

After Q1 washout, exporters look to North America for turnaround

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After the first quarter was washed out, exporters are now keeping their fingers crossed over a turnaround in outbound shipments to at least North America from September onwards.

This comes even as other key destinations such as Europe may take longer to revive in FY24.

Slowdown in key economies, as well as geopolitical tensions resulted in sluggish demand for Indian goods.

Exporters said that inflation has been a major cause for concern for most developed economies. This has also affected their appetite to import.

Orders were also put on hold due to piling up of inventory, although buying is expected to pick up.

That apart, continued Russia-Ukraine conflict has also disturbed the equilibrium in global trade, they said.

Ajay Sahai director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO), said that the exports outlook is a little challenging both with moderation in demand and softening of crude, metal and commodity prices. This will reflect in value-wise exports of the country.

“Europe is of particular concern as inflation is relatively very high in most countries. The US has brought it around 3 per cent,” Sahai said.

Exports saw 15 per cent contraction to \$102.68 billion during the April-June quarter. Non-oil, non-gems and jewellery exports, also known as core exports, declined nearly 8 per cent during the same period. Among the top-seven items exported from India, having a share of 74 per cent, only the electronics and drugs and pharmaceuticals segments witnessed growth. The 47 per cent year-on-year (YoY) rise in outbound ship-

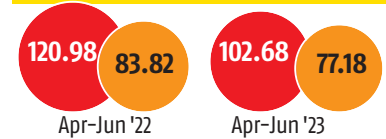


PERFORMANCE REPORT

Merchandise exports (in \$ bn)

Growth (YoY in %)

Overall exports	-15.13
Trade excluding petroleum, and gems & jewellery	-7.92



Key sectors *	Value (in \$bn)	Growth (%)
Engineering goods	26.81	-7.46
Petroleum products	17.96	-33.28
Gems & jewellery	7.53	-26.43
Organic & organic chemicals	6.57	-19.4
Drugs & pharma	6.58	5.1
Electronic goods	6.96	47.05
Readymade garments	3.69	-17.72

*These 7 sectors comprise 74% of the Q1 merchandise exports
Source: Department of commerce

ments of electronics items was driven by export of smartphones. And, in the case of drugs and pharmaceuticals, 5 per cent jump was due to the inelastic nature of the segment.

Engineering goods, which comprise 26 per cent of the value of total merchandise exports, contracted 7.5 per cent to \$26.8 billion during the quarter ended June 30.

Engineering Export Promotion Council (EEPC) of India chairman Arun Kumar Garodia said there could be a slight improvement in demand from August-September.

“Buying could start from some Western nations, especially North America and Australia. On the other

hand, in the case of Europe, this may take more time. Need to wait till at least October for that,” Garodia said.

Exporters have been worried about demand from the US as well as the European market. This is because they are the largest and the most important export destinations for India.

The US is India’s largest trading partner with 17 per cent share, followed by the European Union at 16.6 per cent share.

However, the entire Europe, including EU, four-member European Free Trade Association (EFTA) nations as well as other countries such as the UK comprise nearly 22 per cent of India’s overall exports.