

● TRADE DEFICIT AT 3-MONTH LOW OF \$19.8 BN

Exports at 8-month high in December

Exports up 1%, imports shrink 5%; no severe hit from Red Sea woes

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New Delhi, January 15

INDIAN MERCHANDISE EXPORTS in absolute terms clocked an eight-month-high figure of \$38.35 billion in December, while also being up 0.97% on year, despite a high base.

The latest foreign trade data showed the Red Sea crisis hasn't had a severe immediate effect on India's shipment of goods, although concerns remain about the adverse effect on exports if the crisis is prolonged.

Merchandise trade deficit, which has tested new highs this financial year, narrowed to a three-month low of \$19.8 billion in December. This was because imports fell 4.85% to \$58.25 billion in the month.

The previous low in trade deficit was in September at \$19.7 billion. In December last year, the trade deficit was \$23.14 billion.

Goods export growth has been in the negative territory for all months since February 2023, except August, October and December.

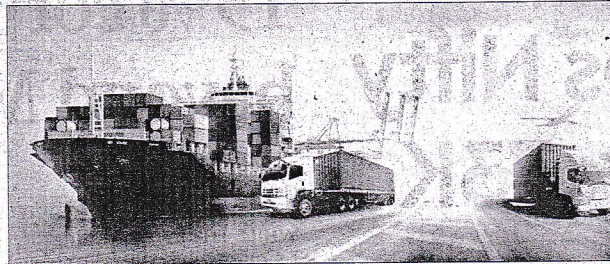
"We were thinking that the December data would not be so good because of the Israel-Hamas conflict and the Red Sea issue. Fortunately, on a very high base we have improved," commerce secretary Sunil Barthwal said.

He said the world is facing adverse conditions, but India is growing extremely well. "We are beating the global trends. We hope to beat these trends in the last quarter (January-March) too which normally sees higher volume of exports."

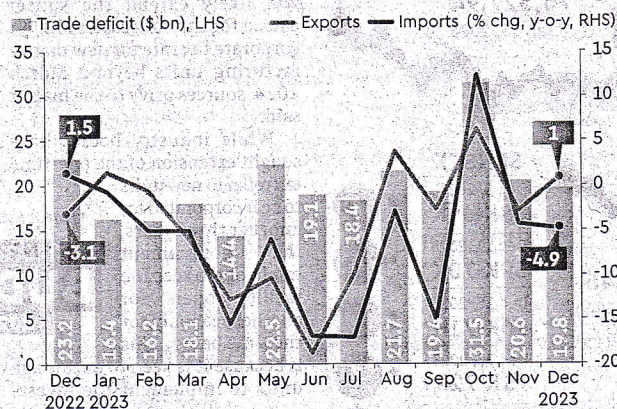
"We are waiting and watching what is happening in the Red Sea and Gulf. It is going to have some negative impact. How much will it be that we will be able to take stock of only in the next month or so," Barthwal said.

The secretary said he is still hopeful of reaching the merchandise trade figures of last year this year too.

"Overall export (merchandise and services) figures we are very sure will definitely be more than last year. Last year, the exports were highest ever and since then commodity prices



GOODS TRADE



Source: Commerce ministry

have fallen. In terms of volume we are doing much better."

He said top five commodity groups — electronics, drugs and pharmaceuticals, engineering, gems and jewellery — which have the share of 46% in exports have done very well in December. Among top export items only petroleum products have shown a contraction as global prices have come down.

Engineering goods exports in December recorded an increase of 10.19% to \$10.04 billion. It was the highest monthly export of engineering goods in the current financial year so far.

Gems and jewellery exports during the month were up 14.07% to \$2.90 billion while electronic goods exports registered an increase of 14.41% to \$2.62 billion.

Drugs and pharmaceutical products exports were up 9.3% to \$2.47 billion. Agricultural exports continue to grow in December with tobacco at 38.94%, meat, dairy and poultry products at 29.76%, spices

27.68%, fruits and vegetables 25.36%, cereal preparations and miscellaneous processed items 13.5% and oil seeds 8.48%.

Crude oil imports dipped by 22.77% to about \$15 billion during the month of December. During the nine-month period of this fiscal also, these imports declined by about 19% to \$128.6 billion. However, gold imports jumped 156% in December to \$3 billion and 26.64% to about \$36 billion in April-December 2023.

In the first nine months of the financial year, merchandise exports dipped by 5.7% to \$317.12 billion. Imports contracted by 7.93% to \$505.15 billion, leaving a trade deficit of \$188.02 billion as against \$212.34 billion in April-December of last year.

Services exports in December fell 16.6% to \$27.88 billion in December while imports were down 16.1% to \$13.35 billion. In April-December services exports were up 3.52% to \$247.9 billion and imports were down 4.47% to \$129.4 billion.