

# Exports brave Red Sea crisis to post 3.2% growth in Jan

## Trade deficit inched up to \$17.49 billion

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Growth in merchandise exports in January was at a three-month high of 3.2 per cent year-on-year despite the ongoing Red Sea crisis, subdued demand in advanced countries, and falling commodity prices.

The trade deficit — the gap between imports and exports — inched up to \$17.49 billion in the month as against \$16.03 billion in December.

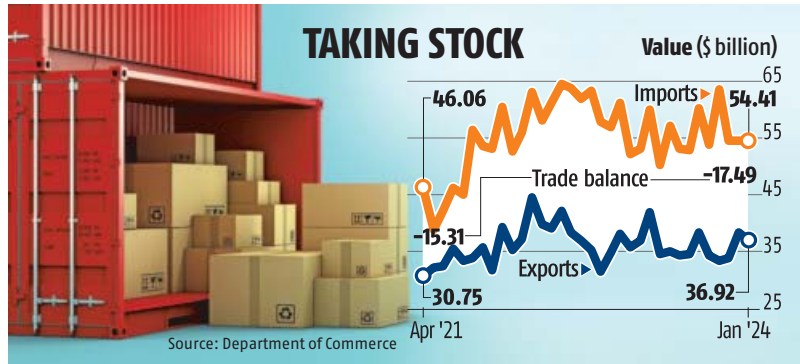
Imports grew faster than exports, the data released by the commerce department on Thursday showed.

Shipments worth \$54.41 billion, up 4.17 per cent, entered India in January. India exported goods worth \$36.92 billion as compared to \$35.78 billion during the same month a year ago.

Had it not been for the challenges in the Red Sea region, the value of exports would have been higher, government officials said.

Commerce Secretary Sunil Barthwal told reporters the government was initially “apprehensive” that exports might contract due to the Red Sea crisis. Growth in exports can also be attributed to meetings chaired by the commerce department, along with other relevant ministries, on how exporters could navigate the difficult situation.

“We tried to tell banks that whatever maximum credit that can be given during the period to our exporters should be extended. EXIM Bank and Export Credit Guarantee Corporation have been told



insurance rates should not be increased. I think this overall positive atmosphere, which we created for them along with their own positive mindset, has helped export growth,” Barthwal said, adding he was hopeful of exports increasing next year as well.

The Red Sea is vital for 30 per cent of global container traffic and 12 per cent of global trade. As much as 80 per cent of India’s merchandise trade with Europe passes through it.

Iran-backed Houthi rebels of Yemen have been repeatedly attacking ships in the Red Sea, and this has forced commercial vessels to take a longer route to avoid the region. This has resulted in higher freight. Insurance premiums too have risen.

India exported good worth \$38.45 billion in December. On a cumulative basis, exports contracted 4.89 per cent to \$351.92 billion during April-January this financial year while imports dipped by 6.71 per cent to \$561.12 billion.

Exports of non-petroleum and non-gems and jewellery, also known as core exports, grew 2.5 per cent in January to

\$26.12 billion.

On the other hand, non-petroleum and non-gems and jewellery imports declined 5.18 per cent to \$33.72 per cent.

India’s merchandise exports shrank in 12 of the 30 sectors in January. The key export items that dipped in January include gems and jewellery (1.26 per cent), readymade garments (3.46 per cent), man-made yarn (4.33 per cent), and jute (19.45 per cent).

Among the key sectors that increased include petroleum products (6.57 per cent), drugs and pharmaceuticals (6.84 per cent), electronic goods (9.3 per cent), and engineering goods (4.2 per cent).

Merchandise imports contracted in 17 of the 30 items. They include transport equipment (20.6 per cent), project goods (43.94 per cent), and iron and steel (7.47 per cent).

Gold imports witnessed a 173.63 per cent jump in January at \$1.91 billion.

Engineering Export Promotion Council India Chairman Arun Kumar Garodia said that while this financial year saw ups and downs in exports, the second half would be better.