Veg oil import falls 13% to 6-year low in 2019-20

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IMPORTS OF VEGETABLE oil fell 13% for the oil year 2019-20 that ended last month at 135.25 lakh tonne, the lowest in six years, on lower demand of cooking oils from hotels, restaurants and cafeterias since April due to the COVID-19 pandemic, according to industry body SEA.

Import of vegetable oils (edible and non-edible oils) in October fell to 12,66,784 tonne, compared with 13,78,104 tonne a year ago. Import of vegetable oils during oil year 2019-20 (November to October) is reported at 135.25 lakh tonne, compared with 155.50 lakh tonne during 2018-19, the Solvent Extractors' Association (SEA) said in a statement.

The association attributed the fall in imports to "demand destruction since April 2020 from the HoReCa (hotel, restaurant and cafetaria) segment".

"COVID-19 is the main factor for reduction in demand and consumption," the SEA said, adding that the total import of vegetable oils is the lowest in the past six years.

According to the data, edible oil imports declined to 131.75 lakh tonne in the oil year 2019-20, from 149.13 lakh tonne in the previous year. Import of non-edible oils fell 45% to 3,49,172 tonne, compared with 6,36,159 tonne a year ago, thanks to higher domestic production and reduced demand.

India buys less palm oil as rising prices make soyoil attractive

RAJENDRA JADHAV
Mumbai, November 13

INDIAN EDIBLE OIL refiners are trimming imports of palm oil to make space for soyoil as a rally in the price of palm due to output worries reduced the spread between the two, industry officials said. Lower overseas purchases by the world's biggest edible oil importer could cap palm prices, which hit an eight-year high on Friday, but will support US soyoil futures trading near their highest level in four years.

"Indian buyers are reducing purchases of palm oil for November and December shipments, and replacing it with soyoil," said Govindbhai Patel, managing director of trading firm GG Patel & Nikhil Research Company.

Palm oil usually trades at a discount of $100 to $200 a tonne to soyoil, but a rally in Malaysian futures has reduced the spread to $80.

REUTERS

Role of construction sector for a growing economy

SUSHIM BANERJEE
Former DG, Institute of Steel Development and Growth

IT MUST BE recognised that the initial shock, disbelief and despair of the Covid 19 pandemic engulfing almost all the segments in the country have gradually paved way for a perception that although there is no overnight solution to end the crisis and we have to live with it for more months than thought initially, we can still look forward and prepare ourselves for a set of activities, not entirely different from those existing prior to the start of the crisis.

Last week, we discussed on the role of manufacturing in giving boost to Indian economy in the post covid scenario especially its significance with the call for Atmanirbhar Bharat.

Another critical sector that accounts for an average share of 7.7% in GVA in the last five years is construction. It is presumed that construction activities involved in real estate, ownership of dwelling and professional services are already reflected in GVA of the construction sector. More than 50 million people are engaged in construction sector and the recent poignant issue of migrant labours' journey back to their native places under the lockdown period is a grim testimony to the insecurity and transient nature of the job market they have entered into.

While exclusive construction activity comprises of real estate (residential building) and non-residential construction in commercial and industrial segments (industrial sheds, pre-fabricated buildings), the building of infrastructure segment that faces a massive deficit in India as a developing economy, the construction of these assets in roads (highways and bridges), railways, urban infrastructure, ports, shipping, civil aviation, coastal waterways, oil and gas (refineries, drilling and transportation) water transportation and sanitation, power projects, wind mills, power transmission, irrigation, space science, cellular operators etc also fall under the construction and Infrastructure sector which is to be considered as one critical sector only.

As the success of National Infrastructure Pipeline list of more than 6500 projects (undergoing, planned and conceptual stage) with maximum thrusts on energy, roadways, urban infrastructure and railways, crucially hinges on the performance of the construction sector, the nature and growth of the sector has attained much significance. Apart from the highly interdependent nature of this sector with a number of other segments of the economy, one unique feature of construction sector relates to its contribution to the growth of manufacturing.

The construction in mining sector requires excavators, dumpers, cranes of high capacity, construction of roads requires crash barriers, hand rails, steel beams, fabricated steel profiles, construction of oil drilling requires casing pipes with a number of attachments, the construction of power plants needs large civil construction and also power vessels apart from electrical equipment, transformer, etc. Thus, growth in construction is inextricably linked with growth in manufacturing of machinery and equipment, manufacturing of basic Metals, manufacturing of fabricated metals, manufacturing of electrical equipment.

The sector has grown by an average 5.2% in the last five years. However, it slipped to (-) 2.2% in Q4 of FY20 and then degrew by a huge margin in Q1 of FY21 under the pandemic and following full impact of prolonged lockdown period.

Huge stimulus expenditures have been undertaken by the US, the EU, Japan, South Korea, Russia and the West Asia to rejuvenate the sagging economies under the pandemic. The building up of infrastructure in these economies has already spruced up the demand for steel and cement and also contributed to rise in employment and income generation which in turn has generated demand for domestic appliances.

Indian construction sector must implement some of the pending reforms in real estate (Rera), hassle-free issuance of construction permits, upgradation of construction practices by inducting new technologies, use of quality raw materials to attract foreign investment.

As construction of offsite fabricated structures are always preferred for better quality, less site congestion and noise free erection, it is necessary that fabrication set up at various locations in the country by MSMEs is adequately incentivised by the government to enhance the contribution of construction sector to national economy.

Rupee snaps 4-day losing run, ends marginally up

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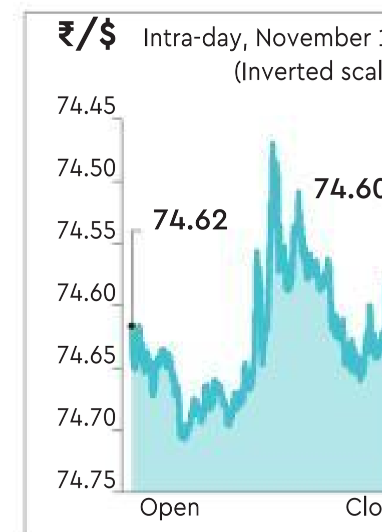
THE RUPEE HALTED its four-session losing streak on Friday, settling with a marginal 2 paise gain at 74.62 to the US dollar, as stronger Asian peers against the greenback lent support to the domestic unit.

Forex traders, however, said that importers and banks' demand for the greenback continued to exert pressure on the Indian currency.

At the interbank forex market, the rupee opened at 74.63 a dollar and witnessed an intra-day high of 74.47 and a low of 74.71. It finally closed at 74.62 against the American currency, registering a rise of 2 paise over its previous close.



On a weekly basis, the rupee lost 54 paise or 0.72%.

"The rupee ended flat on Friday, however, for the week the currency depreciated against the US dollar amid persistent dollar purchases from state-run banks, likely on behalf of the central bank," said Sriram Iyer, senior research analyst at Reliance Securities.

Iyer said that most Asian currencies were stronger against the US dollar and lent support this Friday.

"However, risk appetite waned as a gloomy global economic outlook dampened sentiment due to rising COVID-19 infections in the US and Europe and kept appreciation bias limited," he said.

Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was down 0.15% to 92.82. Brent crude futures, the global oil benchmark, fell 0.60% to $43.27 per barrel.

Insurance policy for treatment of vector-borne diseases on anvil

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HEALTH AND GENERAL insurers will soon be permitted to offer specific insurance cover to the public for treatment of vector-borne diseases like dengue, malaria and chikungunya.

Regulator Irdai on Friday came out with an exposure draft on Standard Vector Borne Disease Health Policy under which general and health insurers will be encouraged to offer such policies for one year.

The objective is to make available a standard product addressing the needs of the public for getting health insurance coverage to specified vector-borne diseases, the Insurance Regulatory and Development Authority of India (Irdai) said.

As per the proposal, the product shall be offered for a fixed term of one year with a waiting period of 15 days.

The insurance policy will cover treatment of dengue fever, malaria, filaria (Lymphatic Filariasis), kala-azar, chikungunya, Japanese Encephalitis and Zika Virus, it said, adding the stakeholders can send their comments on the exposure draft to Irdai by November 27.

Commenting on the draft, Amit Chhabra, head — health insurance, Policybazaar.com, said the premium under this product will be on a pan India basis and no geographic location or zone based pricing is allowed.

"The cost of treatment for dengue can range anywhere from ₹25,000 to ₹70,000. Therefore, having a vector-borne disease plan in place will help the customers to protect themselves from the vector-borne disease," he said.