

# Jan Exports Decline 6.6%; Trade Gap at 12-mth Low

Slowing global demand hits hard; imports too shrink 3.6%

## Our Bureau

**New Delhi:** India's merchandise exports dipped 6.58% to \$32.91 billion in January on the back of slowing global demand, contracting for the second month in a row, official data released Wednesday showed.

Trade deficit touched a 12-month low of \$17.75 billion in January as imports shrunk 3.63% for the second consecutive month. Imports in January stood at \$50.66 billion, according to the data.

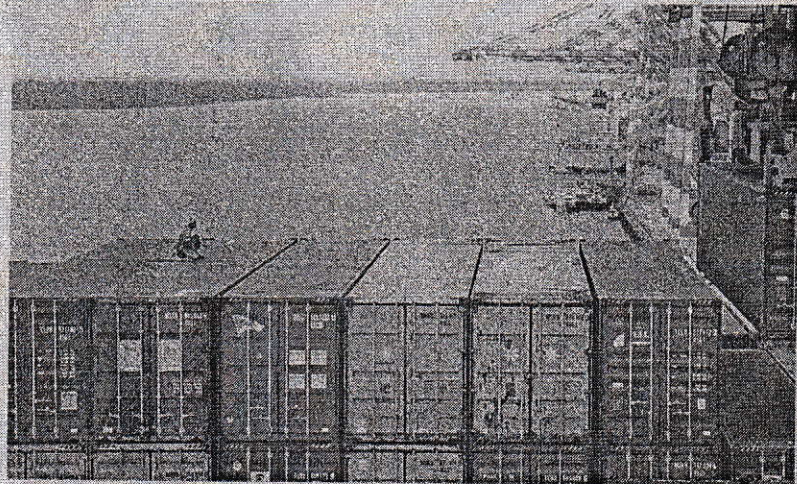
Merchandise exports had declined 12.2% to \$34.48 billion in December 2022.

Federation of Indian Export Organisation president A Sakthivel said monthly exports continue to remain in the negative territory mainly on account of global slowdown.

"The decline in exports during the month is also a reflection of the continued geo-political tensions between Russia and Ukraine, tightening global financial conditions and contraction in demand," he said, adding that the high inventories and volatility in currencies had further added to such a challenging situation.

During April-January 2022-23, the country's merchandise exports rose 8.51% to \$369.25 billion, while imports increased 21.89% to \$ 602.20 billion, the data showed. The merchandise trade deficit for the April-January this fiscal stood at about \$ 233 billion.

An estimated 49.1% rise in ser-



vices exports in January further helped improve India's trade deficit. Overall trade deficit narrowed to \$1.27 billion in January—the lowest in 19 months.

"The main engine behind this export growth is the Services sector, which has been growing at historically high growth rate of about 30%," commerce secretary Sunil Barthwal said.

"We are optimistic that this growth momentum would continue despite strong global headwinds," he added.

Seventeen of the 30 key sectors recorded a growth in merchandise exports in the April-January period with petroleum and electronic goods recording the fastest growth. Electronic goods exports rose over 50% in the April-January period.

On the other hand, gold imports, a key drain on

the current account deficit, were down 27% for the April-January period, compared to the previous year. Three other categories out of the 30 key sectors witnessed a contraction in imports.

## OUTLOOK

Industry believes that despite challenges, exports are expected to cross last year's target.

"Though the coming months are going to be little challenging unless both global economic growth and geopolitical situation improves drastically, however we will be on course to cross the previous year's export target quite easily, touching almost \$440-445 billion with a growth of over 4-5%," Sakthivel added.