

# Exports shrink further to \$33.92 b in Aug

Trade deficit more than doubles as petroleum, coal push up import bill

## OUR BUREAU

New Delhi, September 14

India's goods exports slowed down further in August 2022, growing 1.62 per cent (year on year) to \$33.92 billion, as global demand continued to contract, hit by inflation, high interests and piling up of inventories in Western economies..

In contrast, imports posted a sharp increase of 37.28 per cent to \$61.9 billion, fuelled by sharp rise in petroleum and coal purchases, leading to more than doubling of trade deficit to \$27.98 billion, according to quick estimates of trade data for August released by the Commerce & Industry Ministry on Wednesday.

## Exporters hopeful

Exporters are, however, optimistic that the situation would improve in October as demand for low value products is on the rise and a

lot of orders, which were earlier going to China, have now started coming to India. "Beijing is becoming costlier and less reliable with a zero Covid tolerance policy and anti-China sentiments are gaining ground day by day," said A Sakthivel, President, FIEO.

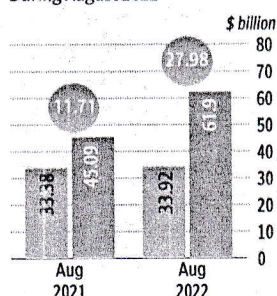
In April-August this year, goods exports increased 17.68 per cent to \$193.51 billion while imports rose 45.74 per cent to \$318.03 billion, widening the trade deficit by 131.52 per cent to \$124.52 billion. There has been a slowdown in goods exports since July 2022 when exports increased 2.14 per cent to \$36.27 billion.

FIEO estimates that exports in 2022-23 would touch a modest \$470 billion, growing about 12 per cent over the previous fiscal, as the Ukraine-Russia war continued to cause uncertainty. The Commerce Ministry, too, is working on a similar export target.

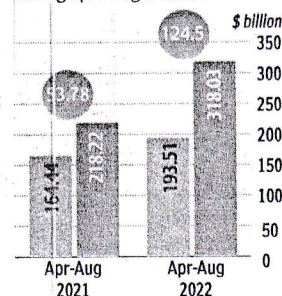
Exports Imports Trade deficit

## Merchandise trade

During August 2022



During April-August 2022



Exports in 2021-22 had posted a growth of over 40 per cent to \$422 billion.

"The contraction in global trade is also visible from the sharp decline in the freight rates which have reduced by about 50 per cent on major trade routes. The freight from Asia to North Europe and the US (West Coast) dropped from \$14,000 to \$4,000 and \$8,000 respectively," Sakthivel said.

## Items hit

Exports of items that took a

hit in August include most major categories such as engineering, ready-made garments, gems & jewellery, marine products, iron ore, handicrafts and yarns & fabrics. Petroleum products, rice, electronics, chemicals and pharmaceuticals recorded an increase in exports.

Non-petroleum and non-gems and jewellery exports posted a fall of 1.64 per cent to \$24.88 billion in August.

"Some of the major economies such as the US, China,

and the Eurozone have slowed down and this has reflected in a downward trend in engineering exports from India.

"We have given our suggestions to the government to boost engineering exports and hope that quick policy action would mitigate the challenges faced by exporters. The proposals include cheaper export finance for MSMEs, roll-back of export duty on selected steel items, and a clear set of guidelines for rupee trade with Russia," said Mahesh Desai, Chairman, EEPC India.

## Increase in imports

Import of goods in August increased across a number of sectors such as petroleum, coal, fertilisers, vegetable oil, machinery, electronic goods, project goods and transport equipment. Import of gold, pulses and pharmaceuticals posted a decline.

Non-petroleum, non-gems and jewellery (gold, silver & precious metals) imports increased 40.63 per cent to \$37.53 billion in August.