VITAL INDUSTRY UPDATES - 10/08/2015

Govt allows export of rice bran oil in bulk

The Government has allowed export of rice bran oil in bulk and other edible oil in branded consumer packs of up to five kg with a minimum export price of $900 (₹57,363) a tonne. Trade expects rice bran oil exports to jump sharply to 10,000 tonnes this fiscal against 2,000 tonnes achieved last year.

Untapped markets

India produces about 10 lakh tonnes of rice bran oil annually and is largely consumed in the domestic market. Bran, the brown layer on rice grain, has 10-25 per cent oil content. Though the rice bran oil is considered cheap and healthier, it has not gained popularity among Indian consumers as it does not have any particular taste unlike groundnut, soybean or sunflower oils.

India, one of the largest consumers of edible oil, imports about 10 million tonne (mt) of edible oil per annum. It meets about 60 per cent of its vegetable oil demand of 17-18 mt through imports.

Speaking on the sidelines of Global Rice Bran Conference organised by the Solvent Extractors' Association, Dr V Prakash, Scientist with Council of Scientific and Industrial Research said, "The decision to allow rice bran oil export in bulk without any limit may push up prices in the domestic market as producers would find it easier to sell it abroad than packaging and labelling for the domestic market."

However, he added, given the poor demand and low awareness of the benefits of rice bran oil, bulk exports will not have much impact for consumers.

Though India is the second largest producer of rice after China, the nation has not fully explored the potential of producing rice bran, which can be also be used in the pharma sector.

Ashford Centre, 5th Floor, Opposite Peninsula Corporate Park,

Competition brewing

China is slowly getting used to rice bran oil and it's a matter of time before it becomes the leading supplier of this oil.

Remedial measures

"India should consider importing raw rice bran from Thailand and do the value addition here to produce the oil," said Prakash. BV Mehta, Executive Director, Solvent Extractors' Association said there is good demand for Indian rice bran oil in countries such as Japan and Thailand.

Since rice bran oil has no particular taste, it can be easily blended with any oil and may be imported back into India as a value added product or olive oil. Incidentally, the demand for rice bran oil in India is more in non-paddy growing northern and western regions than in the eastern and southern parts.

JSPL, Vedanta, Hindalco qualify for third tranche of coal auction

Naveen Jindal's Jindal Steel and Power Ltd, Anil Agarwal's Vedanta Ltd, Aditya Birla Group's Hindalco are amongst the technically qualified bidders to participate in the financial bid stage for the third tranche of coal block auctions.

Public sector steel makers Steel Authority of India Ltd and Rashtriya Ispat Nigam Ltd are also amongst those qualified for bidding for six coal blocks up for grabs.

Originally, 10 blocks were to be offered but four received one and less than one bids.

Out of the six blocks where financial bidding will take place, three -- Marki Mangli I, Jamkhani and Parbatpur Central -- are the unsold blocks from the previous two rounds of the auctions.

Govt to impose 10% import duty on wheat till March 2016

The Centre has moved forward on the question of an import duty on wheat with the Finance Minister, Arun Jaitley, placing a copy of the notification regarding the subject before the Lok Sabha on Friday.

The notification dated August 7 sought to impose a Customs duty of 10 per cent wheat till March 31, 2016, under Section 159 of the Customs Act, 1962. The step had been suggested by the Food Ministry in June to curb the premium quality Australian wheat shipments in order to liquidate the stocks lying with the Food Corporation of India (FCI).

Global prices of Australian wheat, in the range of $265-270/tonne, are viable for flour millers to buy, particularly those in South India. Flour millers have entered into a contract for about 0.5 million tonnes (mt) worth of imports since they found it difficult to procure good quality domestic grain.

FCI has procured about 28.1 mt this year but almost 26.6 mt is believed to have been purchased under relaxed quality norms after the standing crops had been damaged by unseasonal rain between end-February and early-April.

Wheat output is estimated at 90.78 mt in 2014-15 against a record production of 95.85 mt the year before. Still, the government has a huge stock of over 40 mt due to bumper procurement this year and carryover stock from the previous years.

Coal imports decline by 11 pc in July

Coal imports by India, the world's third-largest buyer, have declined by 11 per cent to 19.3 million tonnes (mt) in July from a year earlier, due to the slow growth in demand for power from distribution companies along with increased domestic supplies, sources said.

"The demand for electricity from distribution companies is not growing the way it was projected to grow," a senior analyst of a commodity trading company said.

According to the analyst, India shipped in 20 per cent less of thermal coal used in power generation in July from a year ago.

Wheat imports hit by price volatility in Australia

Wheat imports have been hit due to the price volatility in Australia in the past few weeks. South Indian millers, who imported high-protein grain, are in a dilemma as prices have gone haywire, and the fear of imposition of import duty of 10 per cent, trade sources said.

The expected announcement of 10 per cent duty might further impact imports, creating hurdles for flour millers procuring high-protein wheat, sources added.

In the wake of uncertain imports, the millers might scout for good quality wheat in India, an official of a flour millers association said.

Merchants and millers have contracted about 0.5 million tonnes (mt) of Australian wheat, of which about 0.30 mt had reached Indian shores, with the balance to arrive this month. About 0.138 mt came in during June and 0.16 mt in July, it is learnt.

Kandla Port resumes container handling after 2 years

It was a remarkable day for Kandla Port on Friday (August 7, 2015) when it again commenced container handling after a gap of two years. The first call was of the coastal vessel
MV ALLCARGO SUSHEELA under the agency of Mystic Shipping Pvt. Ltd at Berth No. 11.

Mr Ravi Parmar, IAS, Chairman of Kandla Port Trust (KPT), flagged off the resumed container operations in the presence of a large gathering of Port users and exporters/importers.

The vessel loaded 200 TEUs—168 TEUs of iodised salt and 32 empties. Of the 200, 125 TEUs were destined for Mormugao Port and 75 TEUs for New Mangalore Port. This will be a regular weekly coastal service covering Kandla - Mormugao - New Mangalore - Kandla, it was highlighted.

Mr Ravi Parmar was happy to share the advantages of restarting container operations at KPT with those gathered. Mr Dinesh Gupta, President of Gandhidham Chamber of Commerce and Industry, said the development would boost Kandla trade as they would be able to take advantage of the low-cost handling at the Port.

Mr Mukesh Balani, KPT Traffic Manager, told Exim India that presently the Port can only handle container vessels having their own cranes (geared), adding that it will take about six months for the shore cranes to be repaired and running.

While Mystic Shipping was the vessel agent/stevedore, the handling/transportation was taken care of by group company Arya Translogistics Pvt. Ltd. This was a major achievement for the Mystic Group of Companies.

It may be recalled that the facility was run by ABG Kandla Container Terminal up to 2013, with the last vessel calling on August 10, 2013. The maximum volume handled then was 1,66,488 TEUs in 2011-12, whereas KPT's own handling record was 1,80,917 TEUs in 2004-05, which is proof that KPT can handle container operations better in the coming years.

The next vessel likely is MV JIGJIGA, under the agency of Samsara Shipping Pvt. Ltd, on August 13-14 on a fortnightly service covering Kandla - Jeddah - Djibouti - Kandla, it was pointed out

Steel makers seek imposition of safeguard duty on imports

The steel industry has demanded the imposition of 'safeguard duty' on imported hot-rolled (HR) steel coil to curb cheap imports, industry sources said.

In response, the government said that it may investigate the matter once procedural requirements were fulfilled

A petition was filed with the Directorate-General of Safeguards by leading steel manufacturing firms.

A leading steel manufacture said, "While cheap imports might benefit user industries in the short term, surely reliance on imported steel cannot be a sustainable business strategy."

India's total steel import shot up by 71 per cent to 9.31 million tonnes (mt) in 2014-15 from 5.45 mt in the previous year, with Chinese imports having the majority share, industry sources revealed.