

US, UAE, Singapore give a fillip to exports in Feb

ASIT RANJAN MISHRA
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A turnaround in February shipments to key export destinations such as the US, the United Arab Emirates (UAE), Singapore and South Africa led to double-digit export growth from India touching a 20-month high.

After growth in merchandise exports remained in negative territory for most of 2023, outbound shipments have turned positive for three consecutive months since December last year despite the continuing global economic turmoil.

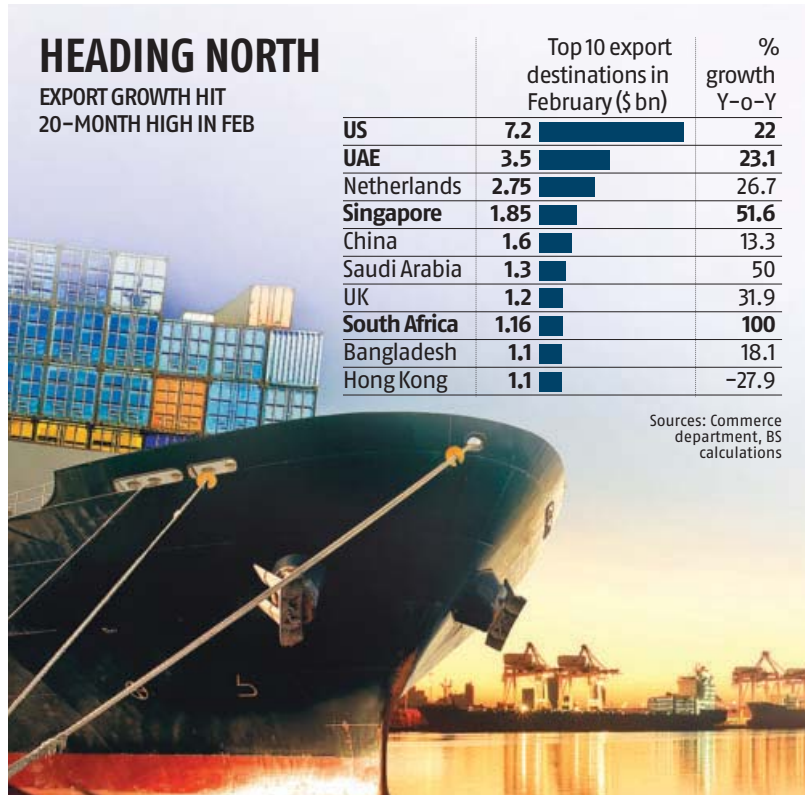
Last week, Fitch Ratings raised its global growth forecast by 30 basis points (bps) to 2.4 per cent, saying that near-term world growth prospects have improved.

This reflects a sharp upward revision in the US growth forecast to 2.1 per cent for the calendar year, from its earlier projection of 1.2 per cent.

“An unprecedented pro-cyclical widening in the US fiscal deficit in 2023 boosted domestic demand and helped explain the surprising resilience of GDP growth. But we expect the fiscal impulse to fade this year and household income growth to slow. With lagged effects from last year’s monetary tightening still to come through as real interest rates rise, we expect quarter-on-quarter (Q-o-Q) growth to slow to a significantly below-trend rate later this year,” it added.

Shipments to the US — India’s top export destination — grew 22 per cent to \$7.2 billion in February. Smartphones have become the most-shipped item (\$530 million) to the US in January, growing at 79 per cent, thus replacing polished diamonds (\$380 million).

The US has also replaced the UAE as the top export destination for Indian smartphones during April-January of FY24, valued at \$4.1 billion vis-a-vis \$2.2 billion, respectively. Export of electronic goods, which include smartphones, jumped 54.8 per cent in February, showing continued growth. Shipments to the UAE grew 23.1 per cent to \$3.5 billion in February, making it the second-largest



export destination. Exports to the UAE were driven by unstudded gold (\$317 million), smartphones (\$237 million) and motor gasoline (\$243 million).

Exports to Singapore grew 51.6 per cent to \$1.85 billion in February. Singapore remained India’s fifth-largest export destination during April-February of FY24, while in February its rank improved two notches to fourth. For Singapore, it is mainly the spike in petroleum exports (280 per cent) that is driving shipments. This is evident from the latest disaggregated data available for January when overall exports to the country jumped 130 per cent.

Exports to South Africa doubled to \$1.16 billion in February, over a low base. Cumulatively, for April-February of

FY24, South Africa’s rank among India’s export destinations jumped to 10 from 16 in the same period a year ago. Petroleum products have been the top export item from India to South Africa.

After contracting for the first six months (April-September 2023), shipments of petroleum products have been growing at a faster clip since October. In January, such exports from India to South Africa grew 89 per cent to \$219 million.

Among other top export destinations, shipments to Saudi Arabia (up 50 per cent), Netherlands (up 26.7 per cent), UK (up 31.9 per cent), Bangladesh (up 18.1 per cent) and China (up 13.3 per cent) saw double-digit growth in February.

However, exports to Hong Kong fell sharply by 27.9 per cent during the month.