

India's crude oil imports from Russia averaged 1 mbd in FY23

BUSINESS LINE dt. 5/4/23

BIG BUYER. 'Surpassed China as Russia's largest seaborne crude oil buyer in Dec 2022'

Rishi Ranjan Kala

New Delhi

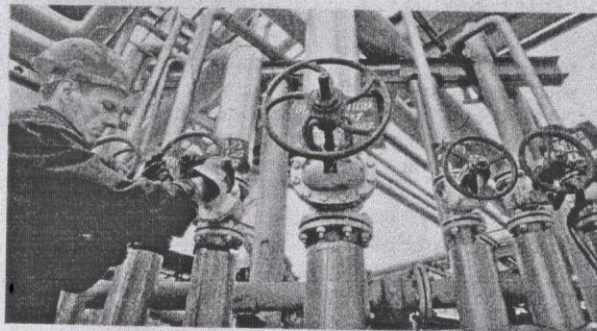
India on an average imported almost 1 million barrels per day (mbd) of crude oil from Russia in FY23, becoming the largest buyer of the seaborne commodity, surpassing China.

According to the energy intelligence firm Vortexa, India, imported a record 1.65 mbd in March 2023, the fourth consecutive month it took the top spot.

CRUDE OIL PURCHASES

A back of the envelope calculation of India's crude oil purchases during FY23 from Russia, as per Vortexa data, shows that on an average the contract size was 999,817.3 barrels per day (bpd). In FY23 till February, India's total crude oil imports stood at 211.6 million tonnes (mt) worth \$146.6 billion.

Russia, which accounted for less than 2 per cent of India's imports till February 2022, now has a share of more than 35 per cent. In



MOPPING UP STOCKS. March was the fourth consecutive month of India taking the top spot as buyer

comparison, it imported 212.4 mt of crude oil worth \$120.7 billion in FY22.

The second half of FY23 witnessed a significant growth in supplies with cargoes surpassing 1 mbd from December 2022 onwards. Barring April 2022 (269,634 bpd) and June (945,296.5 bpd), the crude supplies between April-November 2022 stood in the range of 730,000 to 930,000 bpd.

IMPORTS TO CONTINUE

A senior government official said India will continue to

purchase crude oil from Russia, and "other markets" and is always "exploring a better deal".

"Till the price cap is not disturbed, there is no issue with imports from Russia. We will continue it. With the OPEC+ production cuts, it becomes more important for India to secure affordable and assured supplies to shield the oil marketing companies (OMCs) who have to endure under recoveries to shield the citizens from high prices," the official added.

Analysts expect the rela-

tionship to continue in FY24 as Russia is offering discounts, mainly on the Ural grade, which is helping shore up the financial profile of oil marketing companies (OMCs), which have not raised retail prices of petrol and diesel since April 6, 2022 as the government intends to tame inflation.

ICRA's Vice President & Co-Group Head (Corporate Ratings) Prashant Vasisht said, "Indian imports of Russian crude oil have increased substantially in FY23 vis-a-vis earlier years due to the discount on landed cost basis."

Going forward, he said, India would continue to maximise imports of Russian crude in FY24 as well. The discounts on Russian crude were in the range of \$10-15 per barrel in FY23.

Vashisht said, "The discounts are likely to continue, given the price cap and embargo on Russian energy imports by G-7 and EU. Accordingly, India would continue to maximise Russia crude oil purchases."

Lab-grown diamond export zooms 51% in 2022

BUSINESS LINE dt. 6/4/23

Our Bureau
Mangaluru

Export of lab grown diamonds (LGDs) from India recorded a growth of 51 per cent in 2022, according to a reply by the Union Commerce Ministry in the Lok Sabha.

In a written reply on Wednesday, Anupriya Patel, Union Minister of State for Commerce and Industry, said the export of LGDs increased to \$1,780.59 million in 2022 against \$1,178.77 million in 2021.

India exported LGDs valued at \$532.35 million and \$445.56 million in 2020 and 2019, respectively.

LGDs are a low-cost alternative to natural diamonds, having the same chemical and optical properties. As a result, higher production of LGDs will further reduce costs and that is expected to expand the diamond market in India.

“With the introduction of LGDs, the aggregate consumption of diamonds would increase thereby increasing employment opportunities,” she said.

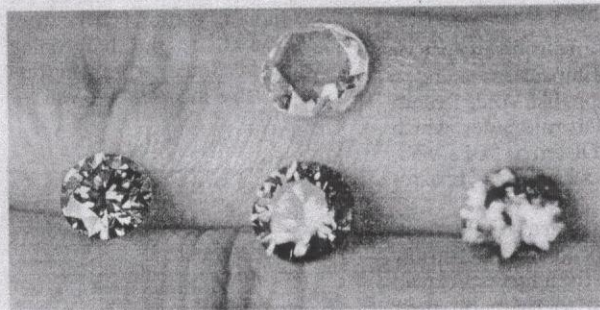
SMP EXPORTS

To a separate query on the export of skimmed milk products, Patel said the export of skimmed milk powder has increased from \$35.80 million in 2020-21 to \$132.66 million in 2021-22, registering a growth of 270 per cent.

India exported 46,293.10 tonnes of skimmed milk powder in 2021-22 against 13,457.10 tonnes in 2020-21. The country shipped out 16,349.12 tonnes of skimmed milk powder valued at \$62.30 million till January 2022-23, she said.

AGRI EXPORTS

To another query on the export of commodities such as wheat, rice and sugar, Anupriya Patel said exports



GLITTERING PERFORMANCE. The export of lab-grown or artificial diamonds increased to \$1,780.59 million in 2022 against \$1,178.77 million in 2021

of wheat have declined after the export was prohibited on May 13, 2022.

Monthly exports of non-basmati rice have remained lower from September 2022, than the pre-restrictions level of August 2022.

TEA SECTOR REFORMS

To a query on the steps taken to reform and modernise tea sector, the Minister said the draft Tea (Promotion and Development) Bill, 2022

aims at the reorientation of the Tea Board to play a more facilitative role and engage in overall promotion and development of the tea sector (including promotion of Indian tea in both domestic and international markets).

The draft Tea (Promotion and Development) Bill, 2022 was placed in the public domain for three months with effect from January 10, 2022, and feedback from 101 stakeholders, were received. ✓

Steel exports slump to 6.7 mt in FY23 on duty levy, weak markets

BUSINESS LINE dt. 6/4/23

Abhishek Law
New Delhi

India's steel exports slumped to one of its lowest since FY19 with the country exporting just 6.7 million tonnes (mt) in April-March 2022-23, halving on a year-on-year basis, provisional data available with the Steel Ministry showed.

The fall comes on the back of an export duty imposed for six months of the fiscal and weakening in key markets due to economic and geopolitical headwinds.

Exports for FY22 were 13.5 mt - one of the best year's for Indian mills while in FY21 it was at 10.8 mt. In FY20, exports stood at 8.4 mt. In FY19 and FY18, ex-

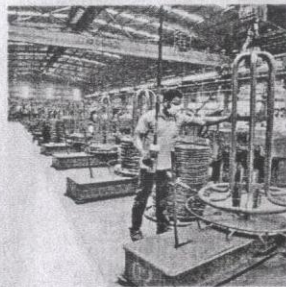
ports stood at 6.4 mt and 9.6 mt, respectively.

"Primarily a six month-long duty regime and a follow-on impact of that, for at least two more months, impacted order books," an exporter said.

However, Vedant Goel, MD at Neo Mega Steel LLP, said both recessionary trends and duty imposition both have contributed but the extent of their impact will vary depending on factors such as the market or steel type sold.

"(For instance) better prices offered by Japan and Vietnam despite the Centre lifting export duties made Indian steel exports uncompetitive," he said.

The saving grace was India still being a net exporter of finished steel for the fiscal



Steel imports rise 30 per cent to 6 mt in FY23

gone by with exports exceeding imports by 0.7 mt.

IMPORTS UP

Steel imports, on the other hand, rose to one of the highest in the last three years.

Import stood at 6 mt, up 30 per cent y-o-y in FY23. In

FY21 and FY20, imports stood at around 4.7 mt level for each year.

In FY20, FY19 and FY18, imports were 6.8 mt, 7.8 mt and 7.5 mt, respectively, Ministry officials told *business-line*.

Most of the imports were in specialty steel category while some came on account of cheaper offerings mostly from Russia.

Incidentally, the key export offerings - non-alloyed steel - was hit the hardest, primarily because of the duty levy. Non-alloyed steel exports last fiscal stood at 4.5 mt, down 64 per cent y-o-y. Non-alloyed steel exports in FY22 were 12.4 mt.

Indian mills had tried to counter the duty levy by ramping up on alloyed steel

(also called boron steel) offers. Although there were fewer takers, alloyed steel - which did not have tax levy - saw exports double to 2.2 mt on a y-o-y basis. In FY22, exports in the alloyed steel (including stainless steel) category was just 1.1 mt.

India's steel majors had reported a drop in profits in the December quarter. Steel mills project improvement in number March quarter onwards.

MARCH TRENDS

"There is some uptick in export trends in March over February. Imports are coming down too. We hope that

the momentum sustains as price offers improve," the exporter said.

India had been a net importer for steel for five straight months - October to February - of this fiscal. Steel shipments coming in (imports to India) saw a 28 per cent sequential decline to 28 per cent to 0.42 mt in March (against 0.58 mt in February) but increased 22 per cent y-o-y (0.35 mt in March 2022).

On a sequential basis, India exported 0.8 mt of steel in March, up 41 per cent over February (0.6 mt) but down 32 per cent over the year-ago period (1.2 mt in March 2022).



National Fertilizers Limited

(A Govt. of India Undertaking)

Vijainur Unit, Distt. Guna (M.P.): -473111

Govt mulls limited import of butter, ghee

BUSINESS LINE dt. 6/4/23

MAKING UP FOR SHORTFALL. Decision likely before May to increase availability during summer

Prabhudatta Mishra
New Delhi

The Union government is considering to allow import of some dairy products such as butter and ghee in limited quantity without any subsidy to improve domestic supply amid apprehensions of a stagnant production of milk with demand surging by 8-10 per cent.

Addressing a press conference on Wednesday, Animal Husbandry and Dairy Secretary Rajesh Kumar Singh said the Government may intervene to import dairy products such as butter and ghee, if required, after assessing the stock position of milk in the southern states. However, sources said the plan is at an advanced stage to improve supply during the summer.

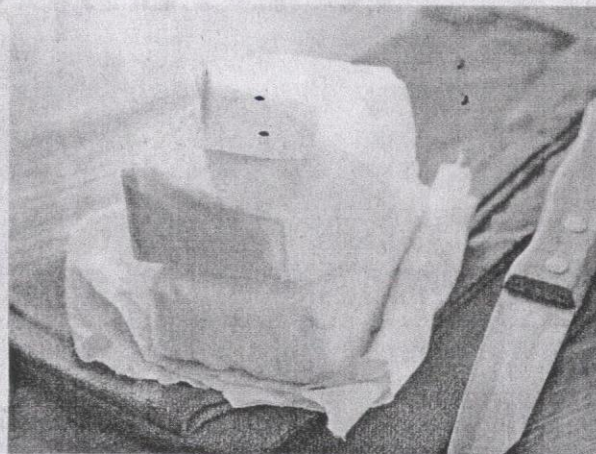
"There will not be any subsidy and the selling prices of the imported

products will not be cheaper than domestically produced items as the Government will protect farmers' interest. It will be imported by the National Dairy Development Board (NDDB) and co-operatives will sell through their own networks," said a top official.

OUTPUT STAGNANT

India last imported dairy products in 2011. Milk output in India grew 6.25 per cent to 221 million tonnes (mt) in 2021-22 from 208 mt in the previous year, as per official data.

Singh said milk production remained "either stagnant or grew by 1-2 per cent" in 2022-23 (April-March) against 8-10 per cent growth in domestic demand due to post-pandemic health factors. The co-operatives, which have 30 per cent share in the entire milk sector, reported 1-2 per cent growth in production



AFTER A DECADE. India last imported dairy products in 2011

while private and unorganised sectors data point to stagnant production.

"There is no constraint in milk supply as such in the country. There is an adequate inventory of skimmed milk powder (SMP), too. But in the case of dairy products, especially fats, butter, ghee, etc stocks

are lower than the previous year," Singh said. Import, if allowed, may not be cheaper at this point in time as international prices in recent months are ruling firm, he said.

The shortage will be less in North India where the lean season has been postponed with temperature

cooling down due to untimely rains in the last few days, the secretary said.

LSD IMPACT

There are several factors that are contributing to price rise and including high fodder costs and lower investment in the dairy sector due to Covid. As 1.89 lakh cattle died last year due to the lumpy skin disease (LSD), it has resulted in stagnant production of milk, he said.

"The impact of LSD on cattle can be felt to the extent that the total milk production is a little stagnant. Normally, milk production has been growing at 6 per cent annually. However, this year (2022-23), it will be either stagnant or grow at 1-2 per cent," Singh said. He also said there is a problem in fodder supply as the crop area has remained stagnant at 4 per cent of cultivable area in the last four decades. ✓

India's Russian Oil Imports Now Double of Iraq Shipments

ECONOMIC TIMES dt. 10/4/23

Press trust of India

New Delhi: India's imports of crude oil from Russia touched a new high of 1.64 million barrels per day in March and is now double of the purchases from Iraq - the nation's traditional top oil supplier. But the purchases appear to have plateaued as growth has slowed. Russia continued to be the single largest supplier of crude oil, which is converted into petrol and diesel at refineries, for a sixth straight month by supplying more than one-third of all oil India imported, according to energy cargo tracker Vortexa.

Refiners continue to snap up plentiful Russian cargo available at a discount to other grades.

From a market share of less than 1 per cent in India's import basket before the start of the Russia-Ukraine conflict in February 2022, Russia's share of India's imports rose to 1.64 million barrels per day in March, taking a 34% share. The purchases from Russia in March were double of 0.82 million barrels per day (bpd) of oil bought from Iraq, which has been India's top oil supplier since 2017-18.

India, the world's third-largest crude importer after China and the United States, has been snapping Russian oil that was available at a discount after some in the West shunned it as a means of punishing Moscow for its invasion of Ukraine.

Month-on-month, purchases from Russia rose marginally from 1.62 million bpd of oil imported from the country in February. According to Vortexa, Saudi Arabia was India's second largest supplier of crude oil in March, selling 986,288 bpd. Iraq with 821,952 bpd sales was the third biggest supplier.