

Govt may set FY23 exports target at a record \$750 bn

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INDIA MAY TARGET goods and services exports of about \$750 billion for FY23, up 11% from a record \$676 billion in the last fiscal year, despite mounting concerns about a recession in key markets, such as the US and the EU, sources told *FE*.

The preliminary estimate, firmed up by the commerce department, is being vetted by commerce and industry minister Piyush Goyal, who has conducted a series of meetings with various export promotion councils and other stakeholders to set the goal for FY23. "The final target will be announced soon, after considerations of several factors," said an official source.

The FY23 target for goods exports may be fixed at \$470 billion, up over 11% from a year before. Similarly, the services exports target will likely be set at \$280 billion, over 10% higher than the FY22 level of \$254 billion. The targeted 11% growth in overall exports for the current fiscal will still be lower than that of 45% in FY22 (which was on a contracted base), said the sources. Some officials believe that

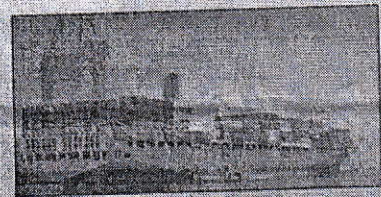
Unfavourable factors

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■ **Several factors like unfavourable base effect for FY23, the slowdown fears in the US, the EU and China, the continued adverse impact of the Ukraine crisis on global supply chains will contribute to the deceleration of growth**

■ This is over 10% higher than the FY22 level of **\$254 billion**



services exports may exceed such a target and offset any shortfall in merchandise despatches to achieve the overall target.

Several factors will contribute to the deceleration of growth. These include unfavourable base effect for FY23, the slowdown fears in the US, the EU and China, the continued adverse impact of the Ukraine crisis on global supply chains and the hike in the interest rates across key economies (to curb inflationary pressure) that would potentially weigh down

consumer spending, added the sources. The windfall tax on exports of petroleum products, high duties on outbound shipment of select steel items and iron ore and a ban on wheat despatches, too, will weigh on growth prospects.

The EU's proposed rollback of duty relief for Indian exports totalling about \$8 billion from January 2023, as part of its review of the so-called Generalised Scheme of Preferences for developing countries, can potentially add to the woes, they said.