

Exporters Run into Rough Weather as US, Europe Demand Dries Up

Say only one shift cycle operational, workers getting more weekly offs amid lower capacity utilisation

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New Delhi: India's exports have taken a knock with demand crashing in several developed world economies as record-high inflation and its stiff monetary antidote dent consumer sentiment.

Many exporters say their factories are running at 25-50% capacity or have reduced the number of shifts to one from three earlier due to muted demand from the US and Europe.

Export Stress

Despatches have been delayed

Order books shrink to 1-1.5 months from six earlier

Hand tool, garment, cycle units running at 25-50% capacity

Manufacturing units have reduced no of shifts



Factors at Play

High gas prices in Europe, interest rates in US hit orders

Russia-Ukraine war to keep demand subdued

India's FY23 exports seen at \$470-480 b vs \$422 b last fiscal

Despatches are delayed and order books have shrunk to 1-1.5 months from six months earlier, they told ET. "While the Indian and African markets are doing fine, the orders from the US and EU are not encouraging," said Onkar Singh Pahwa, chairman and managing director, Avon Cycles. "Our plant dedicated for the

US and European markets is running at 50% capacity."

Ludhiana Hand Tools Association president SC Ralhan said the production schedule was reduced from three shifts to one as many manufacturers are running lower capacities. "We expect the situation to remain grim till the Russia-Ukraine war is on.

India Bans Export of Broken Rice



The government banned the export of broken rice with effect from Friday,

after imposing a 20% export duty on non-basmati rice. "Export policy of broken rice... is amended from 'free' to 'prohibited'," the Directorate General of Foreign Trade said in a notification on Thursday. >>> 7

There is a 15% decline in our exports in the April-August period as compared to last year," he said.

India's merchandise exports contracted 1.2% to \$33 billion in August, the first drop since November 2020. Exports of cotton yarn, fabric made-ups, and handloom products among others crashed 32.3% from a year ago.