

iPhone export surge catapults electronics to podium position

INDIA'S TOP 5 EXPORTS

	Q1FY25 (\$ bn)	Y-o-Y chg in %
Engineering products	27.78	3.4
Petroleum products	20.8	9.0
Electronic goods	8.44	22
Gems & jewellery	7.27	-3.0
Drugs & pharmaceuticals	7.2	9.0

Source: Department of Commerce

THE APPLE DOMINATION

	Q1FY25 (\$ bn)	Y-o-Y chg in \$ bn
Electronics exports	8.4	1.5
Mobile exports	4.8	1.1
iPhone exports	3.5	0.9

Source: Department of Commerce and data submitted by Apple vendors to central and state governments

SURAJEET DAS GUPTA

New Delhi, 4 August

Driven by a surge in Apple iPhone exports from India, electronics has surged past gems and jewellery to secure the third spot among India's top 10 exports by the end of the April-June quarter (Q1) of 2024-25 (FY25).

Only engineering goods and petroleum products rank higher. In the same quarter of 2023-24 (FY24), electronics held the fourth spot. According to data released by the Department of Commerce, electronics exports

rose by 22 per cent, reaching \$8.44 billion at the end of Q1 of the current financial year (FY25) — an increase of \$1.5 billion from \$6.94 billion in Q1FY24.

While mobile exports of \$4.8 billion during Q1FY25 constituted nearly 57 per cent of the total electronics exports, the increase was primarily driven by the generous rise in iPhone exports from India, which reached \$3.5 billion in Q1.

Mobile phone exports as a category also rose by 30 per cent from the Q1FY24 figure of \$3.72 billion, adding \$1.1 billion in additional exports in Q1FY25.

iPhone exports increased by \$900 million during the same period. Simply put, the \$900 million increase in iPhone exports accounted for 82 per cent of the rise in mobile phone exports and 60 per cent of the increase in electronics exports during Q1FY25. Turn to Page 6 ▶



IMAGING:
AJAY MOHANTY

RBI may not revise growth forecast, say economists

The RBI projected retail inflation for FY25 at 4.5 per cent. In the previous financial year, retail inflation stood at 5.4 per cent. All respondents, except HDFC Bank, said the RBI would continue with the 'withdrawal of accommodation' stance.

"High growth in FY24, combined with inflation of 4.9 per cent in Q1 FY2025, is unlikely to shift the voting pattern of the four members who voted for a status quo in the June 2024 meeting. If the food inflation outlook improves with normal rains in the second half of the monsoon season, and in the absence of global or domestic shocks, a stance change is possible in October 2024," said Aditi Nayyar, chief economist, ICRA. Two of the six MPC members voted in the June meeting to cut interest rates, arguing that an overly

tight policy might hinder economic growth.

Sakshi Gupta, principal economist at HDFC Bank, said there was a possibility of a change in stance to neutral as inflation moderates, in line with recent dovish comments by the US Fed and the increasing likelihood of a September rate cut in the US.

In the July policy, US Fed Chair Jerome Powell hinted at potential rate cuts as early as September if economic data aligns with the Fed's objectives of managing inflation and employment.

The US Federal Reserve maintained its key interest rate at a 23-year high of 5.25-5.50 per cent while acknowledging progress towards its 2 per cent inflation target and possible rate cuts in the next meeting.

A majority of respondents expect the RBI to start cutting

rates in December.

"Given the current liquidity conundrum, banking system deposit rates are unlikely to decline as the fight for deposits has intensified with competing asset classes offering compelling returns and tax advantages. This could open up a Pandora's box in a rate easing cycle," said Soumya Kanti Ghosh, group chief economic advisor at State Bank of India.

Most respondents expect

no change in inflation or growth forecasts, though some expect a revision in the inflation forecast for the second quarter of FY25.

"No change for the year, but the Q2FY25 inflation forecast is likely to be revised higher due to higher vegetable prices. The Q3 FY25 inflation forecast could be revised lower," said Sameer Narang, head of economic research group at ICICI Bank.

BS SUDOKU

#4349

	3				6		9	5
1						4		
2		4			5			8
8								6
	9		7				5	
				5	2	1		
	2		5	1				
9			3					

SOLUTION TO #4348

3	6	8	7	1	9	2	5	4
7	2	9	4	6	5	3	1	8
4	1	5	2	8	3	9	7	6
6	9	1	5	7	8	4	3	2
2	8	4	6	3	1	5	9	7
5	3	7	9	4	2	8	6	1
8	7	2	3	5	6	1	4	9
9	4	3	1	2	7	6	8	5
1	5	6	8	9	4	7	2	3

Easy: ★★

Solution tomorrow

HOW TO PLAY

Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

Mobile phones emerge as key driver in electronics growth

The \$1.1 billion increase in mobile phone exports constituted 73 per cent of the growth seen in the electronics category this quarter. Since the launch of the smartphone production-linked incentive (PLI) scheme, both mobile and electronics exports have seen steady and substantial growth. Before the PLI scheme was introduced in April 2020, mobile phones as an independent Harmonized System category ranked 14th with

exports of \$2.9 billion in 2019-20 (FY20). By the end of FY24, they had climbed to fourth position, reaching \$15.6 billion, behind automotive diesel, diamonds, and aviation turbine fuel. As a result, electronics as a broad sector, which recorded \$11.2 billion in exports in FY20, jumped two positions to achieve fifth place among India's top 10 exports, reaching \$29.1 billion in FY24, according to the Department of Commerce.

