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TRADE NEWS

WEATHER WOES TO CRUSH INDIA'S SUGAR PRODUCTION, EXPORT HOPES

Sugarcane yields in India are declining due to last year's drought and this year's excessive rains, which could reduce the country's sugar production below consumption levels for the first time in eight years, farmers and industry officials said.

Lower-than-expected output by the world's second-largest sugar producer could eliminate the possibility of India allowing exports in the current season ending in September 2025, supporting global sugar prices. Maharashtra, Karnataka, and Uttar Pradesh account for more than 80% of the country's total sugar production, with lower cane yields in these states prompting trade houses to reduce their output estimates for the 2024/25 season.

The production could fall to around 27 million metric tons from the last year's 32 million tons and below annual consumption of more than 29 million tons, said India head of a global trade house, who declined to be named.

During the summer months, the cane crop faced prolonged stress due to the lack of water. When the monsoon season began, there was excessive rainfall and limited sunshine, which also adversely affected the crop's growth. The adverse weather curtailed cane yields by 10 to 15 tons per hectare, President of the West Indian Sugar Mills Association told.

Maharashtra and neighbouring Karnataka, which together produce nearly half of India's sugar, received lower-than-average rainfall in 2023, bringing down reservoir levels.

"Usually, we harvest 120 to 130 tons of cane from one hectare of land, but this year yields have fallen to 80 tons despite all our efforts," says a person, who cultivated cane on five acres of land in Maharashtra's Solapur.

Drought did not affect the crop in Uttar Pradesh, the country's leading sugar-producing state in the north. However, plantations in the state were impacted by red rot disease, which reduced sugarcane yields, said a senior state government official.

"To control the spread of the disease, we are advising farmers to adopt new cane varieties," the official said. The downward revision in the production estimate has eliminated the possibility of any exports in the current season, the head of the trade house said.

Sugar industry seeks 2 million tons of exports, while the government says it may allow limited exports, if any surplus remains after ethanol needs are met.

MFN STATUS SUSPENSION NOT TO DELAY IMPLEMENTATION OF EFTA TRADE PACT WITH INDIA: SWITZERLAND

The Swiss decision to suspend the most

favoured nation clause in the Double Taxation Avoidance Agreement will not delay the ratification and implementation of the already signed trade agreement between India and the EFTA bloc, Switzerland has said. The Swiss government has suspended the Most Favoured Nation (MFN) status, which could potentially impact Swiss investments in India and lead to higher taxes on Indian companies operating in the European nation.

India and the four-nation European Free Trade Association (EFTA) signed the pact, officially dubbed as TEPA (Trade and Economic Partnership Agreement), in March. Its members are Iceland, Liechtenstein, Norway, and Switzerland.

The agreement is yet to be implemented.

"No, the decision will not delay the ratification and implementation of EFTA-India TEPA," the Embassy of Switzerland in India has said in a response to PTI queries on the matter. It also said that this decision does not negatively affect investments from Switzerland to India.

"The current suspension from the Swiss side of the application of the MFN clause under the protocol to the double taxation agreement between Switzerland and India does neither affect trade ties between the two countries nor Swiss investments in India," it added.

India and the four-nation European bloc signed a free trade agreement under which New Delhi received an investment commitment of USD 100 billion in 15 years from the grouping while allowing several products like Swiss watches, chocolates and cut and polished diamonds at lower or zero duties.

The bloc committed an investment of USD 100 billion -- USD 50 billion within 10 years after the implementation of the agreement and another USD 50 billion in the next five years -- which would facilitate the creation of 1 million direct jobs in India. This is a first-of-its-kind pledge agreed upon in any of the trade deals signed by India so far. In 2023-24, India's imports from Switzerland stood at USD 21.24 billion, in stark contrast to its exports of USD 1.52 billion, leading to a substantial trade deficit of USD 19.72 billion.

India received about USD 10.72 billion in foreign direct investments from Switzerland between April 2000 and September 2024.

STP SOFTWARE EXPORTS DECLINE IN SIX CITIES, DATA SHOWS

Half a dozen tier-II cities in Karnataka, Rajasthan, and Sikkim reported a decline in exports from the software technology parks of India (STPI) in the past five years. The STP-wise exports dropped in these cities in 2023-24 compared to five years ago, and three of these cities are in Karnatak according to the official data.

Industry experts, however, say the STPI figures don’t reflect the full picture of city-wise software exports. Some of the exports have moved away from STPIs into special economic zones (SEZ) and recorded impressive growth.

Karnataka’s IT/BT minister said a lot has changed since the Centre came up with the STPI scheme three decades ago. Many exports of services have moved into SEZ, finding the SEZ scheme more attractive, he told ET. Many small and medium-sized software exporters are not registered under the STPI, he added.

“We have policies for almost everything, and they are quite beneficial to investors. Companies are also moving up the value chain, and we have always suggested to the companies to think beyond STPIs and do something out of the box,” Karnataka’s IT/BT minister said. He also added the Centre must give new directions to the STPI policy, in line with the changing trends in the tech sector.

Karnataka Digital Economy Mission chairman said the STPI accounted for 60% of software exports from Bengaluru while 40% came from companies operating out of SEZs. “In Mysuru, Mangaluru and Hubblli, STPI exports are only less than 30% while 70% came from the units in SEZs and other smaller companies," he said, pointing to the export trends in tier II cities. Bengaluru has retained its pole position in STPI software exports growing from Rs 1,92,615 crore in 2019-20 to Rs 4,07,089 crore in 2023-24.

In Mysore, Karnataka Digital Economy Mission chairman explained, the total exports were about Rs 5000 crore, but STPI exports accounted for only about Rs 1000 crore. Non-STPI software exports are about Rs 3000 crore and exports worth Rs 1000 crore came from electronics hardware technology park (EHTP). They together make up about Rs 5000 crore, he said.

In the last couple of years, industries in Mysuru, Mangalulu and Hubballi have shown significant growth with about 46 new companies coming up as the government promoted investments in regions beyond Bengaluru, said Karnataka Digital Economy Mission chairman, who is also the managing partner at the venture fund Startupxseed Ventures. "Mysuru is also the second largest software exporter in the state, emerging as a favourable destination for software testing, web designing, web development and media companies."

STP-wise software exports from 2019-20 to 2023-24

(Rs in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Jodhpur	17	23	19	--	--
Mangaluru	619	456	380	474	509
Mysuru	1057	758	749	875	1029
Gangtok	19	18	11	8	7
Bhilai	87	125	112	74	81
Hubballi	63	101	122	90	58

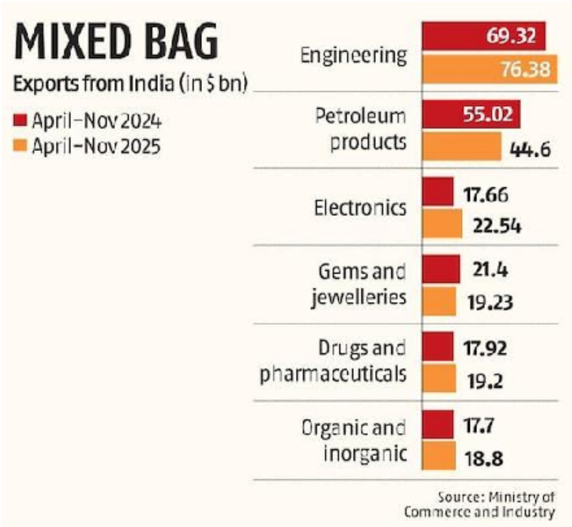
ELECTRONICS EXPORTS SOAR 28% IN APR-NOV OF FY25, LED BY SMARTPHONE SURGE

Driven by smartphone, electronics exports have reached $22.5 billion in value in the first eight months of the current financial year (FY25), a near 28% growth over the $17.66 billion electronics exports during the corresponding period of FY24. This record performance makes electronics the fastest-growing among India's top-10 exports in FY25. Electronics, which was ranked 6th at the end of the first eight months of FY24, is now firmly entrenched in the 3rd position, only behind engineering goods and petroleum.

The main driver behind this massive surge has been the smartphone production linked incentive (PLI) scheme, which has led to smartphone exports reaching $13.11 billion in the first eight months of FY25. This is a whopping 45% increase over smartphone exports of $9.07 billion during the same period of FY24.

While smartphones constituted 51% of electronic goods exports during the first eight months of FY24, its contribution has increased to 58% in April-November 2024. It is expected that smartphones' contribution to the overall electronics exports could reach 60-65% by the end of FY25.

Nearly 40% of the electronics exports this year have come from Apple's iPhone exports. Following Apple's entry into India after the smartphone PLI scheme, its three vendors — Foxconn, Pegatron (both in Tamil Nadu), and Tata Electronics (in Karnataka) — have led the charge on smartphone exports.



Apart from smartphones, the other big categories of exports in electronic goods include solar modules, desktops & servers, routers, and components.

"Electronics exports have benefitted immensely from the PLI scheme. To maintain this growth, we are working with the government on tariff, tax, and logistics reforms, which are critical to maintaining India's competitive edge in a cut-throat global industry, where we are determined to grab market share from China and Vietnam," said Chairman, India Cellular and Electronics Association (ICEA).

The sector's exports are not only growing, but also improving performance vis-a-vis the 2nd-placed petroleum exports. In the first eight months of FY24, electronics was less than a third of petroleum exports. This year, for the same period, electronics has reached the halfway mark of petroleum exports of $44.60 billion.

In the last three years, mobile manufacturing industry has urged the government to reduce India's effective tariffs on mobile phone components, which range from 7-7.2%. These are significantly higher than the near-zero tariffs on mobile inputs in China, as most of the production there happens in bonded manufacturing zones. Vietnam's FTA (free trade agreement) weighted average tariffs at 0.7% are also significantly lower than India's.

Additionally, the industry argues that India's complex six-tier tariff structure remains a barrier to achieving global competitiveness. It increases costs and creates easily avoidable uncertainty. Recognising this disability, the Union Budget in July 2024 stated that in the next six months, the government will review the custom duty rate structure to ensure domestic manufacturing becomes competitive, incentivizes exports, and supports India's transition to an export-led growth model.

Electronics exports, especially smartphones, have also become a key element in exports to the US.

April-November 2024 export of smartphones, mostly led by Apple iPhones, has replaced diamonds as the largest exporter to the US, based on HS (harmonized system) code. Smartphone exports in this period grew by 46 per cent to hit $3.6 billion while diamond exports fell by 13 per cent to reach $3.0 billion.

GRADUAL RECOVERY IN DEVELOPED MARKETS, FOCUS ON KEY PRODUCTS BOOST EXPORT PROSPECTS FOR 2025

India's growing capabilities in high-value sectors like machinery and electronics are supporting the country's exports, amid global uncertainties caused by conflicts, and the gradual economic recovery in developed markets offers improved growth prospects for the Indian exporting community in 2025. Trade experts suggest that if the new US administration imposes higher tariffs on China, Mexico, and Canada, Indian exporters could benefit further by seizing those opportunities.

They noted that the possible intervention of the new US administration under Donald Trump to end the Russia-Ukraine conflict could ease the Red Sea crisis, streamline global supply chains, and reduce shipping costs for traders. However, Trump's threat for reciprocal tariffs on Indian goods may have an impact on the country's outbound shipments, as additional duties affect exporters' competitiveness.

The European Union's green regulations, including the Carbon Border Adjustment Mechanism (CBAM) and deforestation laws, also threaten to increase export costs and complicate free trade negotiations.

The Commerce Ministry is in the process of formulating a strategy to push exports of six key product categories, including engineering goods and electronics, to 20 focus countries including the US, Australia, France, China, Russia, the UK, Japan, South Korea, Singapore, and Indonesia.

During April-November this fiscal, exports increased by 2.17 per cent year-on-year to USD 284.31 billion despite global uncertainties, while imports rose by 8.35 per cent to USD 486.73 billion. Trade deficit, the difference between imports and exports widened to USD 202.42 billion from USD 170.98 billion during April-November 2023.

"We are already registering healthy growth rates in both goods and services and going by the current trend, the year 2025 will also see better growth prospects. New opportunities will come up for the Indian exporting community," Commerce Secretary told.

The Secretary has expressed confidence that the country's goods and services exports may cross USD 800 billion in 2024-25. It was USD 778 billion in 2023-24.

A declining rupee value against the US dollar, focus on promoting e-commerce exports, and free trade agreements would also help the country register healthy growth in outbound shipments next year.

According to think tank Global Trade Research Initiative (GTRI), India's total exports, encompassing merchandise and services, are projected to exceed USD 814 billion in 2024, reflecting a 5.58 per cent growth compared to USD 768.5 billion in 2023.

Merchandise exports are expected to reach USD 441.5 billion, showing a modest 2.34 per cent increase over USD 431.4 billion in the previous year. In contrast, services exports demonstrate robust momentum, projected to grow by 10.31 per cent to USD 372.3 billion, up from USD 337.5 billion in 2023, GTRI said.

India's export landscape is undergoing a transformation that highlights both opportunities and vulnerabilities. Sectors such as machinery and electronics are gaining prominence, with machinery's share in the export basket rising from 3.8 per cent in 2014 to 6.9 per cent in 2024, and electronics climbing from 3.3 per cent in 2014 to 7.9 per cent in 2024.

GTRI Founder said that these trends underscore India's growing capabilities in higher-value sectors, a necessary shift for long-term export resilience. Conversely, traditional sectors are witnessing a decline. Textiles and garments, which accounted for 21.1 per cent of exports in 2004, now represent just 8 per cent, while gems and jewellery have dropped from 16.9 per cent in 2004 to 7.5 per cent in 2024.

"These declines not only reflect changing global demand but also point to India's struggle to remain competitive in labour-intensive industries," GTRI Founder said, adding these sectors need targeted support to enhance quality, branding, and cost competitiveness.

India should also focus on its growing electronics sector by increasing local value addition and strengthening supply chains. "Fixing the inverted duty structure and revising tariffs that hamper sectoral growth will help make Indian products more globally competitive. Simplifying customs procedures, improving ease of doing business, and fostering innovation are essential to boosting exports," GTRI Founder added.

Economist, Deloitte India, said that amid global uncertainties and rising trade protectionism, it becomes increasingly crucial for India to diversify its markets and product and service offerings. "With the US emphasizing more manufacturing on its land, India can move up the services value chain and tap into the opportunities that arise due to the servicification of manufacturing. Of course, that would mean strengthening areas such as upskilling talent in the area of technology, addressing skill gaps, and having FTAs that address data privacy and data localization issues," Economist, Deloitte India said.

The Geneva-based WTO (World Trade Organisation) has slashed the trade forecast for 2025 to 3 per cent from 3.3 per cent earlier.

Apex exporters' body FIEO said that it has formulated a strategy to boost India's exports to America, aiming to capitalise on potential opportunities that may arise as the US President-elect, Donald Trump, has threatened to impose high tariffs on Chinese goods. As part of its plan, the body has urged the government to provide financial assistance for Indian exporters to participate in exhibitions across the US, FIEO (Federation of Indian Export Organisations) Vice President said.

INDIA EYES $25 BILLION EXPORT OPPORTUNITY IN US AMID CHINA TARIFF DISPUTE

Ahead of the Union Budget 2025-26, exporters urged the Finance Ministry to approve a US-focused marketing scheme worth Rs 750 crore to generate an additional $25 billion in exports to the US over the next three years.

According to the Federation of Indian Export Organisations (FIEO), the US' plan to impose higher tariffs on China presents a "significant opportunity" for Indian exports, particularly in sectors where China has been a dominant supplier.

These sectors include electronics, electrical equipment, footwear, textile, garment, furniture, automotive parts, toy, and chemical. The largest gains are expected in consumer electronics, such as mobile phones, televisions, and electrical components, with an estimated $10 billion in additional exports.

"For that, we need to increase our presence in the US by showcasing in numerous exhibitions, holding buyer-seller meetings, and partnering large local retailer associations. A marketing scheme focusing on the US, with a corpus of Rs 250 crore per year (Rs 750 crore overall) for three years, maybe launched to generate additional exports of $25 billion by the end of three years," FIEO President said.

In addition, FIEO has requested a tax deduction of 200-250 per cent for research and development spending under Section 35(2AB) of the Income-Tax Act to foster product innovation.

At a pre-Budget meeting with the Finance Minister and top officials from the finance ministry in North Block, exporters also called for the continuation of the interest equalisation scheme, which ends on December 31, along with additional funds for marketing and trade promotion of specific export items, and income-tax relief for micro, small and medium enterprise (MSME) manufacturing units.

The interest equalisation scheme (IES) provides interest rate benefits for pre- and post-shipment rupee export credits, with the government compensating lenders. This initiative aims to ease the financial burden on exporters, particularly those in labour-intensive sectors and MSMEs.

Engineering Exports Promotion Council of India Chairman proposed increasing the annual benefit cap for MSME manufacturers from Rs 50 lakh to Rs 10 crore. This change would offer substantial financial support to MSME exporters.

FIEO noted that a long-term IES would enable exporters to secure orders more effectively, especially in sectors with wafer-thin profit margins, as a 3 per cent interest subvention could make the difference between winning or losing an order.

Gem & Jewellery Export Promotion Council Chairman underscored the need for separate funding for marketing, particularly for diamonds.

Exporters also called for government support for energy audits and compliance with the carbon border tax. EEPC Chairman recommended reimbursing 50 per cent of these costs under the market access initiative scheme and providing targeted support for compliance with the carbon border adjustment mechanism to help MSMEs adopt sustainable practices and remain globally competitive.

EXPORTERS ASK FOR RS 750 CR TO TARGET US MARKET AMID CHINA'S TARIFF WOES

Indian exporters, through the Federation of Indian Export Organisations, have sought the government to allocate Rs 750 crore over three years to take advantage of a $25 billion export potential in the US, according to a report by PTI.

The demand has come at a time when there is an expected policy shift in the US by President-elect Donald Trump, who wants to impose higher tariffs on Chinese goods, which opens up a potential window of opportunity for Indian exporters.

FIEO President recommended an advertising campaign with Rs 250 crore every year for three years targeting sectors such as electronics, textiles, toys, chemicals, and auto components. “We have already started contacting key trade associations to showcase India’s sourcing potential,” FIEO President said.

The exporters also sought an extension for the Interest Equalisation Scheme (IES) that is scheduled to lapse on December 31, 2024. FIEO President also said that the current limit of Rs 50 lakh per import-export code (IEC) holder for micro, small and medium enterprises (MSMEs) is not enough, and the subvention rates have to be restored to its original levels of 5 per cent and 3 per cent, considering the repo rate which is rising.

“High domestic interest rates make financing costlier for Indian exporters compared to competitors in export-driven economies like China, Japan, and South Korea,” FIEO President said.

Demands from gems and jewellery sector

The gems and jewellery sector also demanded support from the government amid declining exports. Chairman of the Gem and Jewellery Export Promotion Council, pleaded that the jewellery parks be granted ‘infrastructure status’ so that there is easy access to credit.

The sector is developing major jewellery parks in Mumbai, Meerut, and Bengaluru. GJEPC Chairman recommended that these parks should also be included in the list of harmonised infrastructure projects. Furthermore, the council sought duty drawback benefits on platinum exports.

The US continues to be India’s largest trading partner, but exports to the US surged by 6.31 per cent during April-October 2024 to $ 47.24 billion. Yet, exporters are concerned with the Trump ‘America First’ agenda, which will see increased tariffs on commodities such as automobiles, textiles, and pharmaceuticals.

Shipping and R&D initiatives

Exporters also wanted more equity infusion to strengthen shipping lines at home and thereby cut $ 100 billion spent yearly on transport service charges. They further demanded tax benefits on research and development that could be used to upgrade competitiveness across the globe.

RICE EXPORTS SURGE AFTER EASING OF CURBS

India’s exports of agricultural and processed food products rose by over 8% to $14.01 billion during the April-November periods of the current fiscal year compared to FY24 after the government removed most of the restrictions on rice shipment a couple of months back.

Rice exports during the first eight months of FY25 saw a sharp spike of over 13% to $ 7.31 billion compared to $ 6.44 billion reported during the same period last fiscal, according to the directorate general of commercial intelligence and statistics.

In September, the government removed virtually all restrictions on basmati as well as non-basmati rice exports imposed last year by removing minimum export price and export duties.

Exporters say that rice exports could see a rise of 10% more than in the current fiscal because of robust global demand. In FY24, India shipped rice worth of $ 10.41 billion, a decline of 6.5% on year.

“With an export target of 5 million tonne in the current fiscal, India has outpaced its closest competitor, Pakistan, which manages less than one million tnne annually,” MD, Jossan Grains, a leading exporter of Basmati rice in Punjab, told FE. MD, Jossan Grains said despite export restrictions to critical markets like Iran, the global demand for Basmati rice continues to be robust.

Trade sources said that India’s dominance in global rice trade is likely to be expected to be restored with a spike in shipment especially to Africa and south-east Asian countries.

The shipment of buffalo meat, dairy and poultry products rose by over 9% on year to $ 3.13 billion during April-November of the current fiscal against the value of exports $ 2.88 billion during the same period in 2022-23.

Officials said that in the last decade, there has been a rise in demand of the Indian bovine meant across the globe due to its quality, nutrient values and risk-free as the buffalo meat is processed and exported as per the World Organization for Animal Health (OIE) guidelines for any risk mitigation.

The shipment of fresh fruits and vegetables in the first eight months of FY25 increased by over 5% to $ 2.31 billion compared to the same period last year. The exports of cereals preparation rose by more than 10% to $ 2.03 billion in April-November on year.

Officials said that there has been rising demand for several agricultural products such as bananas, mangoes, processed fruits and juices, fruits and vegetables seeds and processed vegetables across the world.

The agricultural and processed food products exports development authority (APEDA) has set an export target of $ 26.56 billion for FY25.

The share of exports of products under the APEDA basket is around 51% in the total shipment of agri-produce. Rest of the agricultural products exports include marine, tobacco, coffee and tea.

INDIA'S EXPORTS TO AUSTRALIA UP 64.4% IN NOV: COMMERCE MINISTRY DATA

India's exports to its trade agreement partner Australia rose 64.4 per cent year-on-year to $643.7 million in November on account of healthy growth in sectors such as textiles, chemicals and agricultural products, according to the commerce ministry data.

However, the country's merchandise exports recorded a decline of 5.21 per cent year-on-year to $5.56 billion, the preliminary data showed.

India and Australia implemented an interim trade pact -- Economic Cooperation and Trade Agreement (ECTA) -- on December 29, 2022 and are now in negotiations to widen the scope of the pact.

On the completion of two years of ECTA, Commerce and Industry Minister said the agreement has brought with it increased market access for Indian exporters, expanded opportunities for MSMEs and farmers, and generated several employment avenues.

It has also enabled growth in exports by 14 per cent in 2023-24; notable boost in IT/ITeS, business and travel services; and port-study work and work holiday visas, he said in a port on social media platform X.

"The expanding trade and investment ties between the two countries under the agreement reflect the growing business-to-business and people-to-people engagements. We are committed to building on the momentum that the Ind-Aus ECTA has generated and achieve the AUD 100 billion trade target by 2030," Commerce and Industry Minister said.

Engineering goods, electronics, and cereal preparations has led India's exports growth to Australia in the last fiscal year.

DIGITAL INFRA INVESTMENT, POLICIES HELP EXPORTS TOUCH HISTORIC HIGH IN OCT

Continuous investment in digital infrastructure, including data centres and high-speed internet, along with policy support, has propelled India's services exports to a "historic" milestone of $34.31 billion in October, a commerce ministry official said.

The official said India has established itself as a global leader in digitally delivered services exports, leveraging its robust IT sector and skilled workforce.

Services traded through computer networks, such as the internet, apps, emails, and digital intermediation platforms, have grown exponentially.

"India's services sector reached a historic milestone in October 2024, recording an all-time high in monthly exports of $34.31 billion, a 22.3 per cent increase compared to October 2023," the official added.

The key enabling factors that are helping the sector's growth included continuous investment in digital infrastructure, such as data centres and high-speed internet connectivity; initiatives like Digital India that have fostered a conducive environment for IT and digitally delivered services; and partnerships with international firms have expanded market access for Indian IT companies, the official said.

The country's digitally delivered services exports have witnessed a remarkable trajectory over the past two decades, soaring from a modest $30 billion in 2005 to $257 billion in 2023.

The growth has been particularly impressive since 2010, with exports nearly quadrupling from $20 billion to $80 billion by 2014.

The growth was consistent pre-Covid, reaching $191 billion in 2019. However, the pandemic acted as a catalyst, propelling the sector to new heights.

"By 2023, exports nearly doubled from the pre-Covid peak, underscoring the resilience and adaptability of the Indian digital services industry in navigating the challenges of the pandemic.

This consistent upward trend highlights India's emergence as a global leader in the digital services sector, driven by factors such as a large pool of skilled IT professionals, competitive pricing, and a conducive business environment," the official said.

Going by the trend, India's leadership in the global digital economy is expected to strengthen further, driven by technological advancements and increasing demand for digital transformation services worldwide.

INDIA EXPORTS 200,000 TONNES OF RICE TO BANGLADESH

Bangladesh interim government has started importing rice from India. The first consignment of 27,000 tonnes of rice has arrived in Bangladesh through Chittagong Port.

The consignment is part of an agreement to buy 200,000 tonnes of rice from India, a food official of Bangladesh said on Friday.

In a telephonic conversation, the official told, "There is no shortage of rice in Bangladesh at this moment. However, due to recent severe floods, the government has decided to import rice in order to avoid the crisis in the future."

"Bangladesh interim government will import another 100,000 tonnes of rice from India through tender, in addition to 200,000 tonnes of parboiled rice", he added.

"On top of the tenders, we have plan to import more rice from India through Government to Government (GtoG) level", the official said.

Bangladesh has withdrawn all tariffs on rice imports to keep prices stable. A large amount of rice is being importwd from India at the private level with zero duty import facility.

"Private importers have so far taken permissions from the government (of Bangladesh) to import 1.6 million tonnes of rice from India", the official said.

"We have also signed a GtoG deal with Myanmar to import 100,000 tonnes of rice", he said.

"We are discussing with Vietnam and Pakistan to import rice", he added without details.

India already has expressed its desire to work with the interim government of Bangladesh. High Commissioner of India to Bangladesh recently said, "Even after the turbulent changes of August 5, I think we have engaged with the interim government of Bangladesh in full earnest".

"If you look at the numbers, we have more trade in the last six months of this financial year than we had last year", High Commissioner of India to Bangladesh added.

On August 5, a student-led movement ousted Bangladesh Prime Minister, after weeks of protests and clashes that killed over 600 people.

Bangladesh Prime Minister, fled to India and an interim government led by Nobel Laureate was formed.

BANKING/GST

DEPRECIATION OF RUPEES HELPS EXPORTS MORE THAN AN APPRECIATING CURRENCY HELPING IN IMPORTS: RBI STUDY

A cost-benefit analysis of exchange rate movements shows that the benefits of depreciation of the Rupee, adjusted for inflation, is more in the form of exports than an appreciation that appears to be better for importers, an RBI study shows. The metric is known as the Real Effective Exchange Rate, (REER).

"The empirical findings indicate that in India depreciation in REER improves trade balance while appreciation deteriorates it" the study titled "Real Effective Exchange Rate and its Implications for India's Trade Balance" said. The study was published in the Reserve Bank's latest monthly bulletin.

"The impact of REER depreciation on trade balance is more than an equivalent REER appreciation in the short-run and vice versa in the long-run". The views are of the authors from the financial markets operations department, from financial stability department and from the department of supervision and not necessarily of the central bank.

The trade-weighted REER assumes that the use of a country's currency in world trade is closely tied to its share in world trade. In other words, depreciation of a country's currency vis-à-vis all the trade partners increases the price of imports in domestic currency, making imports costlier and thus reducing demand for foreign goods. At the same time, it also reduces the price of exports in destination country leading to increase in exports.

The RBI computes two REER indices - 40-currency (broad) and 6-currency (narrow) – representing 88 per cent and 40 per cent of India's trade, respectively. This method used by the researchers suitably reflects the dynamically changing pattern of India's foreign trade with its major trading partners. Both the indices move in tandem over the long run despite the difference size of basket of currencies in the two indices. The transitory divergence in 40-currency and 6-currency REER during January 2021 to April 2022 was due to higher inflation in the rest of the countries (excluding 6-currency).

In the 6-currency REER, USD and Chinese renminbi each have 28 per cent weight, Euro has 26 per cent, Hong Kong Dollar has 8 per cent, while UK pound and Japanese Yen have equal weights of 5 per cent each.

The select 6 currencies had a share of 43 per cent in India's merchandise export and 37 per cent in merchandise import in 2021-22. The coverage of 6-currency REER and Nominal effective exchange rate (NEER) in total trade increased from 33 per cent in 2012-13 to 43 per cent in 2020-21 before declining to 39 per cent in 2021-22 due to Covid led disruptions. "The share of imports from these 6 economies has been increasing which may reflect concentration in merchandise imports due to product quality of intermediate inputs among others" the authors said.

INDIAN RUPEE TO REMAIN IN PRESSURE AMID WEAK MANUFACTURING EXPORTS & POLICY RATE DIFFERENTIAL WITH US- REPORT

The Indian rupee (INR) is expected to face challenges in 2025 due to multiple global and domestic factors, according to a report by Standard Chartered Bank.

The report noted that the key pressures include slowing foreign direct investment (FDI) inflows, weak manufacturing exports, and a narrowing policy rate differential with the United States. It said "slowing FDI flows, weak manufacturing export growth amid slowing global demand and narrowing policy rate differential with the US are likely to pressurize the INR".

The report projects the rupee to trade with a modest depreciating trend, reaching 85.5 per US dollar over the next 12 months.

While certain factors like India's improving economic growth, attractive real yields, stable balance of payments due to its inclusion in the global bond index, softer commodity prices, and strong foreign exchange reserves held by the Reserve Bank of India (RBI) are supportive of the currency, they may not be enough to offset other pressures.

It said "We expect the INR to trade with a modest depreciating bias to 85.5/USD over a 12-month time horizon".

On the bright side, the report highlighted several positive drivers for Indian equities. It noted that India's GDP growth and corporate earnings are likely to outpace those of major global peers.

Additionally, steady domestic investor inflows through systematic investment plans (SIPs) and a resumption of foreign investments--spurred by superior macroeconomic fundamentals, expected US Federal Reserve rate cuts, and relatively low foreign investor positioning--are expected to provide strong support for Indian stocks.

The report also forecasted a recovery in India's economic growth from its current cyclical slowdown, underpinned by factors such as higher government capital expenditure, a recovery in rural demand, improved urban consumption, and broader policy support.

It said "We expect India's economic growth to recover from a cyclical slowdown and stay ahead of its major peers in 2025".

As per report, inflation is expected to trend lower, driven by a decline in food prices due to better sowing of summer and winter crops and potential government measures to manage supply concerns. Additionally, disinflationary effects from past policy tightening are expected to play a role in reducing inflationary pressures.

Despite challenges for the rupee, the report underscores India's resilience, pointing to its strong macroeconomic fundamentals and growth potential as key factors shaping its economic outlook for 2025.

ECONOMY

HOW INDIA BOUGHT, CRAVED, AND CONSUMED IN 2024

In 2024, India's consumer landscape has been marked by paradoxes—on one hand, a slowing economy and sagging private consumption, and on the other, an unmistakable shift toward premium products. Despite economic concerns, Indian consumers increasingly gravitated toward high-end items, even if it meant paying a premium. This trend, known as premiumisation, has become a dominant theme in the Indian market, with consumers opting for better quality products across various categories.

Premiumisation: The new normal

Even as private consumption showed signs of slowing down, the appetite for premium goods continued to grow. According to the latest GDP data, private final consumption expenditure dropped to 6% in the July-September quarter from a seven-quarter high of 7.4% in the previous quarter. Yet, this did not deter the appetite for expensive, high-quality products.

Fast-Moving Consumer Goods (FMCG) companies are betting on these premium categories to drive growth in tough times.

Convenience has been key to this shift. The rise of quick commerce platforms like Blinkit, Zepto, and Swiggy Instamart has made it easier for consumers to access premium products swiftly. The competition in this space is heating up, with giants like Amazon, Flipkart, and Big Basket entering the race. These apps have revolutionised how people shop for everything from daily essentials to high-end electronics like iPhones and gold coins, especially during festivals like Dhanteras.

This trend has been fueled by the rise in disposable incomes and rapid urbanisation. More and more consumers are willing to splurge on luxury items and big-ticket purchases. Whether it’s buying an iPhone, a high-end SUV, or splurging on experiences like concerts, the Indian consumer is increasingly willing to pay a premium for quality and convenience.

Splurging is no taboo now!

In 2024, splurging has evolved from a taboo to a social norm. The frenzy over Coldplay’s concert tickets is a prime example of this shift. Concert-goers were willing to pay top dollar to see the global sensation live, reflecting the growing purchasing power of Indian consumers.

The wedding season in 2024 further highlighted this trend. Big-fat Indian weddings, once the exclusive domain of the ultra-wealthy, have become more widespread, with the average wedding budget now standing at Rs 36.5 lakh. Destination weddings are even more extravagant, with budgets soaring to Rs 51 lakh. This increase is largely driven by rising venue and catering costs.

Slowing sales amid heavy discount

Not all segments of the consumer market thrived in 2024.For instance, the automobile industry faced a challenging year in 2024. Car sales showed a slowdown, especially in the months leading up to Diwali, despite hefty discounts offered by automakers.

The inventory pile-up at car dealerships and a 13% drop in retail sales in November compared to the same period last year pointed to weakening demand. Yet, there are signs of a mild recovery. Sales in November did increase by around 4%. This suggested that demand is stabilising after the festive rush.

Meanwhile, the two-wheeler market has seen healthy growth, particularly in rural areas, where consumer sentiment remains strong.

Rising rural Bharat

In an interesting turn of events, the biggest growth in consumer demand came from rural India. In the July-September quarter, rural demand grew twice as fast as urban demand. While urban demand for FMCG products increased by 2.8%, rural demand surged by 6%. This trend was reflected across various sectors, from food staples to mid-sized company growth.

According to NielsenIQ, FMCG growth in rural India has outpaced urban growth for several quarters, thanks in part to improved weather conditions and diversified income sources. The rural revival has been a key driver for FMCG companies, which are now expanding their reach to India's hinterland. Rural India's growing consumption is also boosting the demand for FMCG products, as companies focus on distribution expansion in smaller towns and villages.

Urban consumption faces pressure

In contrast, urban demand has been a mixed bag. While the premiumisation trend persists, mass-market segments are showing signs of strain. The FMCG sector, for example, has seen slower growth in urban areas due to high food inflation, which is eating into household budgets. A Prabhudas Lilladher report pointed to signs of stress in mass and economy segments, as high commodity prices are making everyday goods more expensive.

The quick commerce sector, a largely urban phenomenon, has played a role in reshaping consumer shopping patterns. Companies like Zepto, Swiggy Instamart, and Zomato's Blinkit are benefiting from a growing demand for instant fulfilment of low-to-moderate value purchases. This trend is also disrupting traditional retail, as consumers increasingly expect fast delivery for everyday essentials.

Boom in retail lending

Another standout trend in 2024 has been the growth of retail lending. The surge in credit card usage and personal loans has been instrumental in driving consumer spending.

The RBI's decision to cut the Cash Reserve Ratio (CRR) by 50 basis points is expected to further boost consumption by making credit more affordable. However, there are concerns about the explosive growth in unsecured credit, with the RBI issuing cautionary notes to lenders.

As 2024 draws to a close, it's clear that India's consumer market is evolving rapidly. On the one hand, premiumisation is pushing the demand for higher-quality goods, from luxury products to experiences. On the other hand, slowing consumption in urban areas, coupled with a reliance on quick commerce and retail lending, paints a more complex picture of consumer behaviour.

GOVERNMENT UTILISED 37.28% OF BUDGETED EFFECTIVE CAPEX IN H1FY25

The central government has utilized only 37.28 per cent of the budgeted Effective Capital Expenditure (ECE) in the first half of the financial year 2024-25, according to the data released by the Ministry of Finance.

The ECE represents the total capital outlay of the government aimed at building capital assets and related expenditures. It is calculated as the sum of Capital Expenditure and grants-in-aid for the creation of capital assets.

It said "In H1 of FY 2024-25, the Effective Capital Expenditure was Rs 5.60 lakh crore"

For the financial year 2024-25, the government had estimated the ECE at Rs 15.02 lakh crore in the Budget. This includes Rs 11.11 lakh crore of Central Capex, Rs 4.15 lakh crore as direct Capital Expenditure and Rs 1.45 lakh crore as grants-in-aid for the creation of capital assets to states.

The Ministry of Finance however emphasized that this spending reflects the government's commitment to enhancing infrastructure and creating durable assets for long-term economic growth.

The total government expenditure in H1 of FY 2024-25 is calculated at 21.11 lakh crore or about 43.8 per cent of budget estimate. The total budgeted expenditure for FY 2024-25 was estimated at Rs 48.21 lakh crore.

On revenue account, the government has spent 45.7 per cent or Rs 16.97 lakh crore of the total budgeted amount of Rs 37.09 lakh crore. From this Rs 1.45 lakh crore was spent on Grant-in-Aid for capital assets. Rs 27.12 lakh crore was spent on Interest payments, Defence Services (Revenue), Pension, Major Subsidies and Grants-in-Aid to States & Union Territories.

Against a Budget Estimate of Rs 11,62,940 crore Rs 5,15,010 lakh crore was paid towards interest against borrowings in the H1 OF FY 2024-25.

For Defence Services the budget estimate was Rs 2,82,773 lakh crore against this Rs 1,45,181 lakh crore was spent in the first half of FY 2024-25.

Towards Grants in Aid to States & UTs was budgeted for RS 6,41,460 lakh crore against this Rs 2,39,296 lakh crore was allocated in the first six months of the current fiscal.

For major Subsidies against a budgeted amount of Rs 3,81,175 lakh crore Rs 2,14,658 crore was allocated in the first half of FY25.

Lastly government paid a Pension of Rs 1,48,989 lakh crore from the budgetry allocation of RS 2,43,296 Lakh crore.

BUDGET 2025: GIVE INDIA'S ECONOMIC GROWTH A PUSH

The need to reignite India's economic growth to 7-8% took center stage at a high-level pre-Budget meeting between Prime Minister Narendra Modi and leading economists on Tuesday. The discussions, held as part of pre-Budget consultations, focused on strategies to maintain growth momentum amidst global economic uncertainties and position India on track to achieve developed nation status by 2047.

Prime Minister Modi, in the pre-Budget meeting, highlighted the importance of mindset changes and structural reforms to capitalise on emerging global opportunities. The meeting, themed "Maintaining India's Growth Momentum Amid Global Uncertainty," was attended by key policymakers, including Finance Minister Nirmala Sitharaman and NITI Aayog officials, alongside top economic experts.

Challenges underscoring the need for a growth push in Budget

India's economic growth slowed to 5.4% in the July-September quarter of FY25, marking a seven-quarter low. This decline, attributed to weaker performance in manufacturing and mining, prompted concerns among policymakers. However, despite the slowdown, India retained its position as the fastest-growing major economy, surpassing China's 4.6% growth during the same period.

Economic institutions, including the Reserve Bank of India (RBI), revised their growth forecasts downward. The RBI now projects a

6.6% GDP growth rate for FY25, citing inflationary pressures and subdued domestic activity. Similarly, the State Bank of India adjusted its projection to 6.3%.

High-frequency indicators, however, suggest signs of recovery, buoyed by festive demand and a revival in rural activities. Commenting on the situation, RBI Governor Shaktikanta Das stated, “The slowdown in domestic economic activity bottomed out in Q2 FY25 and has since recovered.”

Strategic discussions on reforms in Budget

The deliberations in pre-Budget meeting emphasised the need for targeted reforms across various sectors to restore growth. Experts recommended in the meeting before Union Budget interventions in agriculture, such as developing robust value chains for essential commodities like tomatoes, onions, and potatoes, alongside strategies to address climate change and energy transitions.

Discussions at the meeting for Budget also focused on enhancing tax structures to encourage investment and consumption. Suggestions included reforms in both direct and indirect taxes to provide fiscal stimulus while ensuring long-term economic stability.

Employment generation emerged as a key priority. Economists underscored the need to align education and vocational training programs with market demands and emphasized inculcating the dignity of labor as a cultural value.

Participants identified infrastructure development as a cornerstone for sustained growth. Mobilizing public and private investment to accelerate projects was proposed as a strategy to create jobs and improve overall economic productivity.

Trade and export strategies were highlighted as critical areas requiring attention. Experts called for faster finalization of free trade agreements and measures to internationalize the rupee. These steps aim to enhance India’s integration into global value chains, particularly as the country looks to benefit from potential shifts in trade dynamics between the US and China.

Balancing urban and rural priorities in Budget

While urban middle-class consumption has slowed due to inflationary pressures, rural development was identified as a key area for targeted growth interventions. Suggestions included enhancing agricultural productivity and creating sustainable employment opportunities in rural areas to bridge the urban-rural economic divide.

Prime Minister Modi reiterated the government’s commitment to achieving developed nation status by 2047. This vision hinges on sustained economic momentum, with a particular focus on job creation, infrastructure expansion, and inflation management. The Prime Minister also pointed out that global geopolitical tensions, including a potential tariff war between the US and China, could open new opportunities for India to become a central player in global trade and manufacturing.

The pre-Budget consultations underscored a collective resolve to address India’s immediate economic challenges while building a resilient foundation for long-term growth. Policymakers and economists agreed that achieving 7-8% growth is critical to meeting India’s ambitious development goals.

The meeting was attended by Finance Minister Nirmala Sitharaman, NITI Aayog Vice Chairman Suman Bery, CEO BVR Subrahmanyam, along with senior officials from the Prime Minister’s Office and the finance ministry. The panel of experts included notable economists and professionals such as Surjit S Bhalla, Ashok Gulati, Sudipto Mundle, Dharmakirti Joshi, Janmejaya Sinha, Madan Sabnavis, Amita Batra, Ridham Desai, Chetan Ghate, Bharat Ramaswami, Soumya Kanti Ghosh, Siddhartha Sanyal, Laveesh Bhandari, Rajani

Sinha, Keshab Das, Pritam Banerjee, Rahul Bajoria, Nikhil Gupta, and Shashwat Alok.

CAD SURPRISES WITH A MODERATE DEFICIT

India's current account deficit moderated marginally in the September quarter despite a wider trade deficit on the the back of high services income, remittances and a slowdown in repatriation of investment income.

The current account deficit, the excess of imports over exports of the country's goods and services amounted to to 1.2 percent of the GDP or $11.2 billion from 1.3 percent of GDP($11.3 billion) in the same period a year ago according to the preliminary numbers released by the Reserve Bank of India on Friday.

The trade deficit was higher $ 75.3bn in Q2 FY'25 compared with $ 64.5bn in the same period last year even though oil imports were largely stable. This is because gold imports surged by $ 5 billion over the two quarters. While oil deficit increased by $2.3 billion.

Net services receipts increased to US$ 44.5 billion in the September 2024 quarter from $ 39.9 billion a year ago. Services exports have risen on a year-0n-year basis across major categories such as computer services, business services, travel services and transportation services, the Reserve Bank said INA release.

Net outgo on the primary income account, primarily reflecting payments of investment income, decreased to $ 9.5 billion in the September 2024 quarter from $ 11.6 billion in the same period a year ago. Private transfer receipts, mainly representing remittances by Indians employed overseas, to $ 31.9 billion in the September 2024 quarter from $ 28.1 billion in the September 2023 quarter.

"India's current account deficit came in well below our expectation for Q2 FY2025, providing some solace in light of the sharp weakening in the INR seen recently" said Chief Economist & Head - Research & Outreach at ratings firm ICRA. "Looking ahead, the initial estimate of a record-high trade deficit in November 2024 could well bloat the current account deficit to 2.5-2.7% of GDP in the current quarter. For FY'2025 as a whole, the current account deficit may print around 1.1-1.2% of GDP."

The capital account surplus expanded, led by FPI inflows, while FDI outflows were recorded higher. As a result, BoP surplus was recorded higher at $ 18.6bn compared with $ 2.5bn in Q2 FY24.

Increased threats of a protectionist trade policy being implemented by the incoming US President, will be a key threat for the external sector outlook, according to Chief economist at Bank of Baroda.

INSET If one were to exclude the valuation effects, foreign exchange reserves increased by $ 23.8 billion during April-September 2024 as compared with an accretion of $ 27.0 billion during April-September 2023. Foreign exchange reserves in nominal terms or including valuation effects increased by $ 59.4 billion during April-September 2024-25 as compared with an increase of $ 9.3 billion in the corresponding period of the preceding year. Significantly the country's foreign exchange reserves touched new high end of September to $705 billion and has fallen by over $40 billion since then.

INFRASTRUCTURE

OTHER NEWS

GOVT WEIGHS JUNKING CUSTOMS RELIEF IN 'MAKE IN INDIA' PUSH

India could in the upcoming budget remove customs duty exemptions for certain imported components such as bulk drugs used to manufacture certain insulins, raw material to produce rough lab grown diamonds, plastics used to manufacture optical fibre, components used in LED and LCD TV panels and goods required for coal mining and power generation to boost their local manufacturing.

The government is examining the data on planned investments, domestic production and capacity of 31 products where conditional customs duty rates and exemptions are set to expire by September 30, 2025. The finance ministry has sounded out the concerned ministries and departments and sought their inputs.

At present, the basic customs duty on these products is 0-5%.

"The exercise to review customs duties is going on to decide whether the exemptions should continue or be allowed to lapse. We have sought input from industry," said an official.

India has been phasing out conditional exemptions for inputs used in local manufacturing as part of a larger plan.

The exercise is also being carried in the backdrop of plans to increase India's share in global value chains.

In the previous budget, the basic customs duty on ferro nickel and blister copper was removed to reduce the cost of production of steel and copper. Similarly, the duty on import of X-ray tubes and flat panel detectors for manufacturing medical X-ray machines was lowered in line with the Phased Manufacturing Programme for medical devices launched in 2021.

"One of the key considerations for the government would be to assess the impact on 'Make in India' initiative including the quantum of value addition taking place in the country," said Partner, PwC India.

Products across sectors

Currently, certain life saving medicines and their esters, chemicals used to manufacture telecom grade optical fibre, shuttle less looms, seeds used to make rough lab grown diamonds and vessels-which are under review-are exempt from basic customs duty.

Experts said the government will consider the changing geopolitical dynamics while taking a call on the exemption, especially treating imports from the US. Moreover, any duty increase for goods which are crucial for MSMEs would have to be carefully done, they said. The other products which are being reviewed include certain weaving, knitting and sewing machines, components of wind operated electricity generators, shuttle less looms, components used to manufacture ferry boats, cruise ships and certain tyres and auto parts imported by testing agencies.

"The phasing out of conditional notifications of customs will help in domestic industries Make in India for products which were till now being imported from overseas and are critical for businesses in India. Since the finance ministry has published the phasing out schemes sometime back, the industries have had time to prepare for this transition," said Partner, EY.

"There are concessional duties on some products. As long as imports don't threaten domestic production, they can be allowed," said a representative of cotton textile industry, adding that the import component in textiles is low.

DOUBLE COUNTING: $3-4 BN DOWNWARD REVISION IN NOV GOLD IMPORT FIGURES LIKELY

AN UNUSUAL jump in gold imports in November (180 tonnes in volume, i.e., three times the average in the first 10 months, $14.3 billion compared with $4.3 billion in the first 10 months) is partly being explained by the double counting of gold — as it enters Special Economic Zones (SEZs) and then again as it exits the SEZs.

This data discrepancy is due to the shift in the e-filing services for gold traders to the Indian Customs Electronic Gateway (ICEGATE) platform from National Securities Depository Limited (NSDL) since July 1, according to sources.

The traders had sought this as a 'ease of doing business' measure since they faced certain "transaction charges" in the NSDL platform.

The sources said the discrepancy, being addressed through a reconciliation of data between the Directorate General of Commercial Intelligence and Statistics (DGCIS) under the Commerce Ministry and the Central Board of Indirect Taxes & Customs (CBIC) under the Finance Ministry, is estimated to have added between $3 billion and $4 billion to the November gold imports.

"SEZ data used to come from NSDL, but ever since ICEGATE came into use in July, some confusion has arisen. This issue has occurred only in the last 7–8 months. The revision is likely to be in single-digit billions—in the $3–4 billion range. While all data is being checked, the issue is specific to gold and relates to how shipping bills are marked. There will be clarity in a few days after the reconciliation is completed," the source said.

However, the likely single-digit revision may not significantly impact November's trade deficit, which had hit an all-time high of $38 billion.

The April-November trade deficit stood at $127 billion. The jump in total imports was primarily driven by higher gold imports, Nomura said, but noted that the sharp rise (to 180 tonnes) in November "cannot be explained by festive demand alone". The surge "calls for revisiting the reduction in customs duty" on gold announced in July and highlighted that "the widening trade deficit calls into question the RBI's foreign exchange intervention strategy".

In the Budget 2024-25, the customs duty on gold was sharply cut to 6 per cent from 15 per cent. Gold imports between April and November this year surged 43 per cent to $49.08 billion compared to $32.92 billion during the same period last year. Economists said demand for gold as an asset class is higher compared to recent years, with returns of nearly 30 per cent this year. Central banks across the globe are also on a gold buying spree.

Explaining the 'double counting', think tank GTRI said any product, including gold, entering India's territory through the filing of a Bill of Entry at Customs is considered an import and this means that subsequent movement of gold within the country for use in SEZs, EOUs, or Gift City, or subsequent domestic sales, are not imports and should not be included in total import calculations.

MIDDLE EAST SHARE OF INDIA'S NOVEMBER OIL IMPORTS AT 9-MONTH HIGH; RUSSIA DOWN

India's November crude imports showed Middle Eastern oil at a 9- month high while Russia accounted for its smallest share in three quarters, ship tracking data obtained from sources showed.

Refiners in India have been gorging on cheaper Russian oil despite problems posed by sanctions aimed at reducing Moscow's oil revenue to fund its war in Ukraine.

The world's third biggest oil importer and consumer in November shipped in 13% less

Russia oil compared with October at 1.52 million barrels per day (bpd), about 32% of India's overall intake, the data showed.

It imported 2.28 million bpd of Middle Eastern oil, an increase of 10.8% over October, accounting for about 48% of overall imports, the data showed.

Some refiners reduced intake of Russian oil due to maintenance turnarounds at their plants and continued to lift committed volumes under annual contracts with Middle Eastern producers, an India refining official said.
Russia's oil exports from its key western ports in November fell due to higher demand from local refiners who had finished maintenance, sources said.

Also, Russia, an ally of Organization of the Petroleum Exporting Countries, promised to make additional cuts to its oil output from the end of 2024 to compensate for overproduction earlier.

India imported about 4.7 million bpd of oil in November, up 2.5% from October and up by 5% from a year earlier, the data showed.

Russian continued to be the top oil supplier to India followed by Iraq and Saudi Arabia.

Increased purchases of the Middle Eastern oil lifted the share of OPEC's oil in India's crude intake to an 8-month high of 53%.

In contrast, the share of Commonwealth of Independent States including Russia, Kazakhstan and Azerbaijan, in India imports declined to 35% in November from 40% in October, the data showed.

INDIAN BUSINESSES TARGET BILLIONS IN US MARKET AMID TARIFF THREAT TO CHINA

Indian exporters are preparing to increase their presence in the US market, anticipating higher tariffs on Chinese goods, ToI reported. They are discussing strategies with the Indian government to capitalize on potential opportunities in sectors like textiles, leather, chemicals, electronics, auto parts, and toys. These discussions involve collaborating with American trade organizations and raising awareness of Indian products in the US.

"These are sectors where we have built capacity and where we are competitive. We should be ready to take advantage of the opportunity if it arises," said Vice-President of industry lobby group FIEO. The toy sector alone presents a potential $1 billion US market opportunity in the next few years.

Vice-President, FIEO explained that with US President-elect Donald Trump’s push to reduce reliance on China, American businesses are seeking alternative suppliers, positioning India favorably. "India has strong relations with the US, we have political stability and we are a democracy. India is in a good position," he added.

To achieve this, exporters are requesting increased financial support for promotion in the US market. Vice-President, FIEO believes greater visibility is crucial for Indian products. He also suggests stronger partnerships with American businesses and industry bodies.

Exporters are requesting more funding from the government’s Market Access Initiatives (MAI) scheme to specifically target the US market for the next three years. They are also asking for better access to export finance and the reinstatement of interest equalization schemes to enhance their competitiveness. Additionally, FIEO has asked the government to ease payment requirements for Micro, Small, and Medium Enterprises (MSMEs) and extend the interest equalization scheme by five years.

As tensions between the U.S. and China escalate, Beijing is moving to pre-empt potential trade restrictions under a new U.S. administration, analysts told Reuters. Amid tariff threats from former President Donald Trump, China appears to be strategizing for negotiations to avoid a full-blown trade war.

Drawing lessons from previous trade disputes during Trump's presidency, China is amassing leverage to address key bilateral issues, including trade, investment, and technology. Concerns over the impact of additional tariffs on its already weakened economy are driving these efforts.

Recently, China initiated an antitrust investigation into U.S. chipmaker Nvidia, following its earlier restrictions on exporting rare minerals to the U.S. These moves highlight China's intent to exert pressure while seeking a stronger negotiating position.
Despite its strengthened global presence in sectors like electric vehicles and green energy, China remains vulnerable. It has reduced reliance on U.S. products like Boeing jets, replacing them with alternatives such as Airbus aircraft and the domestically produced Comac C919. However, the country still depends on global supply chains.

Analysts caution that another trade war with the world's largest economy could disproportionately harm China, as the U.S. retains the ability to impose higher import tariffs and further disrupt supply chains critical to Chinese industries.

ONION EXPORT DUTY TO STAY TILL RETAIL PRICES COOL

Despite a sharp fall in mandi prices of onions due to arrival of kharif crop, the government is unlikely to remove 20% export duty on the staple vegetable citing higher retail prices. “We have to wait till retail prices come down for (withdrawal of) export duty,” an official with the department of consumer affairs said.

While the modal retail prices of onions was Rs 40/kg on Tuesday, in several cities prices are around Rs 50/kg which is still ‘higher’ in comparison to the mandi prices of the staple vegetable. With arrivals of the fresh kharif crops, the average mandi prices of onions at Lasalgaon, Nashik, Maharashtra, the hub of the country’s wholesale trade has declined by more than 50% to Rs 1900/quintal on Tuesday from Rs 4000/quintal prevailed in the last month.

In May, the government lifted a ban on onion exports imposed in December last year and put a minimum export price (MEP) of $550/tonne and 40% export duty on the staple vegetable. Subsequently in September, the government announced a reduction of the export duty on onions to 20% while MEP was abolished.

Meanwhile, the government agencies – farmers’ cooperative Nafed and National Consumers Federation of India have released 0.47 million tonne (MT) procured stocks into the market at Rs 35/kg. These rabi onions were procured from farmers as a buffer under the price stabilisation fund.

The overall recovery rates for onion have increased from 72% in 2020-21 to 81% in 2023-24 for the buffer built with rabi onion, officials said. In the current fiscal, recovery has been 85% due to storing them in controlled atmosphere warehouses.

Trade sources said that with robust arrivals of kharif crops across key producing states retail prices are expected to soften further over the next couple of weeks.

Last week, Deputy Chief Minister, Maharashtra in a communication to Commerce Minister requested removal of 20% export duty on onion because of sharp fall in price due to fresh arrivals.

Kharif harvested onion, with higher moisture content, has around 25% share in the country’s total output and the produce enters the market directly and meets the domestic demand till March. Rabi onion, harvested in April has a share of 72-75% total production and is stored for meeting the domestic supplies till November.

Retail inflation in onion in November was 5.59% on year because of high base effect. Inflation in onions in November, 2023 was 86% on year. The area under Kharif onion this year is projected at 0.36 million hectare, 27% higher than previous year.

According to the agriculture ministry, output of onion in the 2023-24 crop year (July-June) is estimated at 24.21 MT, a decrease of 20% compared to previous year because of a drop in rabi output.

INDIA EXTENDS DUTY-FREE IMPORT OF YELLOW PEAS BY TWO MONTHS TILL FEBRUARY 2025

India has extended the timeline for duty-free imports of yellow peas by two more months until February 2025, according to an official notification from Directorate General of Foreign Trade (DGFT).

In early December 2023, the central government allowed duty-free imports of yellow peas until March 2024, later to be extended till April, then June, and later till October and December.

It was part of New Delhi's intervention to cool the prices of the overall pulse basket.

Reportedly, the duty on yellow peas was first implemented in November 2017 at 50 per cent. India largely imports yellow peas from Canada and Russia.

India is a large consumer and grower of pulses and it meets a portion of its consumption needs through imports.

India primarily consumes chana, Masur, urad, Kabuli chana, and tur pulses.

Despite several measures, including various incentives to farmers, India is still dependent on imports of pulses for its domestic requirements. Pulses imports have almost doubled in 2023-24 to USD 3.74 billion.

Despite being a significant producer of pulses, India's production has not kept pace with demand, leading to a rise in imports. The imports are done from Myanmar, Australia, Russia, Canada, and besides from some African countries.

Pulses production in India has increased from 16.3 million tonnes during 2015-16 to 24.5 million tonnes during 2023-24, but the demand also went up in the meantime.

INDIA IMPOSES IMPORT RESTRICTIONS ON LOW ASH METALLURGICAL COKE FOR 6 MONTHS

India has imposed import restrictions on low ash metallurgical coke for six months from January 1 to June 30, 2025.
The government has also imposed quantitative restrictions (QR) on imports from certain countries, including Australia, China, Colombia, Indonesia, Japan, Poland, Qatar, Russia, Singapore, Switzerland, and the UK, the Directorate General of Foreign Trade (DGFT) said in a notification Thursday.

It said the imports would be allowed only against an import authorisation issued by the DGFT for the specified country during the six months. However, the coke with high ash content (above 18%) is outside the scope of this restriction.

Specified QRs are imposed for the imports during two quarters next year: January-March and April-June. It added that the country-wise QR will be effective from January 2025 and will cease automatically on June 30, next year.

“If required, the procedure in regard to seeking import authorisation from the DGFT shall be notified separately,” DGFT said, adding that the application for the imports can be filed on its website and the QR will be monitored on a quarterly basis so that total imports do not exceed the specified quantity.

These imports are subject to certain conditions. Imports would be permitted through electronic data interchange ports only to facilitate electronic/real-time monitoring of the allocated quota.

The country wise restrictions for some countries are 51,276 tonnes for Australia, 78,646 tonnes for China, 2.09 lakh tonnes for Japan, 89,182 tonnes for Russia, 46,478 tonnes for Singapore and 76 tonnes for the UK.

INDIA INITIATES ANTI-DUMPING PROBE INTO LNG FUEL TANKS IMPORTS FROM CHINA

India has initiated a probe into alleged dumping of LNG fuel tanks from China following a complaint by a domestic player, according to a commerce ministry notification. The commerce ministry's investigation arm, Directorate General of Trade Remedies (DGTR), is probing the dumping of liquified natural gas (LNG) fuel tanks as imports are allegedly hurting the margins of the domestic industry.

Inox India Ltd has filed an application seeking the imposition of anti-dumping duty, stating that the cheap imports are causing material injury to the domestic industry.

The tanks are used to contain and carry methane gas in large vehicles such as trucks.

"On the basis of the duly substantiated written application submitted by the domestic industry and having reached satisfaction based on the prima facie evidence submitted by domestic industry about dumping of subject goods...the Authority, hereby, initiates an anti-dumping investigation," the DGTR has said in a notification.

If it is established that the dumping has caused material injury to domestic players, the DGTR would recommend the imposition of anti-dumping duty on these imports. The finance ministry takes the final decision to impose duties.

Anti-dumping probes are conducted by countries to determine whether domestic industries have been hurt because of a surge in cheap imports.

As a countermeasure, they impose these duties under the multilateral regime of the Geneva-based World Trade Organization (WTO). The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

India has already imposed anti-dumping duty on several products to tackle cheap imports from various countries, including China.

Imports of these tanks stood at USD 93.6 million in 2023-24. It was USD 42.7 million during April-October this fiscal and it was USD 84.7 million in 2022-23.

COMMERCE MINISTRY SEEKS ANTI-DUMPING DUTIES ON PVC PASTE RESIN IMPORTS FROM CHINA, 5 OTHER NATIONS

The commerce ministry has recommended imposition of an anti-dumping duty of up to USD 707 per tonne on imports of PVC paste resin, used to make artificial leather and other technical textiles' products, from six countries, including China, for five years, with an aim to guard domestic producers.

In its findings, the Directorate General of Trade Remedies (DGTR), a wing of the ministry, has concluded that 'Poly Vinyl Chloride Paste Resin' has been exported to India at a price below the normal value from certain players of the six nations -- China, Korea, Malaysia, Norway, Taiwan, and Thailand.

The move has resulted in dumping of the product into Indian markets.

The notification of the directorate said imports from these countries have caused material injury to the domestic industry.

"The authority recommends imposition of anti-dumping duty on the imports... so as to remove the injurious effects of the dumped imports on the domestic industry," it has said.

The recommended duty ranges between USD 89 per tonne and USD 707 per tonne. The finance ministry takes the final decision to impose duties.

The DGTR conducted the probe following an application regarding the same from Chemplast Sanmar Ltd.

Anti-dumping probes are conducted by countries to determine whether domestic industries have been hurt because of a surge in cheap imports. As a countermeasure, they impose these duties under the multilateral regime of the Geneva-based World Trade Organisation (WTO).

The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

India has already imposed anti-dumping duty on several products to tackle cheap imports from various countries, including China.

WTO

DGFT/CBIC/BANKING NOTIFICATIONS

Text of DGFT, CBIC, Central Excise, RBI Notifications, Circulars, Public Notices, Instructions for INTRADE dated 30th December 2024

Week ending 23rd to 29th December, 2024

DGFT

Notification:

Notification No.44/2024-25 dated 26.12.2024 seeks to inform about Imposition of Quantitative Restriction on import of Low Ash Metallurgical coke under Chapter 27 of ITC (HS) 2022, Schedule-I (Import Policy).import allowed for import authorisations against specified countries for imports from 1st jan 2025 to 30th June 2025. Met coke with high ash content above 18% outside the scope of restriction.

Notification No.43/2024-25 dated 24.12.2024 seeks to inform about Extension in Import Period for Yellow Peas under ITC(HS) Code 07131010 of Chapter 07 of ITC (HS) 2022, Schedule –I(Import Policy).Import is free for 07131010 without MIP or Port restriction provided registration under Import Monitoring system with effect from 31st Dec 24 to 28th Feb 2025 B/Ls] issued .

Public Notice:

Public Notice No.36/2024-25 dated 27.12.2024 seeks to inform about Enlistment of 9 PSIAs and Additionally the instruments and areas of operation of 6 PSIAs have been notified, in terms of Para 2.52 (c) of HBP 2023 in Appendix-2G.

Public Notice No.35/2024-25 dated 24.12.2024 makes amendments to HBP and SION with immediate effect. The SION suspended vide PN 48 of 7 March 2024 are reinstrated and are now covered under 29061110 and 29061190.

CBIC

Customs Notifications:

Notification No.87/2024-Customs (N.T) dated 26.12.2024 seeks to inform about Appointment of Common Adjudicating Authority for the purpose of finalization of Provisional Assessment in SVB case w.r.t. M/s HD Hyundai Construction Equipment India Pvt. Ltd.

In effect of notitification 43/2024-25 dtd 24th december 24 by office of DGFT, **Notification No.49/2024-Customs dated 26.12.2024** seeks to amend Notification 64/2023-Customs to extend concessional duty on Yellow Peas till 28th February 2025 with effect from 27th December 2024

Notfn 28/2024 dtd 26 Dec 2024 seeks to impose ADD on digital offset printing plates imported from China PR, Japan, Korea RP,Taiwan and Vietnam for a period of five years with effect from 26 December 2024(Please read notifcation for further specific details).

Circular 27/2024 dtd 23 December 2024 enables voluntary payment electronically on ICEGATE e-payment platform. These are envisaged to replace TR-6 payments for 26 modes of such payments identified which are currently being done manually at various customs stations.

RBI Notification:

Notification No.RBI/2024-2025/98 FMRD.FMD.No.08/02.03.185/2024-25 dated 27.12.2024 seeks to inform about Reporting Platform for transactions undertaken to hedge price risk of gold.

Notification No.RBI/2024-2025/97 CO.DPSS.POLC.No.S972/02-14-006/2024-25 dated 27.12.2024 seeks to inform about Unified Payments Interface (UPI) access for Prepaid Payment Instruments (PPIs) through third-party applications.

Master Direction No. RBI/DPSS/2021-22/82 CO.DPSS.POLC.No.S-479/02.14.006/2021-22 dated 27.08.2021 on Master Directions on Prepaid Payment Instruments (PPIs) has been **updated on December 27, 2024.**

FORTHCOMING EVENTS

E- commerce export summit	Jan 3, 2025	Meerut
Webinar on Customs compliance requirements of BIS, EPR & LMPC – an overview.	Jan 3, 2025	Online
Seminar on export credit risk management and role of ecgc in international trade.	Jan 7, 2025	Tiruppur, Tamil Nadu
Webinar on Company Setup and Warehousing Procedures in the USA, for Indian Exporters who wish to expand operations in the USA	Jan 7, 2025	Online
Webinar on Export Finance from Banks.	Jan 7, 2025	Online
Interactive Session with the Commissioner of Customs, with the O/o DGFT Indore & ECGC	Jan 8, 2025	Indore
3-Days Certificate Course on Setting Up and Managing an Adaptive International Business	Jan 8-10, 2025	Mumbai
Interactive Session on Export Incentive Schemes and FTP 2023	Jan 9, 2025	New Delhi
Workshop o-n Identifying and Contracting Prospective Buyers in International Trade	Jan 21, 2025	Coimbatore, Tamil Nadu
Comprehensive 5-Day Certificate Programme on International Trade	Mar 3-7, 2025	New Delhi