

July trade deficit soars; exports down

OUR BUREAU

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India's goods exports in July 2022 declined for the first time in over a year, albeit only a marginal 0.76 per cent (year-on-year) to \$35.24 billion, as uncertainty in the global economy slowed demand, hitting sectors such as engineering goods, petroleum products, gems and jewellery, textiles and pharmaceuticals.

The trade deficit in July trebled to \$31.02 billion as imports during the month increased 43.59 per cent to \$66.26 billion, led by sectors including petroleum, electronic goods, and coal and coke, per preliminary trade estimates for July released by the Commerce and Industry Ministry on Tuesday.

Despite inflation control

"This (almost static export performance) has been achieved despite measures to control inflation (in sectors such as iron ore and pellets, iron and steel



and petroleum products) and the continued disruptions of supply chains due to Covid and the Russia-Ukraine conflict," per a Commerce Ministry statement.

Since February, when the Ukraine crisis started, the world has been facing turbulent times with inflation rampaging in many Western countries leading to a phenomenal increase in interest rates, Commerce Secretary BVR Subrahmanyam said at a press briefing.

"The external world is no longer benign. We have to work hard," Subrahmanyam said, adding that factors such as the free trade agreements recently signed by India with

countries such as the UAE and Australia, exploration of new markets, as well as the demand-shift from China could act in India's favour.

India's goods exports in April-July rose 19.35 per cent to \$156.41 billion. Goods imports during the period was 48.12 per cent higher at \$256.43 billion resulting in a trade deficit of \$100 billion.

Exporters worried

"Considering that the US and Europe are among the top destinations for Indian engineering goods, recessionary trends in advanced economies would certainly have an impact on exports. The muted engineering exports in June was a reflection of the weakening demand from these markets," according to EEPC Chairman Mahesh Desai.

The value of non-petroleum and non-gems and jewellery exports in July was \$26.54 billion, registering a growth of 1.24 per cent.