoting export of its own brand of dried fish, frozen fish and a variety of other marine products



worth ₹10 to ₹100 crore.

Last year, KSCADC had shipped 12 items of value-added fish to these countries as sample consignments and they received high ratings for quality, processing methods and packaging. Niche markets like the UAE, UK and Europe have also expressed keen interest in having the processed and value-added items from KSCADC.

The items going into the shipment were processed and packaged by KSCADC's solar-powered Fish Processing Centre (FPC) at Sakthikulangara near Kollam, fully adhering to international standards relating to quality and energy.