



16 March – 22 March 2024

Trade Update

Trade deficit widens to \$18.7 billion in February; imports, exports rise 12.2%, 11.9% YoY

India's trade deficit widened to \$18.71 billion in February this year, after hitting a nine-month low in the month before, government said on Friday. Economists had pegged India's February trade deficit at \$18.30 billion, as per a Reuters poll. India's trade deficit in January 2024 stood at \$17.5 billion while in February 2023, it was \$16.6 billion.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/trade-deficit-widens-to-18-7-billion-in-february-imports-exports-rise-12-2-11-9-yoy/articleshow/108519809.cms>

Exports rise 11.9% to 11-month high in February

Buoyed by increased shipments of engineering goods, electronic items and pharmaceutical products, India recorded the highest goods exports in a month in this financial year so far in February, even as the merchandise trade deficit widened, showed data released on Friday. Merchandise exports increased 11.9% year-on-year to an 11-month high of \$41.40 billion in February, while imports increased 12.2% a four-month high of \$60.11 billion, led by gold imports which went up 133% to \$6.15 billion.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/exports-rise-11-9-to-11-month-high-in-february/articleshow/108533407.cms>

US, UAE, Singapore, South Africa give a fillip to India's exports in Feb

A turnaround in February shipments to key export destinations such as the US, United Arab Emirates (UAE), Singapore and South Africa led to double-digit export growth from India touching a 20-month high. After growth in merchandise exports remained in negative territory for most of 2023, outbound shipments have turned positive for three consecutive months since December last year despite the continuing global economic turmoil.

https://www.business-standard.com/economy/news/us-uae-singapore-south-africa-give-a-fillip-to-india-s-exports-in-feb-124031700460_1.html

India's exports may reach \$450 bn this fiscal: FIEO Prez Ashwani Kumar

The country's merchandise exports are expected to reach USD 450 billion by the end of this fiscal despite geopolitical challenges like the Red Sea crisis, newly elected president of apex exporters body FIEO Ashwani Kumar said on Tuesday. He said that the need of the hour is to address the Red Sea crisis challenges by ensuring the availability of marine insurance and rational increase in freight charges.

https://www.business-standard.com/economy/news/india-s-exports-may-reach-450-bn-this-fiscal-fieo-prez-ashwani-kumar-124031900331_1.html

Free Trade Agreements

India, UK aim to sign free-trade agreement by July; legal vetting on

After a long delay, New Delhi and London are aiming at signing the free-trade agreement (FTA) by July, leading to Indian exporters of labour-intensive products such as textiles, machinery, automobile parts, and marine products getting greater market access. Signing a trade deal with the United Kingdom (UK) would be one of the main priorities of India's National Democratic Alliance-led government, which is now eyeing a third consecutive term.

https://www.business-standard.com/economy/news/after-a-long-delay-india-uk-free-trade-deal-expected-to-be-signed-in-july-124032100978_1.html

India, Peru set to thrash out issues on free-trade agreement document

India and Peru are looking to iron out major issues on the text of the proposed free-trade agreement (FTA) that both nations are eyeing, government officials said. The two nations are aiming to share the document and offer a list of services as well as goods before the seventh round, scheduled to begin in New Delhi on April 8, they said. Negotiations for the India-Peru Trade Agreement commenced in 2017 and the fifth round concluded in August 2019.

https://www.business-standard.com/india-news/india-peru-set-to-thrash-out-issues-on-free-trade-agreement-document-124031800675_1.html

Bilateral Trade

India invokes MFN clause, lowers royalty, FTS tax rates in India-Spain treaty

India has announced lower tax rates on royalties and fees for technical services (FTS) in its double taxation avoidance agreement (DTAA) with Spain. The tax charged will not exceed 10 per cent of the gross amount of royalties or fees for technical services instead of the existing treaty rates which can be as high as 20 per cent. CBDT has notified the amendment in the light of the India-Germany DTAA read with paragraph 7 of the protocol to the India-Spain DTAA.

<https://www.thehindubusinessline.com/markets/india-invokes-mfn-clause-lowers-royalty-fts-tax-rates-in-india-spain-treaty/article67973313.ece>

Modi's Bhutan trip this week to result in new initiatives in energy, infra & cross-border trade

Prime Minister Narendra Modi's two-day trip to Thimphu from Thursday and Friday, days after his Bhutanese counterpart Tshering Tobgay visited India, will lead to several new initiatives in energy, infrastructure and cross-border trade, said people with knowledge of the matter. This will bolster bilateral ties amid China's push to expand its outreach in the Himalayan kingdom.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/modis-bhutan-trip-this-week-to-result-in-new-initiatives-in-energy-infra-cross-border-trade/articleshow/108623708.cms>

India buying more oil from US as fresh sanctions stifle Russian flows

Indian oil refiners are on track to take the most American crude in almost a year after tighter enforcement of US sanctions crimped trade with Russia and forced processors to look elsewhere for supply. State-owned Bharat Petroleum Corp. and Indian Oil Corp., along with top private refiner Reliance Industries Ltd., have purchased about 7 million barrels of April-loading US crude so far this month, said traders who asked not to be identified.

https://www.business-standard.com/economy/news/india-buying-more-oil-from-us-as-fresh-sanctions-stifle-russian-flows-124031900352_1.html

Russia remains India's top crude supplier, imports rise 14% in January

Russia remained the top supplier of oil to India in January, accounting for nearly a third of the crude brought into the country, according to data from the commerce ministry. At \$4.47 billion, the value of the crude oil supply from Russia jumped 41% year-on-year. Sequentially, crude imports from that country increased 14% from \$3.92 billion in December 2023, the data showed.

<https://www.livemint.com/industry/energy/russia-remains-indias-top-crude-supplier-imports-rise-14-in-january-11710750138911.html>

Exporters need to follow new British rules to avail duty benefits: DGFT

Exporters seeking to avail duty concessions on shipments to the UK will have to adhere to the new British rules under the Developing Countries Trading Scheme (DCTS). In a trade notice, the Directorate General of Foreign Trade said that the United Kingdom (UK) has replaced its existing origin declaration process under Generalized Scheme of Preferences (GSP) with the UK DCTS effective from June 19, 2023.

https://www.business-standard.com/industry/news/exporters-need-to-follow-new-british-rules-to-avail-duty-benefits-dgft-124031801032_1.html

Sectoral Updates

Oilmeals exports increased 9% in Feb to nearly 516K tonnes, says SEA

Oilmeals export rose 9 per cent year-on-year in February to nearly 5.16 lakh tonnes on higher outward shipments of soyabean meal, according to trade data. In a statement on Friday, Solvent Extraction of India (SEA) said the export of oilmeals in February stood at 515,704 tonne as compared to 4,71,770 tonne in the year-ago period. Of the total oilmeals export last month, the shipments of soyabean meal stood at 3,47,905 tonne and rapeseed meal 1,44,372 tonne.

https://www.business-standard.com/economy/news/oilmeals-exports-increased-9-in-feb-to-nearly-516k-tonnes-says-sea-124031500417_1.html

India rice prices extend declines; Vietnam rates rise on Indonesian bids

Rice export prices in India fell for a second straight week due to sluggish African demand, while Vietnam's prices edged up on the back of Indonesia's increased bid for supplies. Top exporter India's 5% broken parboiled variety was quoted at \$543-\$550 per metric ton this week, compared to \$548-\$555 last week and a record high of \$560 earlier this month.

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/india-rice-prices-extend-declines-vietnam-rates-rise-on-indonesian-bids/articleshow/108695844.cms>

Basmati exports set to top record \$5 billion-mark this fiscal

Good demand from Middle-East ahead of Ramadan, besides UK and US helps. India's basmati shipments are set to cross the \$5 billion-mark during the current financial year on robust demand from traditional markets in Middle East and other markets such as the United States and the United Kingdom.

<https://www.thehindubusinessline.com/economy/agri-business/basmati-exports-set-to-top-record-5-million-mark-this-fiscal/article67969443.ece>

Duty-free imports of yellow peas may be allowed beyond April

India may allow duty-free imports of yellow peas, which are used in place of chana, beyond April to keep the pulses inflation under control as the yield of chana is expected to be low on account of a decline in acreage and lower productivity, said an official. "Yellow pea imports are expected to help offset the anticipated shortfall in the supply of chana as the domestic crop is projected to be lower than that last year on drop in acreage and weather impacting the yields," said the official, who did not wish to be identified.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/duty-free-imports-of-yellow-peas-may-be-allowed-beyond-april/articleshow/108533516.cms>

Centre to purchase 1,650 tonnes of onions for exports to Bangladesh

National Cooperative Export Ltd (NCEL), the government's export agency, has announced plans to purchase 1,650 tonnes of onions from private traders at Rs 29/kg for export to Bangladesh, according to a report by The Economic Times (ET). This move marks the first official export of onions from India in over three months, following the government's ban on exports from December 8 to March 31.

https://www.business-standard.com/india-news/centre-to-purchase-1-650-tonnes-of-onions-for-exports-to-bangladesh-124031800166_1.html

Shrimp exporters complying with norms to meet requirements of importing nations, says FIEO

Federation of Indian Export Organisations (FIEO) on Thursday said Indian shrimp exporters are complying with food safety and quality norms to meet requirements of importing nations, including the US. The statement comes in the backdrop of some reports alleging food safety and bad labour conditions in the Indian shrimp

industry. "We must counter this vehemently as our marine sector has been complying and constantly upgrading to US shrimp requirements," FIEO Director General Ajay Sahai said.

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/shrimp-exporters-complying-with-norms-to-meet-requirements-of-importing-nations-says-fieo/articleshow/108695749.cms>

India's smartphone exports to US jump to \$ 3.53 bn in Apr-Dec FY24

India's smartphone exports to the US jumped to \$ 3.53 billion in April-December this fiscal against \$ 998 million in the same period last year, according to the Commerce Ministry data. The increasing outbound shipments led to an increase in the smartphones' market share to 7.76 per cent during April-December this fiscal from 2 per cent in the same period of last year, the data showed.

https://www.business-standard.com/economy/news/india-s-smartphone-exports-to-us-jump-to-3-53-bn-in-apr-dec-fy24-124031700451_1.html

India's coal import rises marginally to 212 MT in April-January period

The country registered a marginal rise of 1.65 per cent in coal imports to 212.24 Million Tonnes (MT) in the April-January period of the ongoing fiscal, over the year-ago period. India's coal import was 208.78 MT in the corresponding period of the previous fiscal, according to data compiled by mjunction services ltd. mjunction services ltd is a B2B e-commerce platform.

https://www.business-standard.com/industry/news/india-s-coal-import-rises-marginally-to-212-mt-in-april-january-period-124032100260_1.html

India's crude oil output rises 7.9% to 2.3 MMT in February, imports decline 6.6% YoY: PPAC

India produced a total of 2.3 million metric tonnes (MMT) of crude oil in February 2024 - registering a growth of 7.9 per cent compared to the year-ago period, according to Petroleum Planning & Analysis Cell (PPAC). Out of 2.3 MMT, Oil and Natural Gas Corporation (ONGC) produced 1.4 MMT of crude oil while Oil India Limited (OIL) and and private sector producers contributed 0.3 MMT and 0.6 MMT, data released by the Oil Ministry showed.

<https://www.livemint.com/economy/indias-crude-oil-output-rises-7-9-to-2-3-mmt-in-february-imports-decline-6-6-yoy-ppac-11711027209242.html>

India's petroleum export earnings drop due to global slowdown

India's export earnings from petroleum shipments fell steeply during the first 11 months of fiscal year 2024 due to the global economic slowdown, a rise in domestic consumption, and shrinking discounts on Russian oil. During FY2023, India, despite not being a major petroleum producer, expanded its export markets for refined petroleum products helped by the availability of cheap Russian oil and a demand for value-added petroleum products from countries in Europe, West Asia and North Africa.

<https://www.livemint.com/news/india/indias-petroleum-export-earnings-drop-due-to-global-slowdown-11711015922757.html>

India's oil imports to be disrupted as US-Venezuela tensions escalate

Indian imports of cheap Venezuelan oil, the country's fifth-biggest crude supplier in 2019, may face disruptions from April as the US and the South American country are embroiled in a dispute over renewing a six-month permission for crude exports. Uncertainty over Venezuelan supplies for Indian refiners comes amid reduced discounted Russian flows also targeted by the US, and the Indian government's move to slash diesel and petrol prices by Rs 2/litre.

https://www.business-standard.com/economy/news/india-s-oil-imports-to-be-disrupted-as-us-venezuela-tensions-escalate-124031700192_1.html

Sponge iron producers urge govt to impose duties to curb iron ore exports

Indian sponge iron producers have urged the government to impose duties on exports of low-grade iron ore to stave off shortages of the main raw material in the world's second-biggest crude steel producer. "We have urged the government that there is a shortage of iron ore, (so) please intervene and levy export duty," Rahul Mittal, chairman of the Sponge Iron Manufacturers Association, told Reuters in an interview.

https://www.business-standard.com/economy/news/sponge-iron-producers-urge-govt-to-impose-duties-to-curb-iron-ore-exports-124032000318_1.html

Trade officials, exporters to meet over rejection of Indian farm exports

Senior commerce ministry officials are preparing to meet exporters and other stakeholders to find ways to meet phytosanitary requirements that have become a hurdle for agricultural exports, two people aware of the matter said. Some Indian agricultural exports, including fruits and vegetables, have found entry into regions like Europe, Australia and the US difficult due to tough phytosanitary requirements.

<https://www.livemint.com/news/trade-ministry-officials-to-meet-exporters-to-address-challenges-with-phytosanitary-requirements-11710930269942.html>

Cotton exports gather pace, may touch 22-25 lakh bales for 2023-24 season

With Indian cotton prices staying attractive for global buyers, exports of the fibre crop to countries such as Bangladesh, China and Vietnam, have picked up over the past three months. Exports during the first five months of the 2023-24 season starting October were 15 lakh bales (170 kg), at par with 15.5 lakh bales during the entire 2022-23 marketing season.

<https://www.thehindubusinessline.com/economy/agri-business/cotton-exports-gather-pace-may-touch-22-25-lakh-bales-for-2023-24-season/article67969039.ece>

Govt allows urea imports by state-owned fertiliser companies till March' 25

The government Monday allowed the import of urea through India Potash Ltd (IPL), Rashtriya Chemicals & Fertilizers Ltd (RCF), and National Fertilizers Ltd (NFL) for another year until March 31, 2025. The Directorate General of Foreign Trade (DGFT) in a notification, said that import of urea (for agriculture purpose) on government account shall be allowed either by designated state trading enterprises (STE) itself, or other entities authorised by the fertilizers department.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-allows-urea-imports-by-state-owned-fertiliser-companies-till-march-25/articleshow/108594224.cms>

As domestic LNG output rises, imports will decline to 45% by FY26

With increasing local production, the import dependency of natural gas in general and LNG in particular, is likely to come down to 45 per cent by FY26, says a report. According to a Care Ratings analysis, with the rise in domestic natural gas production, the dependency on imported LNG (liquefied natural gas), which stood at 53 per cent in FY21, has gradually declined over the past three years and is expected to remain at around 45 per cent by FY26, the agency said.

https://www.business-standard.com/industry/news/as-domestic-lng-output-rises-imports-will-decline-to-45-by-fy26-124031900582_1.html

Rubber Board announces incentive of Rs 5 per kg for rubber sheet exports

A day before the announcement of the 2024 general elections, the Rubber Board here on Friday announced an incentive of Rs 5 per kg for the export of rubber sheets. The Executive Director of the Rubber Board, M Vasanthagesan, said the incentive aims to stabilise domestic prices and boost export opportunities. "An incentive of Rs 5 per kg for a short time for the scheme period for at least a quarter, up to June 2024, was announced to motivate the exporters.

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/kerala-rubber-board-announces-incentive-of-rs-5-per-kg-for-rubber-sheet-exports/articleshow/108576299.cms>

Other Key Coverage

Exporters seek exemption from 45-day payment to MSMEs rule

Exporters across sectors have sought exemption from a new rule that requires them to pay any pending bills to micro and small units within 45 days. Around 150,000 exporters, represented by as many as 15 export promotion councils, including the Federation of Indian Export Organisations, have raised concerns over the provision, saying it will impact their liquidity as payments for exports are received with an average time lag of 120 days,

<https://economictimes.indiatimes.com/news/economy/foreign-trade/exporters-seek-exemption-from-45-day-payment-to-msmes-rule/articleshow/108657378.cms>

Significant ramp up in capacities to help achieve \$40 bn exports target

Steps such as significant ramp up in production capacities, and skilling of workforce will help achieve USD 40 billion garment exports target by 2030, AEPC said on Tuesday. Apparel Export Promotion Council of India (AEPC) Chairman Sudhir Sekhri said skilled workers like tailors and quality checkers are still not sufficient as during the peak season they go to their native villages thereby creating shortage.

https://www.business-standard.com/economy/news/significant-ramp-up-in-capacities-to-help-achieve-40-bn-exports-target-124031900308_1.html

India, US resolve last outstanding WTO dispute on poultry

India and the US Thursday informed the World Trade Organization (WTO) that they have reached a mutually agreed solution on the outstanding dispute on poultry imports from Washington, thereby resolving all of their seven disputes at the global trade watchdog. In 2015, India lost a long-pending dispute over poultry imports from the US at the WTO.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-us-resolve-last-outstanding-wto-dispute-on-poultry/articleshow/108687206.cms>

India's exports growth at a 20-month high amid Red Sea crisis; impact on export contract renewals key monitorable, says CRISIL

India's merchandise exports surged 11.9 per cent on-year in February to \$41.4 billion, displaying strong momentum amid the ongoing Red Sea crisis and uneven economic growth outcomes among trade partners. This has been the fastest since June 2022 after a growth of 3.1 per cent in January. With this, the exports grew for the third consecutive month, indicating sustained momentum.

<https://www.financialexpress.com/policy/economy-indias-exports-growth-at-a-20-month-high-amid-red-sea-crisis-impact-on-export-contract-renewals-key-monitorable-says-crisil-3431806/>

Capping of interest subsidy for exporters to continue in Q1 of new fiscal

The Centre has notified an interest subsidy cap of ₹2.5 crore for individual export units in the first quarter of the forthcoming fiscal 2024-25 under the popular interest equalisation scheme (IES) for identified sectors and MSMEs. This is in continuation of its capping policy, introduced this fiscal, to ensure that more units can benefit from the scheme, sources said.

<https://www.thehindubusinessline.com/economy/capping-of-interest-subsidy-for-exporters-to-continue-in-q1-of-new-fiscal/article67976578.ece>

Notifications

Amendment in Policy condition of De-Oiled Rice Bran.

<https://content.dgft.gov.in/Website/dgftprod/c1da36ca-0b32-494b-9b43-7b11ec6ca5d3/Notification%20No.%2076-2023-english.pdf>

Imposition of Minimum Import Price on Synthetic Knitted Fabrics up to 15th September 2024 -reg.

<https://content.dgft.gov.in/Website/dgftprod/79d5477f-7970-4d51-8a75-de388775e973/Notification%2077%20-English.pdf>

Amendment in Import Policy Condition for Duck Meat under Chapter 2 of ITC (HS) 2022, Schedule -I(Import Policy)

<https://content.dgft.gov.in/Website/dgftprod/52198858-cc16-4d45-a3bd-cbd2b0bb6dfb/Notification%2078%20-English.pdf>

Amendment in import policy condition of Urea [Exim Code 31021010] in the ITC (HS) 2022, Schedule – I (Import Policy) - Regarding.

<https://content.dgft.gov.in/Website/dgftprod/cb634786-2fae-4df0-adff-69d9ae45ebaa/Noti%2079%20eng.pdf>

Changes in origin declaration for Self-Certification under UK Developing Countries Trading Scheme (DCTS)

<https://content.dgft.gov.in/Website/dgftprod/7ab54fc6-e68e-4cc6-a175-40bf5f67ee16/Trade%20Notice-39%20singed.pdf>

Amendments under Interest Equalization Scheme - reg.

<https://content.dgft.gov.in/Website/dgftprod/a70c5d16-a6c6-4a04-ae8f-437d73a979c7/Trade%20Notice%20No%2040.pdf>