

Trade deficit tops \$31 billion

Exports dipped marginally 0.76 per cent to \$35.24bn



Representational Image
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India's trade deficit ballooned to a record \$31.02 billion in July because of high commodity prices and a weakening rupee. Exports dipped marginally 0.76 per cent to \$35.24 billion in July but imports shot up 44 per cent to \$66.26 billion from \$46.15 billion a year ago.

The trade deficit was \$10.63 billion in July 2021. Gold imports have almost halved to \$2.37 billion in July compared with \$4.2 billion a year ago. The duty on gold was raised to 12.5 per cent in July from 7.5 per cent. Aditi Nayar, chief economist of Icmra, said: "The \$20 billion YoY increase in imports was led by petroleum products and coal, negating the relief offered by a decline in gold imports. Worryingly, merchandise imports were almost twice as high as merchandise exports in July 2022."

"The current account deficit is likely to have crossed \$30 billion in Q1 FY2023, a fallout of the higher commodity prices, equivalent to around 80 per cent of the full year figure for FY2022." "Lower commodity prices should temper the trade deficit, although the strength of merchandise and services exports in the face of the global slowdown fears, remains crucial. Nevertheless, the sharp trade deficit in July 2022 does not augur well for the size of the current account deficit in Q2 FY2023," she added. EEPIC India chairman Mahesh Desai said recessionary trends in advanced economies would certainly have an impact on exports."

Windfall tax

The government on Tuesday evening cut the windfall tax on diesel and ATF in line with softening international petroleum product prices but raised the duty on domestically produced crude oil. While the tax on export of diesel was cut to Rs 5 per litre from Rs 11, that on jet fuel (ATF) was scrapped, an official notification showed. The tax on domestically produced crude oil was hiked to Rs 17,750 per tonne from Rs 17,000, a move that will hit ONGC.