

Exporters See Orders Picking Up from July, 11-13% Growth in FY24

Demand slump from US and EU, but traders optimistic about recovery in foreign markets

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New Delhi: Industry remains upbeat about exports in FY24 even as it stares at slowdown in demand for textiles, jewellery, engineering goods and chemicals from the US and the European Union.

Exporters expect a growth of 11-13% in FY24 as per an assessment given to the commerce and industry ministry.

Cotton textile and apparel exporters expect 8-10% on-year growth in FY24 whereas engineering and chemical exporters have pegged 12% growth initially. India clocked \$450 billion exports in FY23.

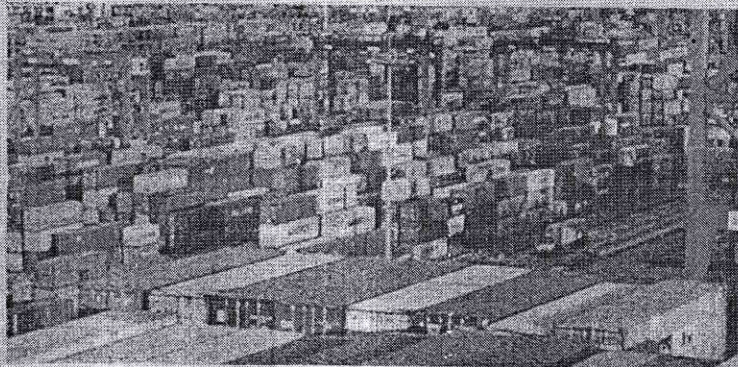
Exporters expect business to resume fully after July, pinning their optimism on recovery in the advanced markets and improved order-book. "We expect \$900 billion exports for the full year of which \$500-510 billion would be goods and around \$400 billion from services," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO), adding that the first and second quarters of the calendar year would be slow for exports.

Exporters said many clients had deferred their shipments from the last fiscal to this financial year and those orders will start flowing soon.

Sahai said that the volume of orders is lower but the frequency is higher than before.

"By September, we will push orders for Christmas and new year," he said.

EEPC India Chairman Arun Kumar Garodia said that the Russia-Ukraine crisis, slowdown in major advanced economies, high interest and geopolit-



BRIGHT SPOT

Cotton textile, apparel exporters expect 8-10% year-on-year growth in FY24, engg, chem traders see 12% growth initially

ical tensions will continue to adversely impact trade.

"The order book will improve from July. We expect to end the full year with growth higher than last year," he said.

Strategy under works

India's goods exports shrank 12.7% on-year to \$34.66 billion in the first month of FY24, dragged by sluggish demand and recession in major markets while the trade deficit fell to a 20-month low at \$15.2 billion in April.

"Looking at the uncertainty, the government has not fixed any export target for the current fiscal and would on-

BACKLOG ADVANTAGE

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ly forecast, but exporters and industry were asked to give their own targets," a government official said, adding that an overall strategy both for goods and services exports was needed.

The commerce and industry ministry has held a round of talks with services exporters to formulate short-term, mid-term and long-term strategies.

The share of India's services exports in overall global services exports has increased from 4% to 4.4%, according to the World Trade Organization.

SECTORAL OUTLOOK

Cotton textile and apparel exporters expect 8-10% on-year growth in FY24 after a slow first quarter.

"April was sluggish in terms of demand. There is not much demand internationally. We expect some pickup and exports to increase 8-10% over the last fiscal," said a representative of the cotton textile industry.

Around 70% of India's cotton textiles go to the US and EU but demand is down almost 10% on the retail side, especially home textiles while ready-made garments' demand is down 10-12% over last year.

"Commodity prices have fallen which impacted exports. However, gas prices in the EU and inflation are stabilising. This will help push demand for discretionary spends," said a representative from the synthetic textile industry.

Outbound shipments of processed food are likely to rise 6-7% this year while there are indications of fresh fruit and vegetable exports being under stress due to climatic conditions, according to an official.

As per Sharad Kumar Saraf, founder-chairman of Technocraft Industries India, an exporter of engineering goods and textiles, his firm could end up with a 10% decline in exports in FY24 with low possibility of a pickup in demand.

"The energy costs in Europe were up 85% and we can't expect people to buy clothes in such a scenario. We expect a 50-60% decline in exports this year," said Ajay Kadakia, chairman of Mumbai-based trading house Vivil Exports, which deals in dyestuff and dye intermediates.