Business Line. Dt:- 20/02/24

Govt set to lift onion export ban but may cap shipments at 3 lt

UNHAPPY LOT. Having sold their produce to traders, farmers question the rationale

Our Bureau
Pune

The Centre has decided to withdraw the ban on onion exports but will cap the shipments. However, farmers argue that the move will benefit the traders more due to the decision. Bharti Pawar, Union Minister of State and MP from Nashik, announced the Centre's decision to withdraw the ban on onion exports.

Pawar, who represents Dindori (Nashik rural constituency) told local media that while the ban is being lifted, the terms and conditions, including the extent of the cap, will be clarified in the impending government notification. According to sources, the government will allow the export of onion up to 3 lakh tonnes.

Leader of the ruling BJP, Shiv Sena, Nationalist Congress Party (NCP) government in Maharashtra welcomed the move saying the Union government's group of ministers (GoM), led by Home Minister Amit Shah, has decided to withdraw the ban on onion exports. According to these leaders the decision, made during a meeting on Sunday, is expected to be formalised in a detailed notification within a couple of days.

EYE ON RATES. The ban on onion exports was imposed on December 7, 2023. It was set to remain in effect until March 31 to address the demand for onions in the domestic markets and stabilise wholesale prices PTI

TRADERS STOCK UP

The ban on onion exports was imposed on December 7, 2023. It was set to remain in effect until March 31, in an effort to address the demand for onions in the domestic markets and stabilise wholesale prices. Onion farmers in Nashik have expressed their concerns over the lifting of the ban, stating that the majority of farmers have already sold their produce to traders at low prices. They believe that the decision to lift the ban will primarily benefit traders who have stocked onions. The State Onion Growers Association has criticised the government for its handling of the situation. It has questioned the logic behind imposing and then lifting the ban. Farmers have described the decision as illogical and claim that it has had a severe impact on their livelihoods.

Bharat Dighole, President of the Association, said over 90 per cent of the red onion crop has already been sold. He emphasised that if the government intends to lift the export ban to benefit farmers, it should do so without imposing any terms and conditions on the exports.

TRADERS' DEMAND

Onion traders in Nashik have expressed uncertainty about the government's decision to lift the ban on onion exports, as they are still awaiting an official notification. Many traders have said they are not yet aware of the specifics of the decision.

Traders have raised concerns about the export process, demanding that the government lift the ban for all traders and not just allow government-to-government exports. They argue that this would allow for greater flexibility and benefit a wider range of traders in the market.

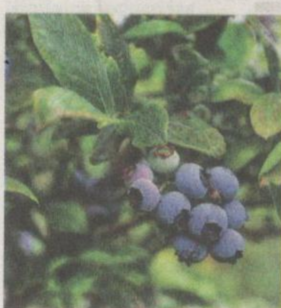
Business Lines. DH 21/02/24

India eases import restrictions, cuts import duty on select US farm goods

Shishir Sinha
New Delhi

The Finance Ministry has lowered import duty on certain items from the US. These include blueberries and cranberries where duties have been cut to 5-10 per cent from 30 per cent. Similarly, import duty on meat and edible offal of turkey, frozen meat is reduced to 5 per cent from 30 per cent.

New tariff rates have been made effective from February 20, a notification issued by the Ministry said. This move is a follow-up of an announcement made in September last year after Prime Minister Narendra Modi's meeting with the US President Joe Biden. Both countries agreed to resolve their last outstanding dispute at the World Trade Organization (WTO) on import restrictions on poultry products from Washington, with New Delhi throwing in some additional sweeteners in the form of duty cuts on frozen turkey, frozen duck and a variety of cranberries and blueberries.



A statement issued by the US Trade Representative office, in last September said that as part of the agreement, India had agreed to reduce tariffs on certain US products including frozen turkey, frozen duck, fresh blueberries and cranberries, frozen blueberries and cranberries, dried blueberries and cranberries, and processed blueberries and cranberries. "These tariff cuts will expand economic opportunities for US agricultural producers in a critical market and help bring more US products to customers in India," it had said.

POULTRY CASE

The US filed a poultry case against India in the WTO in 2012 for the removal of an import ban imposed by the country on US poultry on account of bird flu. India lost the case at the WTO at the panel level in 2014 and also subsequently at the appellate level. While India then lifted the ban, the US was not satisfied with the mechanism involved for poultry shipments and also the steep import duties and hence did not withdraw the case at the WTO.

Commenting on the latest development, Khushbu Trivedi, Associate Director with Nangia Andersen India, said, "Reduction of the duty on these niche items rarely produced in India would help the USA in penetrating the Indian market, and also in bringing the prices of these products down in India. This move shall also benefit other nations forming part of WTO," she said.

The notification has also reduced the import duty to 'NIL' on 'Cotton, not carded or combed, with staple length exceeding 32mm.' "The decision reflects a proactive approach by the government to address industry feedback and adapt import regulations accordingly," Trivedi said.

Business Line. Dt:- 21/02/24

Don't lose export focus at the altar of import substitution: Arvind Panagariya

KR Srivats
New Delhi

India must preserve its export-focused orientation and remain open to global markets for it to grow faster and move into a higher growth trajectory, Arvind Panagariya, Chairman of 16th Finance Commission has said.

This is even as the country had in recent years enhanced its focus on import substitution via Aatmanirbhar and Production Linked Incentives (PLI) to spur economic growth and employment.

Exiting this current phase of import substitution is going to be a challenge for a country like India, Panagariya said, in an exclusive interaction with Rahul Ahluwalia, Director at Foundation for Economic Development (FED), a think tank.

Arvind Panagariya, Chairman of 16th Finance Commission

Panagariya said that the intellectual support for industrial policy and import substitution remains strong in India. And there are few champions of an outward export-focussed orientation, he noted.

"I fear that, in our case, exiting this new phase of import substitution will be a challenge," he added.

OPEN DOOR

Panagariya said that he has looked at successful countries such as Hong Kong, Singapore, Taiwan, South Korea, China, and India — that have had high-growth. "My conclusion is very clear — countries that have been open are the ones that have grown rapidly", Panagariya said.

"This temptation of import-substituting industrial policy is not unique to India. A good example is South Korea. Between 1963 and 73, it grew rapidly, and exports had been a big part of the growth, but the import-GDP ratio was even higher, around 25 per cent, which is when the temptation to reduce imports by industrial targeting of heavy and chemical industry started. In the end, growth fell by 2-3 percentage points. The difference is that they realised it quickly and, by 1979, exited the industrial policy", he said.

On why countries with low per-capita incomes, such as India, must focus on exports, Panagariya explained how the global export market was worth $32 trillion in 2022, almost ten times India's GDP. "Even if we can capture the global market for a few products, that's it! We don't have to do anything else. That really is the China story — it acquired a very large share in certain products. And that gave China such a huge boost; for 3-4 decades, it grew at 10 per cent a year."

Business Line. Dt:- 21/02/24.

'Domestic IT growth surpassed exports in 2023 for first time'

KEY DRIVERS. Progress was aided by govt investments, use of emerging technology

Haripriya Sureban
Mumbai

Even as India's tech industry witnessed slower growth due to macro headwinds, the domestic IT growth, in 2023, for the first time, exceeded export growth (the growth of export of services), said Rajesh Nambiar, Chairman and MD, Cognizant India, and Chairperson, Nasscom.

The domestic growth was supported by government investments and embracement of emerging technologies, as the market grew 7.8 per cent in 2023. Nambiar was speaking at Nasscom Technology and Leadership Forum 2024.

"The Indian economy grew two times faster than the global economy, and the investments we have made in physical and digital infrastructure and demographics is actively shaping our businesses, and that's a huge progress. This decade is actually ours," he said.

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>
> **RAJESH NAMBIAR**
> Chairman and MD, Cognizant India and Chairperson, Nasscom

TECH INDUSTRY

Tech industry in India is now a $253-billion industry and employs over 5.4 million people. India is the third largest tech start-up ecosystem and the third largest digitised country in the world. Given the global headwinds in 2023, the industry did witness a slower growth but still has added $9 billion incremental revenue and 60,000 new jobs, Nambiar noted.

Chairman further underscored that the engineering research and development (ER&D) industry alone contributed 48 per cent of the total export revenue addition in FY2024. Additionally, the global capability centres (GCC) have been a bright spot this year as they have been expanding their portfolio in India. The industry added 53 new GCCs in 2023, and the total talent employed by the industry is 1.6 million people.

Nambiar also noted that the tech start-up ecosystem this year has made good progress with over 950 tech start-ups being founded in 2023, contributing to a total of more than 31,000 tech start-ups in the last 10 years. The cumulative funding in the sector from 2019 to 2023, exceeded $70 billion.

Business Line. Dt: 21/02/24

Cardamom exporters bet big on Gulfood 2024 for Ramadan business

V Sajeev Kumar
Kochi

The commencement of Gulfood 2024 in Dubai has revived Indian cardamom exporters' hopes to gain a competitive edge vis-à-vis Guatemalan produce in the Gulf markets for the ensuing Ramadan fasting season, which begins from March.

Shippers are optimistic despite Guatemala's competition, buoyed by the current season's lower Indian cardamom prices.

Last year, Indian cardamom lost business due to higher prices, but this season's $5 per tonne price difference with Guatemalan crops is expected to boost sales. Domestic prices range from ₹1,450 to ₹1,500 per kg.

Yet, the escalating Red Sea crisis is hindering exporters' efforts to ship cargo to Gulf countries other than Dubai, causing transit delays of up to two weeks and increased costs due to ship diversions. This situation has led to delays in receiving funds from abroad, impacting domestic cash flow, noted a cardamom exporter in Vandanmedu, Idukki.

BUYERS FACE DILEMMA

M Dhanavandan, the Bodinayakanur based cardamom exporter who is in Dubai for Gulfood 2024, told *businessline* that many buyers found Indian prices to be favourable this time, generating interest in purchasing the crop from this region.

However, buyers faced a dilemma for making their purchases.

With new crop arrivals and existing stocks of Guatemalan bought at lower prices during times when Indian crop prices were higher, decision-making became more complex. The approaching Ramadan sales also added another layer of complexity to the equation, he said.

The unpredictability of Indian cardamom prices further compounded buyers' concerns.

The question of whether prices would increase in the near future or remain stable at current levels, and whether it was prudent to book cargo now or wait for potential price drops during the onset of new arrivals, loomed large, he added.

DOMESTIC MARKET

PC Punnoose, General Manager at KCPMC Ltd, highlights the current instability in the domestic market due to decreased demand and subdued export purchasing since January.

With Ramadan occurring earlier this year, buyers in Gulf nations have fulfilled their needs, and a positive trend is anticipated only once export purchasing resumes.

Moreover, upcountry markets in many North Indian cities are sluggish, exacerbated by a farmers' strike in Haryana, causing disruptions in truck movement. Cardamom production is nearing the end of the season, with the next crop expected to begin in June, contingent upon the arrival of the south-west monsoon.

FINANCIAL EXPRESS. Dt:- 21/02/24

Govt: Onion exports ban to continue till March 31

SANDIP DAS
New Delhi, February 20

THE BAN ON onion exports will continue till the end of the current fiscal while shipment of essential vegetables is allowed on request from countries, a senior official said on Tuesday. The clarification follows a spike in onion prices in key markets after Monday's decision to allow exports of around 0.3 million tonne (MT) of onion to Bhutan, Bangladesh, Sri Lanka and Mauritius.

"Ban on onion export will continue till March 2024. However, the government allows shipment of food items, including onion to countries for which requests come through diplomatic channels" an official said.

Average mandi prices of the key vegetable at the Lasalgaon, Nashik, Maharashtra on Tuesday rose by 25% to ₹1,500/quintal from ₹1,200/quintal prevailed last week. When the government imposed ban on onion exports in December, the mandi prices in Lasalgaon was ₹4,500/quintal.

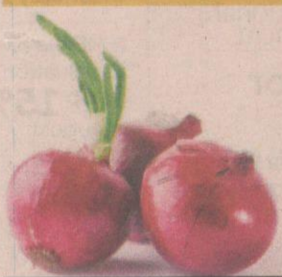
The wholesale prices of onion at Azadpur mandi in Delhi, Asia' biggest market for fruits and vegetables, also rose to ₹1,800/quintal from ₹1,500/quintal in the last week.

However, according to the Department of Consumer Affairs, modal retail prices of onion rose to ₹25/kg on Tuesday from ₹20/kg prevailed last week.

THE ONION STORY

- Average mandi prices rose **25%** from last week
- Retail inflation of onions rose by **29.59%** in Jan

Onion prices rose **74.17%** y-o-y in December 2023	In August 2023, **40%** export duty was imposed



Jaydutt Holkar, director, agricultural produce market committee (APMC), Lasalgaon, told *FE* that prices are likely to fall in the next few days as the quantity of exports approved is small to make any major dent in domestic supplies. He said the rabi harvest will start arriving in the market by March 15.

Officials said that a team of officials had visited key onion growing states to assess the onion stocks and it has been found that there is sufficient stock of the vegetable currently available to meet the demand for the next two months.

"The rabi harvest is likely to peak in April," an official said, adding that rabi harvest constitutes about 60% of the total output and is stored for supplies till October.

Retail inflation of onions rose by 29.59% in January 2024 on year. In December, the prices of the key kitchen staple rose by 74.17% on year.

In December 2023, the government had banned exports of onion till March 31,2024 after the modal retail prices of the key agricultural commodities doubled to ₹60/kg from ₹30/kg reported three months back.

In October, 2023, to discourage exports and improve domestic supplies, the government had imposed a minimum export price (MEP) of onion at $ 800/tonne, which translates into ₹67/kg.

Earlier, the government had imposed a 40% export duty on onions in August last year.

During April-November of the current fiscal, India has exported around 1.62 MT of onion, mostly to Bangladesh, Malaysia, United Arab Emirates, Sri Lanka and Nepal.

India exported a record 2.5 MT of onion 2022-23, which is an increase of 65% from the previous fiscal.

The export ban was the first intervention in onion exports since January 2021. The government has not imposed a ban on onion exports since 2021, which was the norm a few years back.

Business Line. Dt:- 22/02/24.

Farmers seek clarity amid onion export curb denial by official

Our Bureau
Pune

With the Consumer Affairs Secretary refuting claims made by Union Minister of State Bharati Pawar, Maharashtra Chief Minister Eknath Shinde, and other ministers that the Centre has lifted the ban on onion exports, farmers and traders in Nashik, the onion hub of India, are seeking a clarification on the issue. They have urged the Government to clarify its stand to prevent further damage to onion prices and supply fluctuations.

In the last few days, politicians, including Bharati Pawar who represents the Dindori Lok Sabha constituency in Nashik, and Maharashtra Chief Minister Eknath Shinde with his other cabinet colleagues reiterated that the Centre has decided to lift the ban on onion export.

Politicians even congratulated the Union Government for the decision.

BAN NOT LIFTED

Despite earlier reports suggesting the ban might be lifted, the Centre clarified that the ban on onion exports will continue until March 31.

Consumer Affairs Secretary Rohit Kumar Singh told the media that the ban will remain in place. Exports of onions were banned from December 8, 2023, until March 31 this year to ensure an adequate supply of onions to domestic consumers at reasonable prices. The government's decision was influenced by factors such as the delay in kharif arrivals, the amount of onions exported, and the global situation, including trade and non-trade restrictions imposed by major suppliers.

FARMERS AGITATED

"We denounce the government's decision to stick to the export ban. Onion farmers are united and we will show our power the government" said Bharat Dighole, President of the Maharashtra Onion Growers Association.

Shetkari Sanghatana leaders said even after the meeting on Sunday the Union Government didn't issued a notification to lift the ban and it is playing with the emotions of farmers who have suffered heavy losses because of the export ban. Meanwhile, onion farmers in the State have questioned political leaders who made announcements that the government has decided to lift the export ban. " Politicians and ministers should explain why they misguided farmers on this issue" said farmer SP Paigude.

'Ban based on wrong data'

The Union Government's decision to impose a ban on onion exports is being questioned, with Maharashtra's Agricultural Costs and Prices Commission Chairman Pasha Patel stating that it was based on incorrect data and unsubstantiated fears of a shortage in the market.

Patel said the ban was imposed shortly after a government team visited Maharashtra in November 2023. He expressed concern over the lack of mechanism to accurately track onion cultivation data, including seed sales and sowing accuracy.

Traders in Nashik supported Patel's views, noting that the Lasalgaon Agricultural Produce Marketing Committee (APMC) yard handles significant onion trade volumes, and Maharashtra contributes approximately 43 per cent of India's onion production.

Despite erratic rains damaging kharif onion crops over the past three years, traders in Nashik do not anticipate an immediate shortage of onions.

Some farmers in Nashik are moving away from onion cultivation due to fluctuating prices but that would not affect overall supply.

Eknath Patil, a farmer, said, "The ban is unlikely to be lifted even after March 31, especially with the elections approaching, as the government fears lower onion production due to reduced area coverage, particularly in Maharashtra".

Business Line. Dt: 23/02/24.

'India best placed to export components for over 60 GW of upcoming global offshore wind capacity'

Rishi Ranjan Kala
New Delhi

International wind turbine manufacturers command large production bases in India, which can double as an export hub, particularly to tap the more than 60 gigawatt (GW) of upcoming global offshore wind capacity, S&P Global Commodity Insights said in its latest report.

"We expect average annual wind additions (onshore) of around 4 GW between 2024 and 2030. Based on that, the Indian market is already around 4 times oversupplied," S&P Global Commodity Insights Associate Director of Analysis of Gas, Power and Climate Solutions Indra Mukherjee said.

A lot of the manufacturing in India is owned by regionally diversified western turbine makers, who supply almost everywhere outside China and prominently in Europe and the US. This opens opportunities for exports, he added. Prominent western turbine makers such as Vestas as well as specialist equipment makers like TPI Composites have scaled up and modernised their India manufacturing footprint — priming it as an export hub.

WINDS OF CHANGE. Global installations of wind and solar will reach one terawatt in the next two years, finds a report NAGARA GOPAL

"Exports of wind turbine components in 2023 were nearly twice that of 2019 levels in revenue terms. Export opportunities are more attractive for standardised and labour-intensive components like towers and blades and is growing for nacelles too," Mukherjee noted. "However, not all the capacity is suited for exports. A lot of it is owned by domestic turbine makers who don't have international order books," he pointed out.

According to S&P Global Commodity Insights' top 10 trends in clean energy technology in 2024, global installations of wind and solar will reach one terawatt (TW) in the next two years, taking global installations to 3.5 TW and pressing an urgent need for more flexible power systems. But it is offshore wind that is set for an "unprecedented milestone" year.

"More than 60 GW of new offshore capacity are set to be auctioned in at least 17 different markets — an all-time record high," S&P Global Commodity Insights Clean Energy Technology Lead Eduard Sala de Vedruna said.

SOLAR MODULES

India leads solar PV manufacturing expansions outside of mainland China. "India has now significant solar PV module manufacturing to serve the growing domestic market and to export to international markets (mostly US) after success of local incentive manufacturing program (PLI) and duties (BCD)," S&P Global Commodity Insights' principal research analyst of gas, power and climate solutions Jessica Jin said.

India was heavily dependent on module imports until the implementation of the basic custom duty (BCD) in April 2022. The production linked incentive (PLI) scheme stimulates PV manufacturing and will be central to reach module self-sufficiency before 2026, she added.

Module capacity in India by the end of 2023 was 10 GW more than anticipated at the beginning of the year. New investors entered module manufacturing apart from winners of the PLI rounds, stimulated by both attractive local manufacturing policies and opportunities to manufacture in India and ship to the international markets.

Business Line. Dt: 26/02/24.

US sanctions on Venezuela threaten to disrupt India's crude oil imports

Rishi Ranjan Kala
New Delhi

The US' move to re-impose sanctions on Venezuela, if it fails to hold free and fair elections by April 18, again threatens to disrupt the crude oil trade with India.

India, which resumed importing Venezuelan crude oil in December 2023 after a hiatus of over three years, emerged the largest buyer in January for the South American nation that has the world's largest proven oil reserves.

However, the spectre of impending sanctions against the Nicolas Maduro government threatens to not just disrupt imports, but also attempts by PSU refiners to utilise stuck dividends by procuring barrels and investing in oil projects.

According to energy intelligence firm Kpler, India imported more than 2,54,000 barrels per day (b/d) last month and over 1,91,000 b/d in December 2023 from Venezuela. Until 2019, India was Venezuela's third largest purchaser, after the US and China, importing roughly 3 lakh b/d on an average.

FRESH SANCTIONS

Earlier this month, ONGC Videsh MD Rajarshi Gupta, on the sidelines of the India Energy Week, said the company is awaiting cargoes from Venezuela in lieu of stuck dividends. It is also in talks to operate two oil and gas projects.

OVL owns 40 per cent stake in Venezuela's San Cristobal project — a producing asset — and 11 per cent in the under development Carabobo project.

However, a top government source said since the US threatened actions against Venezuela, India is studying the situation. "Let's wait for now. But, there are no issues [importing crude] till April and investment decisions factor in such scenarios. Also, both sides are in constant touch," he added. In May 2022, the US's Office of Foreign Assets Control (OFAC) allowed Eni and Repsol to resume oil-for-loan exchanges, which also accelerated negotiations between state oil company Petroleos de Venezuela (PDVSA) and its foreign JV partners, including ONGC.

KEY SOURCE. As per energy intelligence firm Kpler, India imported more than 2,54,000 barrels per day (b/d) last month and over 1,91,000 b/d in December 2023 from Venezuela (file photo) REUTERS

In August 2023, Venezuela's Vice President Delcy Rodriguez met Oil Minister H S Puri, deliberating on ways to enhance the crude oil trade. After the US lifted sanctions in October 2023, as part of the six month deal with Maduro, oil cargoes of the heavy sour grade Merey flowed into India in December 2023.

On January 30, the US warned that if there is no progress between Maduro and Unitary Platform, particularly on allowing all presidential candidates to compete in the election, it will not renew the license that expires on April 18.

Venezuela responded that it is prepared to counter a return of sanctions, trade sources said, adding that the message has done little to calm buyers, including India, who have plans to lift more cargoes. This also skews talks to invest in energy projects.

Viktor Katona, Kpler's Lead Crude Analyst told *businessline*: "I think the threat is real because President Maduro has been benefitting greatly from lifting of sanctions, all the while changing very little in the way Venezuela operates. That said, the White

FINANCIAL EXPRESS. Dt:- 26/...

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Centre mulling minimum import price for tur dal

SANDIP DAS
New Delhi, February 25

TO KEEP IN CONTROL

Inflation in tur (%, y-o-y)

Source: MoSPI

TO PREVENT PRICE manipulations by traders, the government is considering a proposal to impose a minimum import price (MIP) for tur dal, a chunk of which is imported from Myanmar and a few African countries, including Malawi and Mozambique.

An official said as the country sources the pulses variety from a few countries, some importers taking advantage of the situation are pushing prices up, causing a spike in domestic prices. "We are considering a proposal to impose MIP on tur dal imports so that price manipulations by traders can be stopped," an official told *FE*, adding that an MIP in the range of \$900 to \$1000/tonne is being discussed.

Sources said despite higher prices, imports from Myanmar and Mozambique have been sluggish. In the first three quarters of the current fiscal, the import of tur dal was 0.14 MT and 0.2 MT from Myanmar and Mozambique, respectively, while the imports were 0.21 MT and 0.46 MT in the same period of FY23. Consumer affairs secretary Rohit Kumar Singh had recently warned global pulses traders, especially from east Africa and Myanmar, against manipulating prices by making a killing as the country imports significant quantities of pulses. Earlier, India had signed a memorandum of understanding (MoU) with Mozambique for the import of 0.2 MT of tur annually for five years when the retail prices of tur skyrocketed to ₹200 a kg in 2016. This MoU was extended for another five years in September 2021.