

4/ BusinessLine dt. 28/2/23

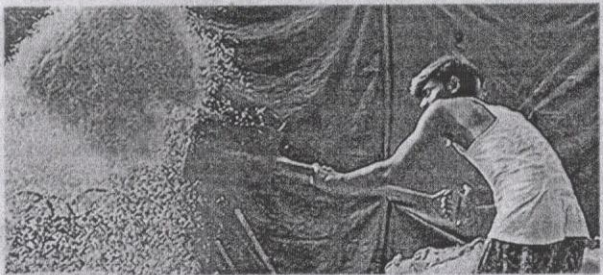
# 'Ban on wheat import, export unlikely to go soon'

**Amiti Sen**  
**Prabhudatta Mishra**  
New Delhi

No immediate changes are likely in the Centre's decision disallowing both import and export of wheat, officials tracking the matter have said.

"India is unlikely to import wheat as, right now, the government is clearing FCI stocks and this would meet the current requirement. The intention is to clear up as much stock as possible so that one has space for procurement next year," an official told *businessline*.

The government had estimated wheat stocks at 126 lakh tonnes (lt) as of April 1, 2023, before its decision to offload 50 lt from the Central Pool under the open market sales scheme (OMSS) was taken. Now that offtake is robust under OMSS and as much as 30-35 lt OMSS allocation is likely to be exhausted by March 31,



**AMPLE SUPPLY.** There is no need for imports as the FCI stocks can meet the current requirement *PTI*

the country may have around 90 lt of stocks as of April 1, 2023, against the buffer norm of about 75 lt, another official said.

## WHEAT EXPORTS

On wheat exports, the official said the Inter-Ministerial Committee will take a view on the matter in due course after the new crop starts coming into the market from April and there is a more accurate production estimate available. "Last year, it turned out that a part of the wheat crop was af-

ected due to a scorching heat wave in March and the decision to export had to be withdrawn abruptly. Such situations should be avoided," he said.

Last week, the India Meteorological Department (IMD) issued an advisory to farmers from Punjab, Rajasthan and Haryana asking them to check for heat stress in their wheat crop, as maximum temperatures were likely to be 3-5°C higher than normal in several parts of the country.

After the heatwave-induced

drop in yield last year, exports during the procurement season led to official purchases falling to a 15-year low of 188 lt in the 2022-23 season (April-March), from 433 lt in 2021-22.

## 'BIG RISK'

"It will be a great risk if without ensuring 250 lt procurement, export is allowed, particularly when the temperature is rising in the wheat-growing belt and the Russia-Ukraine war is still continuing," said an official source. Besides, the government's policy of offering wheat to friendly countries is working fine, he said.

Since about 180 lt of wheat is needed for distribution under the National Food Security Act (NFSA) and other welfare schemes annually, and considering a provision of 50 lt for OMSS, the minimum procurement the government can target is 215 lt due to a higher opening stock of 15 lt from the buffer.

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Financial Express

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channel  
REUTERS

## Hong Kong Jan exports plunge most in 70 years



HONG KONG'S EXPORTS plunged in January by the most in 70 years as waning global

demand and the Lunar New Year break weighed on trade and Chinese demand remained weak. Overseas shipments plummeted 36.7% from a year earlier to \$37.1 billion, the Census and Statistics Department said Monday.

BLOOMBERG

*Business Standard dt 1/3/23*

# RUSSIAN CRUDE OIL IMPORTS TOUCH A RECORD HIGH IN FEB

India continues to defy US-led sanctions on Moscow, as over one in three barrels of crude oil flowing to India in February came from Russia, data



shows. India imported about 51 million barrels of crude oil from Russia in February, 16 per cent higher than the 44 million barrels imported in January,

according to data from commodity market intelligence firm Kpler.

# Govt discontinues tariff rate quota for sunflower oil import

Our Bureau  
Mangaluru

The Centre has discontinued the TRQ (Tariff Rate Quota) for the import of crude sunflower seed oil for 2023-24 which was to have run up to June 30. With this, the Government has ended the TRQ facility for the import of crude sunflower and soyabean oils at nil customs duty until June 30, 2024.

The move comes after the country is estimated to produce a record mustard crop and farmers have huge stocks of soyabean with them. The decision follows prices of mustard, a rabi crop that has begun arriving now, crashing across

agri-terminal markets in the country below the levels of the minimum support price (MSP) fixed by the Centre.

## LEVEL-PLAYING FIELD

In a public notice issued today, the Directorate General of Foreign Trade (DGFT), under the Union Ministry of Commerce and Industry, said no TRQ shall be allocated for the import of crude sunflower oil in FY24.

The validity of TRQ issued for sunflower oil during the financial year 2022-23 shall be valid for clearance of import till June 30, 2023, provided the Bill of Lading date is March 31 or before. In view of this, the last date of import of crude sunflower seed oil under TRQ has been revised to March 31,

2023, from June 30, 2023. In a notification issued on May 24, 2022, the DGFT allowed the import of 20 lakh tonnes each of crude soyabean oil and crude sunflower oil per year for two years under TRQ at nil rate of customs duty and Agricultural Infrastructure and Development Cess to control inflation and surging prices of edible oil.

In a public notice dated January 11, 2023, the DGFT discontinued the TRQ facility for crude soyabean oil with effect from April 1.

BV Mehta, Executive Director of the Solvent Extractors Association of India, said this will ensure level-playing field to domestic refiners and ensure remunerative price to farmers.

Business Standard dt. 03/3/23

# EU's carbon tax may hurt metal exports: GTRI

SHREYA NANDI

New Delhi, 1 March

The European Union's (EU) Carbon Border Adjustment Mechanism (CBAM) will not only disrupt global trade but also have a negligible impact on climate, according to a report released by Global Trade Research Initiative (GTRI).

The carbon tax is also expected to pose a significant

challenge to India's metal industry. As much as 27 per cent of India's iron, steel, and aluminium exports worth \$8.2 billion went to the EU in 2022, the think tank said. Electricity, fertiliser, hydrogen, and cement will also attract carbon tax, but in this case, India will not be affected as it does not export these products to the EU. The CBAM will be implemented in four phases. Starting October 1, there will

be a 27-month transition period. Exporters will not have to pay tax, but will have to share details of the carbon content of aluminium and steel, and other covered products with the respective EU-based importers. This data will be shared with the European Commission.

From January 1, 2026, the EU will start collecting carbon tax on each consignment of steel and aluminium. By 2034,

all goods and materials imported into the EU will be taxed under the mechanism.

This will push up tariffs for iron and steel as well, as aluminium products to 20-35 per cent, up from the average 2.2 per cent bound tariff rate agreed upon by the EU for its manufacturers at the World Trade Organisation (WTO).

"High tariff walls will disrupt world trade," the think tank said.

RECORD OUTPUT ESTIMATED

# Rice exports keep pace despite tax

Strong global demand, competitive pricing boost shipments

SANDIP DAS  
New Delhi, March 2

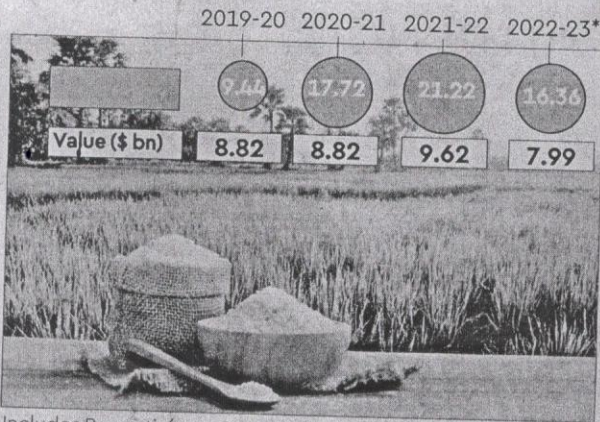
WITH ROBUST GLOBAL demand and floods adversely impacting crop in Pakistan, India's rice exports in the current fiscal are likely to match last year's record level of 21 million tonne (MT) despite the government imposing export taxes on certain varieties of rice last year.

In value terms, there will be a higher realisation in the current fiscal as Basmati rice shipment in the first three quarters of the current fiscal already touched \$3.33 billion, which is 40% more than \$2.37 billion value of aromatic rice shipment during April-December 2021-22. Realisation rose by 20% to \$1,044/tonne in April-December 2022-23.

"Demand has been robust because of resumption of shipment to Iran and a spike in demand in Gulf countries especially from Saudi Arabia, Iran, United Arab Emirates and others for the forthcoming Ramadan months," K Kaul, senior executive director, All India Rice Exporters' Association, told FE.

India annually exports 4 - 4.5 MT of Basmati rice and has an 80% share in the global trade of aromatic rice. India has been the world's largest rice exporter in the last decade - export earnings stood at \$9.6 billion (21 MT) in 2021-22. In the first nine months of the current fiscal, India has already shipped rice worth of \$7.99 billion (16.36 MT). In case of non-basmati

## GROWING SHIPMENTS



Includes Basmati / non-Basmati rice \*Apr-Dec

rice shipment, there has been marginal growth of 3% in the first three quarters of the current fiscal to \$4.66 billion despite India imposing exports taxes last year.

In September, India, world's biggest rice exporters with more than 40% share in global trade, had imposed ban on broken rice exports and put a 20% export tariff on the non-basmati and non-parboiled rice, a measure aimed at improving domestic supplies because expectation of a decline in production in 2022-23 crop season (July-June).

However, the fear of loss of production was allayed with the agriculture ministry estimating a record rice output of 130.83 MT in 2022-23 crop year. "After an initial slowdown because of imposition of export tax last year, the rice shipment has increased in the last couple of months because of robust demand," V Krishna Rao, president, Rice Exporters Association, said. Currently, non-basmati rice prices are around the Minimum Support Price (MSP).

The government has

announced MSP of paddy at ₹2,040/quintal. Conversion between paddy and rice is around 67%.

The United States Department of Agriculture (USDA) in its February, 2023 crop outlook has stated: "India remains the most competitively-priced source for Asian rice,". India's broken-kernel rice was quoted at \$435/tonne last month.

"Strong global demand and competitive pricing have ensured a surge in rice exports in the current fiscal and adherence to quality parameters has resulted in significant demand for Indian rice with the grain being shipped to more than 75 countries," M Angamuthu, Chairman, Agricultural and Processed Food Products Development Authority (APEDA) said.

In terms of volume, Bangladesh, China, Benin, Nepal and Iran are five major export destinations of rice. Geographical Indication (GI) tagged Basmati rice is a premium variety of rice cultivated in the Himalayan foothills mostly in Punjab, Haryana, western Uttar Pradesh, Jammu and Kashmir.

dated: 6/3/23

SHIPMENTS OF FRUITS AND VEGETABLES KEEP PACE

# Agri exports rise 10% to \$21.8 billion in April-Jan

Strong global demand & competitive pricing boost rice exports

SANDIP DAS  
New Delhi, March 5

**EXPORTS OF AGRICULTURAL** and processed food products rose by 10% to \$21.79 billion during the first ten months of the current fiscal (2022-23) compared to the same period last year, driven by a spike in shipments of rice, fruits and vegetables, livestock and dairy products.

This comes at a time when India's merchandise exports shrank by 6.59% to \$32.91 billion on year in January 2023 because of the slump in global trade and a moderation in domestic investment, and consumption demands. Cumulatively, however, during April-January 2022-23, the country's merchandise exports rose 8.51% to \$369.25 billion.

According to the Directorate General of Commercial Intelligence and Statistics, the

## AGRICULTURAL & PROCESSED FOOD PRODUCTS EXPORTS



\*including other products, Source: DGCISS, April-January (2022-23)

value of Basmati rice exports during April-January (2022-23) rose by more than 41% on year to \$3.8 billion from \$ .7 billion in the previous year.

The shipments of non-Basmati rice registered a moderate growth of 3.3% to \$ 5.1 billion during the same period.

Because of robust demand and lower shipments from Pak-

istan due to floods impacting the crop last year, realisation from the Basmati rice rose by 19% to \$1,044/tonne in April-January (2022-23) against \$877/tonne realised a year ago.

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The export of meat, dairy and poultry products declined marginally compared to last year at \$3.3 billion during the April-January period. The dairy products alone registered a growth of 10% to \$512 million during the same period.

Processed fruits and vegetables reported export growth of 29% to \$1.6 billion in April-January 2022-23 on year. For the current fiscal, an export target of \$23.5 billion has been set by APEDA.

# John Deere India exports tractors to US, Europe; sees FY23 sales at 900K

GEETA NAIR  
Pune, March 5

JOHN DEERE INDIA has exported fully built tractors from its India plant to the US, Japan, Germany and other parts of Europe.

The company had shifted a line to manufacture the 5M range of its high-end higher horsepower tractors in India during the Covid-19 pandemic to leverage the manufacturing and supply base in the country.

Shailendra Jagtap, managing director and country manager, India, John Deere, said the company exported tractors made in India to 110 countries and the 5M was the latest series to be exported out of the country. These are tractors in the 75-130 HP range and are being manufactured exclusively for the export markets. The company is



at present exporting around 35% of its total production.

Jagtap said the company is not only exporting tractors but also components and electronic systems from India. There are 80 Indian suppliers of John Deere India who have now become global suppliers and are playing a part in the advanced products being developed by Deere globally, he added.

In addition, John Deere India is also developing products, providing engineering and IT sup-

**The company, which has completed 25 years of operations in India, is also exporting components and electronic systems from India**

port to the global operations with a 4,400-strong team located in Pune and Bengaluru.

Mukul Varshney, region 1 director (corporate affairs), John Deere, said it will continue to invest and leverage manufacturing, talent and India's supply chain to serve farmers in India and around the world, with growth expected in both the domestic and export markets.

John Deere India, a subsidiary of John Deere Singapore (an arm of Deere & Co), has

recently completed 25 years of operations in India. The company is headquartered in Pune with a plant at Sanaswadi near Pune with a capacity to make 72,000 tractors, and in Dewas, Madhya Pradesh, which has the capacity to manufacture 60,000 units of the 5000 Series of tractors in India. The company had a customer base of 700,000 with around 10% share of the Indian tractor market and a leading position in the 45 HP and higher range.

The country's total tractor sales in FY23 are expected to be at 900,000 units and FY24 is also expected to remain at a similar level, but this would depend on the monsoon, Jagtap said.

Apart from tractors, John Deere now also has a road construction firm in India which was part of the global acquisition of Wirtgen Group.

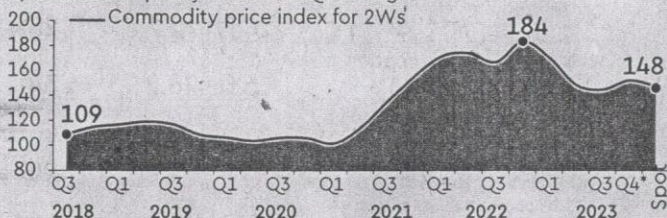


# Bajaj Auto: Exports to pick up in FY25

Our 2-wheeler commodity index increased by 5% so far in Q4FY23 vs Q3FY23 average

On y-o-y basis, 2-wheeler commodity index is down by 17%.

Spot Index is up only 2% vs the Q3 average.



Source: SIAM, Bloomberg

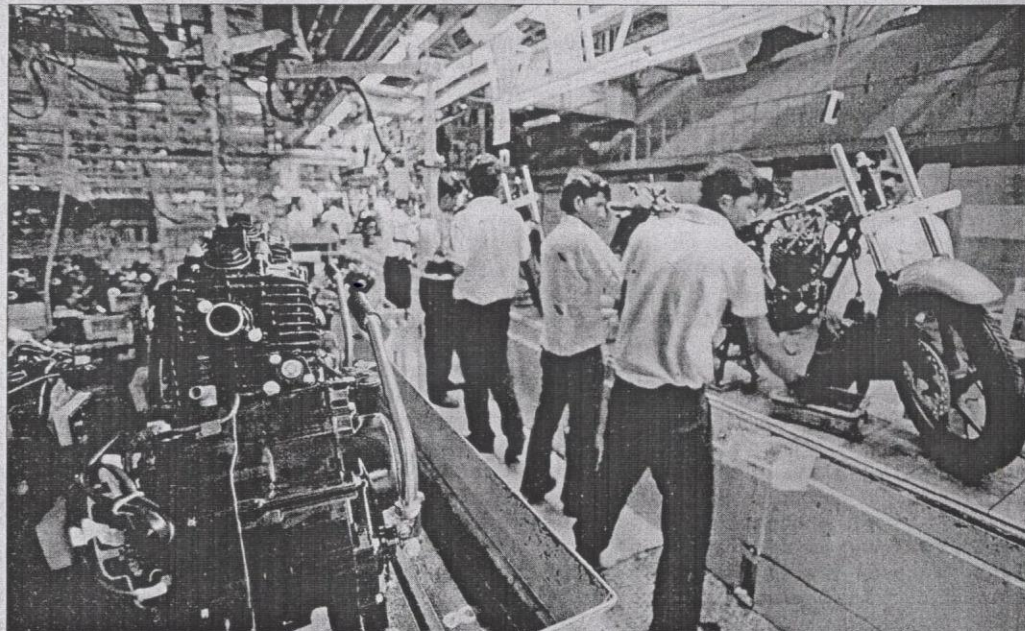
## Improvement in volumes of 2Ws & 3Ws in coming quarters

**BAJAJ AUTO IS** is expected to cut motorcycle and three-wheeler production by up to 25% across its export-focused plants next month, reflecting uncertainty in its largest market, Nigeria. Bajaj's export volumes is set to decline in FY24 as well and see positive growth only in FY25. While volumes may bottom out soon, recovery may be slow as most key export markets have macroeconomic headwinds. We retain Buy and ₹4,200TP; valuations are reasonable

(14-15x FY25e EPS) and domestic business has a favourable base.

**Exports—expect gradual recovery:** Bajaj's exports are nearly at a decade low. Management has suggested a likely pick-up from May/June. We think exports should bottom out in the near term, but a recovery may take some time.

We discuss macro views from our economics teams of Bajaj's key export markets, including Nigeria, Colombia, Philippines and Brazil, below. Almost every market is seeing macro headwinds, and although the extent varies, the reasons are similar and sticky. In Nigeria, inflation and unemployment headwinds are adverse and, unless



the government is able to bring back oil production, a macro recovery is likely to be protracted. Some African countries like Ghana are in an even worse shape. Countries like Colombia and Brazil are expected to see a deterioration in macro activity in 2023, while the Philippines is struggling with sticky inflation.

So, overall, we expect a decline in export volumes in FY24 as well. On the positive side, the long-term outlook is unchanged as most of these markets are underpenetrated and should grow from FY25 onwards. Separately, domestic volumes are growing well now, although admittedly on a low base.

Still we expect a consistent improvement in domestic volumes (both 2Ws and 3Ws) in the coming quarters. On our new estimates, the stock is trading at a reasonable c14-15x FY25e EPS, and hence we retain our Buy rating.