

Trade deficit soared past \$31 bn in July

Goods exports slid marginally even as imports surged 43.6%; silver imports zoomed

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India's merchandise trade deficit widened sharply to a record \$31.02 billion in July, as per preliminary trade estimates that peg imports during the month at \$66.26 billion, or 43.6% higher than a year earlier.

Goods exports declined 0.8% year-on-year to \$35.24 billion and were 12.8% lower than June's exports. Imports were flat on a month-on-month basis from June.

July's trade deficit, which is almost thrice the \$10.63 billion deficit a year earlier, takes India's merchandise trade deficit for the first four months of 2022-23 past \$100 billion. The trade deficit stood at \$42.07 billion in April to July 2021.

This is the third month in



Boding ill: Goods exports fell 0.8% year-on-year to \$35 bn and were 12.8% lower than in June 2022. ■K.K. MUSTAFAH

a row that the monthly trade deficit had breached previous records – May had clocked a deficit of \$24.3 billion, followed by \$26.2 billion in June.

The Commerce and Industry Ministry attributed

the decrease in exports largely to a 7.07% fall in petroleum products, followed by a 28.3% decline in cotton yarn and handloom products, a 94.3% slump in iron ore and a 2.5% dip in engineering goods. While coal and petro-

leum products continued to drive up imports, like they did in June, silver imports shot up exponentially in July.

Petroleum imports rose 70.4%, while inward shipments of coal jumped 164.4% to cross \$5.1 billion from just a little less than \$2 billion a year earlier.

Gold imports decline

Silver imports were up 9,331%, and electronics goods also escalated 27.8%, the Ministry said. Gold imports, however, dropped sharply, both on a year-on-year and sequential bases.

Only \$2.37 billion worth of the yellow metal was imported in July, 43.6% lower than in July 2021 and 12.2% below June 2022 levels.

The sharp uptick in the trade deficit was unexpected

and did not augur well for the current account deficit (CAD) in the second quarter, said ICRA chief economist Aditi Nayar. The CAD is likely to have crossed \$30 billion in the first quarter of 2022-23, equivalent to about 80% of the full-year deficit last year.

“Lower commodity prices should temper the trade deficit going ahead, although the strength of merchandise and services exports in the face of the global slowdown fears remains crucial,” Ms. Nayar said.

She expressed concern that imports were almost double the exports in July.

EPC India chairman Mahesh Desai said the drop in engineering goods reflected weakening demand from the U.S. and Europe amid recession concerns.