

Merchandise exports growth may slow to 4.2% in Q2: Exim Bank

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India's merchandise exports growth may slow to 4.2 per cent year-on-year (Y-o-Y) in the September quarter of 2024-25 (FY25), down from 5.8 per cent in the June quarter, according to a forecast by the Export-Import Bank of India (Exim Bank) on Monday.

Merchandise exports are projected to increase to \$111.7 billion in Q2 against \$109.9 billion recorded in Q1.

Exim Bank said this growth would be driven by 'continued strong economic activity', but warned that several risks could impact this outlook. These include uncertain prospects for advanced economies, geopolitical shocks, the West Asia crisis, global supply chain disruptions, and deepening geo-economic fragmentation.

According to Exim Bank, non-oil exports may grow 6.26 per cent Y-o-Y to \$89.8 billion Q2. The positive growth rate in total merchandise exports and non-oil exports, as witnessed in the previous three quarters, are likely to continue, it said.

"Positive growth in India's exports could be as a result of India's continued strong economic activity, backed by sustained momentum in manufacturing and services sector, expected global monetary easing and improving demand prospects in trading partners," it said on Monday.

The forecast is based on Exim Bank's in-house Export Leading Index (ELI) model, as part of its continued research initiatives to track and forecast the movement in India's exports on a quarterly basis. The index is based on several external and domestic factors that could impact exports of the country.

