

# Trade Deficit Trebles as Exports Shrink and Imports Rise 40%

Exports decline after 16 months by 0.76% on-year to \$35.24 bn

## Our Bureau

**New Delhi:** India's exports shrank after 16 months by 0.76% on-year to \$35.24 billion in July even as imports rose 43.59% leaving a wider trade deficit of \$31.02 billion in the month against \$10.63 billion a year ago.

While the outbound shipments of petroleum products, engineering goods and iron ore decreased, commerce secretary BVR Subrahmanyam said that the overall exports can be above \$500 billion in the current financial year and the that restrictions on exports of wheat, iron and steel, and petroleum products reined in the export growth.

"The external world is no longer benign. Exports in July 2022 is almost static as compared July 2021," he said, adding that anywhere between \$1-2 billion worth of wheat has been retained domestically.

Imports rose to \$66.26 billion in July from \$46.15 billion a year ago.



"Our domestic food security is important but this has reduced the export figures," Subrahmanyam said.

A per Ajay Sahai, director general of Federation of Indian Export Organisations, global inventories are very high as rising inflation and looming recession have affected demand in large number of economies coupled with reduction in transit time for exports with disruptions in logistics almost getting over.

"Prices of commodities are moving southward but the demand for low price products are constantly

increasing and buyers are moving from China. These two factors are making us optimistic about our exports performance amidst complex geo political uncertainties," he said.

Petroleum imports rose 70.4% and coal 164.43% but gold imports shrank 43.6%.

ICRA chief economist Aditi Nayar expects 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.