
Export Analysis for the financial year 2018-19

Prepared by



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I. Table 1: Summary of export performance of SHEFEXIL products for the Financial Year (FY) 2018-19:

Mar 2018 (USD Billion)	Mar 2019 (USD Billion)	Growth (%)
<u>0.201</u>	<u>0.238</u>	<u>18.41</u>
2017-Mar 2018 (USD Billion)	2018-Mar 2019 (USD Billion)	Growth (%)
<u>1.905</u>	<u>2.140</u>	<u>12.33</u>

II. Analysis of export performance of each Panel of SHEFEXIL:

Overall export performance of SHEFEXIL's Panels for FY2018-19 is analyzed as under:

Table 2: Export performance of SHEFEXIL products for the FY 2018-19:

PANEL	FY 2017-18	FY 2018-19	Growth
	Value US\$ Million	Value US\$ Million	%
Vegetable Saps & Extracts	782.02	990.73	26.69
Guar Gum	646.94	674.86	4.32
Plant and Plant Portion	323.70	312.12	-3.58
Fixed Vegetable Oil, Cake & Others	65.28	70.99	8.75
Shellac & Lac Based Products	34.15	38.43	12.55
Other Vegetable Materials	53.27	53.81	1.01
Total	1905.36	2140.94	12.36

[Source: DGCI&S - <http://commerce-app.gov.in/eidb/default.asp>]

Observations:

- 1. Vegetable Saps & Extracts (VSE):** As compared to the FY2017-18, export of VSE panel increased by 26.69% during the FY 2018-19.
- 2. Guar Gum (GG):** Export of Guar Gum panel increased by 4.32% during FY 2018-19 as compared to the FY 2017-18.
- 3. Plant and Plant Portion (PPP):** In the FY 2018-19, export of PPP panel has decreased by 3.58% as compared to the previous FY.

4. **Fixed Vegetable Oil, Cake & Others (FVOC):** Export of FVOC panel has increased by 8.75% during the FY 2018-19 as compared to the FY 2017-18.
5. **Shellac & Lac Based Products (SLBP):** In the FY 2018-19, export of SLBP panel increased by 12.55% as compared to the previous FY.
6. **Other Vegetable Materials (OVM):** There is an increase in the export of OVM panel by 1.01% during the FY 2018-19 as compared to the FY 2017-18.

III. Table 3: Top Exported products of SHEFEXIL during the FY 2018-19:

Rank	Products Name	Panel
1	Guar gum treated & pulverized	Guar Gum
2	Other essential oil of mint	Vegetable Saps & Extracts
3	Other extracts	Vegetable Saps & Extracts
4	Psyllium husk (Isobgul husk)	Plant & Plant Portion
5	Menthol crystal	Vegetable Saps and Extracts
6	Guar gum refined split	Guar Gum
7	Guar meal	Guar Gum
8	Essential oil of peppermint (Menthapiperita)	Vegetable Saps and Extracts
9	Other mucilages thickeners derived from locust beans or seed	Vegetable Saps and Extracts
10	Other parts of plants used in perfumery/ pharmaceutical/insecticidal purpose etc.	Plant & Plant Portion

IV. Table 4: Top 10 export destinations of SHEFEXIL products during the FY 2018-19:

No.	Export Market	2017-18 (Value in USD Million)	2018-19 (Value in USD Million)	Growth
1	U S A	746.00	693.34	-7.06
2	CHINA P RP	121.05	174.55	44.20
3	IRAN	85.65	150.15	75.32
4	GERMANY	124.92	117.80	-5.70
5	HONG KONG	26.15	106.01	305.44
6	NETHERLAND	46.74	58.35	24.85
7	SINGAPORE	18.98	56.58	198.06

8	JAPAN	54.58	55.97	2.56
9	RUSSIA	45.89	55.20	20.28
10	U K	53.29	53.78	0.93

[Source:DGCI&S - <http://commerce-app.gov.in/eidb/default.asp>]

Observations:

1. USA is the top most importer of SHEFEXIL products from India. However, USA's import from India has decreased by 7.06% during the FY2018-19 as compared to the FY 2017-18
2. There is a significant increase in the export of SHEFEXIL products in case of Hong Kong and Singapore by 305.44% and 198.06% respectively in the FY2018-19 as compared to FY 2017-18.
3. Other countries where exports of SHEFEXIL products have increased during the FY 2018-19 as compared to the FY2017-18 includes; China (44.20%), Iran (75.32%), Netherland (24.85%), Japan (2.56%), Russia (20.28%) and UK (0.93%).
4. In case of Germany, export of SHEFEXIL products has declined by 5.70% in the FY 2018-19 as compared to the FY 2017-18.

V. Table 5: Region wise export analysis of SHEFEXIL panels for the FY 2018-19:

Region	Panel	2017-18 (Value US \$ Million)	2018-19 (Value US \$ Million)	Growth
America	VSE	287.95	294.69	2.34
	GG	368.55	290.35	-21.22
	PPP	106.37	110.61	3.99
	FVOC	17.29	23.80	37.69
	SLBP	4.65	7.23	55.62
	OVM	1.88	2.74	46.02
	Total	786.68	729.42	7.27
European Union	VSE	141.63	149.19	5.34
	GG	86.62	113.49	31.02
	PPP	110.43	82.14	-25.62
	FVOC	14.79	14.89	0.62
	SLBP	6.40	6.54	2.10
	OVM	4.13	4.50	8.95
	Total	364.01	370.75	1.85
East Asia	VSE	134.39	217.97	62.19
	GG	47.98	101.19	110.89
	PPP	22.26	26.79	20.38

	FVOC	7.78	6.40	-17.75
	SLBP	2.88	4.69	63.15
	OVM	23.92	21.28	-11.03
	Total	239.21	378.32	8.15
East Asia	VSE	111.54	174.89	56.80
	GG	15.49	16.79	8.43
	PPP	19.89	17.53	-11.84
	FVOC	10.20	13.48	32.16
	SLBP	1.96	2.37	20.82
	OVM	4.56	5.46	19.84
	Total	163.63	230.52	0.87
ation of South East Asian Nations (ASEAN)	VSE	45.31	85.88	89.57
	GG	10.34	12.50	20.82
	PPP	32.61	38.12	16.90
	FVOC	5.97	6.65	11.40
	SLBP	1.28	0.92	-27.92
	OVM	1.36	2.01	48.17
	Total	96.87	146.09	0.81
merica	VSE	18.50	15.32	-17.19
	GG	22.46	35.73	59.08
	PPP	4.84	4.79	-0.98
	FVOC	0.69	0.79	13.93
	SLBP	0.66	0.86	29.34
	OVM	0.11	0.16	47.15
	Total	47.27	57.65	
onwealth of Independent States (CIS)	VSE	5.48	7.89	44.04
	GG	41.48	48.46	16.80
	PPP	1.09	1.39	28.41
	FVOC	0.46	0.51	10.97
	SLBP	0.00	0.00	0.00
	OVM	0.20	0.36	74.52
	Total	48.71	58.61	0.32
Asia	VSE	11.40	10.23	-10.21
	GG	1.44	0.47	-67.67
	PPP	21.29	25.03	17.57
	FVOC	6.39	2.93	-54.14
	SLBP	12.19	12.39	1.69
	OVM	15.86	15.33	-3.35
	Total	68.57	66.38	3.19
	VSE	14.68	25.77	75.49
	GG	4.53	5.65	24.74
	PPP	3.32	4.22	27.23
	FVOC	1.25	1.45	16.33
	SLBP	1.33	1.10	-17.53
	OVM	0.92	1.16	26.31

	Total	26.03	39.35	1.17
	VSE	11.15	8.89	-20.25
	GG	48.04	50.25	4.60
	PPP	1.62	1.47	-9.67
	FVOC	0.45	0.08	-81.35
	SLBP	2.79	2.32	-16.85
	OVM	0.35	0.81	128.10
	Total	64.41	63.83	0.90

[Source:DGCI&S - <http://commerce-app.gov.in/eidb/default.asp>]

Observations:

- ❑ **North America** – Export of all the panels have shown positive growth except for panel GG which recorded negative growth of 21.22% in the FY2018-19 as compared to FY 2017-18.
- ❑ **European Union** – Export of panelPPP is declined by 25.62%, whereas, all other panels have shown positive growth in the export in the EU region during FY 2018-19 when compared with FY 2017-18.
- ❑ **North East Asia**–Export of all the panels have shown positive growth except for panels FVOC and OVM which recorded negative growth of 17.75% and 11.03% respectively. Export of Guar Gum panel have increased significantly (110.89%) in North East Asia region during the FY 2018-19 as compared to the FY 2017-18.
- ❑ **West and East Asia** - In the FY2018-19, export of all the panels have increased in West & East Asia region except for panel PPP which recorded negative growth of 11.84%as compared to the FY 2017-18.
- ❑ **ASEAN** –All the panels have shown positive growth in the exports in the ASEAN region except for panelSLBP which recorded negative growth of 27.92% in the FY2018-19 as compared to the FY 2017-18.
- ❑ **Latin America** – In Latin America region export of all the panels have increased except for panelsVSE and PPPwhich recorded negative growth of 17.19% and 0.98% respectively during the FY2018-19 as compared to the FY 2017-18.
- ❑ **CIS** – In CIS region export of all the panels have increased except for panel SLBP in the FY 2018-19 as compared to the FY 2017-18. No exports were made in CIS region under the panel SLBP.
- ❑ **South Asia** – Export of all the panels have shown negative growth in South Asia region except for panels PPP and SLBP which recorded positive growth of 17.57% and 1.69% respectively during the FY 2018-19 as compared with FY 2017-18.
- ❑ **Africa** - In Africa region export of all the panels have increased except for panel SLBP which recorded negative growth of 17.53%during the FY2018-19 as compared to the FY 2017-18.

VI. Reasons for increase/decrease in the export of SHEFEXIL product panels in the FY 2018-19

1. There is an increase in the export of following panels of SHEFEXIL:



Reasons for Increase in the export are as under:

Rupee depreciation against USD:

Rupee has depreciated against USD during Apr-Mar 18-19 as compared to Apr-Mar 17-18. As per RBI, the average rate of Rupee against USD during Apr-Mar 17-18 was 64.44 and during Apr-Mar 18-19 it is 67.21. Import intensity is very low in SHEFEXIL products and this currency depreciation has provided boost to Indian exports of SHEFEXIL products.

Increase in the exports of Guar Gum Splits to China:

India's export of Guar Gum Splits is increasing due to very huge demand for splits from China. The import duty on Guar Gum Splits in China is low as compared to the duty on value added products of Guar Gum. Therefore, our export of Guar Gum Refined Split has increased in China.

Increase in the export of Menthol crystal - Menthol Crystal has wide range of applications in cosmetics, medicine, food etc. and thus has huge demand in international markets such as EU, USA, Russia etc.

Increase in export of Mint oil to Hong Kong and Singapore:

Our export of mint oil has increased in countries such as Hong Kong and Singapore during Apr-Mar 2018-19. Mint oil has wide range of uses, mint oil and its constituents are commercially used in food, pharmaceutical and cosmetics industries. In Hong Kong, Mint oil is mainly used in cosmetics and personal care products. Cosmetics and personal care products market is growing in Hong Kong, hence, our export of Mint oil has increased in Hong Kong.

□ Increase in the export of Guar Meal/Refined split to Netherlands and UK:

European nations, like Netherlands and UK, have a high demand for guar powder in the food industry. UK has a significant demand for guar gum in oil drilling as well as in food industry. Oil drilling is the leading industry in the UK driving the demand for guar gum, whereas the food industry is the second-largest industry driving the market.

2. Following SHEFEXIL product panel has shown negative growth in the exports:



Reasons for decrease in exports are as under:

□ Decrease in the production of Isobgul Crop -

Under panel Plant & Plant Portion Isobgul is the major exported commodity. This product is mainly grown in Gujarat & Rajasthan. Isobgul crop production has decreased in Kutch and North Gujarat due to less rain fall in the region and low prices of the commodity. Isobgul crop requires 6 to 7 cycles of watering and prices of Isobgul were lower in 2017-18, since farmers are not getting good price they have moved away from growing Isobgul and shifted to other crops. This has resulted into lower production of Isobgul crop and thus our exports of Isobgul husk have decreased.

VII. Suggestions for increasing our exports:

To increase our exports the following suggestions can be made:

1. Extending Merchandise Exports from India Scheme (MEIS) benefit to Guar gum treated and pulverized:

USA is the top most importer of Guar gum treated and pulverized from India. However, since last financial year our export of Guar gum treated and pulverized to USA is

continuously decreasing. At present Guar gum treated and pulverized (HS code 1302 32 30) is not eligible for MEIS benefit under Foreign Trade Policy 2015-20.

In earlier Foreign Trade Policy 2009-14, incentive was given for guar gum treated and pulverized under VisheshKrishi and Gram UdyogYojna (VKGUY), whereas, in current policy there is no benefit given under MEIS for guar gum treated and pulverized. Therefore, extending MEIS benefit (@7%) to Guar gum treated and pulverized (HS code 13023230) will increase our exports to USA and to rest of the world.

2. Refund of embedded taxes:

Exporter has to pay various domestic duties/taxes which remains embedded in the cost of final product as there is no refund mechanism available for such taxes/duties. This increases cost of export product and the product becomes uncompetitive in international market. The domestic taxes include; Central Excise and VAT on petroleum products, electricity duty, mandi tax, toll charges etc. As per the study conducted by SHEFEXIL, the average % of Embedded taxes in the FOB value of exports of SHEFEXIL products is around 4.5%.

The exporters should be given refund of such taxes in the form of remission of State and Central Levis in addition to the extant Duty Drawback Scheme, through the Scheme for Rebate of State and Central Taxes & Levis (RoSCTL) on export of SHEFEXIL products (Recently, for textile such kind of refund is granted through the scheme RoSCTL). Refund of such taxes and duties will make our export products competitive in international market and hence, will increase our exports. A detailed study in this regard is already submitted to Ministry of Commerce and DGFT by SHEFEXIL.

3. Conclude the Free Trade Agreements (FTAs)/Agreements as early as possible:

Indian products are facing tariff disadvantages in many countries of the World, this is due to FTAs signed by many countries with each other (except India). Tariff disadvantages increases the cost of the product and make our product uncompetitive in international market. Therefore India should conclude the following trade agreements as early as possible:

1. India-EU Broad Based Trade and Investment Agreement.
2. India-Australia Comprehensive Economic Cooperation Agreement
3. India-Indonesia Comprehensive Economic Cooperation Agreement
4. India-New Zealand Free Trade Agreement
5. India-Canada Comprehensive Economic Partnership Agreement
6. Regional Comprehensive Economic Partnership Agreement

4. Apart from above suggestions following suggestions can be made:

- Increasing awareness on Indian Herbs.
- Arranging events for Brand creation.
- Investing in Product Development and Brand creation.

Summary

- Total exports of SHEFEXIL products have increased by 12.36% in the FY 2018-19 as compared to the FY 2017-18. Total export in the FY 2018-19 is valued at USD 2.140 Billion.
- Export of all the panels have increased in the FY 2018-19 when compared with the FY 2017-18 except for panel PPP which recorded negative growth of 3.58%.
- Top export products of SHEFEXIL in the FY 2018-19 are; Guar gum treated & pulverized, essential oil of mint, extracts, Psyllium husk (Isobgul husk), Menthol crystal, Guar gum refined split, Guar meal, Essential oil of peppermint etc.
- Top 10 export markets of SHEFEXIL products are; USA, China, Iran, Germany, Hong Kong, Netherland, Singapore, Japan, Russia and UK.
- Overall exports of SHEFEXIL products have increased in the regions such as; EU, North East Asia, West and East Asia, ASEAN, Latin America, CIS and Africa. Whereas, export has declined in the regions such as; North America and South Asia.
- Exports have increased in the panels viz. Vegetable Saps & Extracts, Guar Gum, Fixed Vegetable Oil Cake & Others, Shellac & Lac Based Products and Other Vegetable Materials. The reason for increase in the exports are as under:
 - i. Rupee depreciation against USD.
 - ii. Increase in the exports of Guar Gum Splits to China due to huge demand for splits.
 - iii. Increase in the export of Menthol crystal to EU, USA, Russia etc. due to high demand for menthol crystal.
 - iv. Increase in export of Mint oil to Hong Kong and Singapore.
 - v. Increase in the export of Guar Meal/Refined split to Netherlands and UK
- Exports have decreased in the panel Plant and Plant Portion. The reason for decline in the exports is as under:
 - i. Low production of Isobgul crop in the Gujarat State.
- Following suggestions can be made for increasing our exports:
 - i. Extending MEIS benefit to Guar gum treated and pulverized.

- ii. Granting benefit under Scheme for Rebate of State and Central Taxes & Levies (RoSCTL) for SHEFEXIL products.
- iii. Concluding Free Trade Agreements as early as possible which are currently under negotiation.
- iv. Increasing awareness on Indian Herbs.
- v. Arranging events for Brand creation.
- vi. Investing in Product Development and Brand creation.

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Disclaimer: This report is prepared on the basis of Export Trade Data as provided by SHEFEXIL to HIPL. HIPL is not responsible for any changes/modifications/amendments made at a later date in the data, the reader or the user should always refer updated information provided on the respective websites for all practical purposes. It represents our perception of the matter, in the outcome of which we do not have any interest pecuniary or otherwise. Our report and the opinion expressed there in is not binding on SHEFEXIL and acceptance of it including any subsequent and resultant planning or action will be at their sole discretion and risk, without recourse. The report is confidential, being solely for the use to which it is issued. It must not be copied, disclosed, or circulated, to any person other than to whom it is issued.
