

# Exports shrink 3% in FY24 but tide is turning: Govt

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Snapping the trend of growth in three consecutive months, goods exports in March year-on-year (Y-o-Y) contracted a moderate 0.67 per cent to \$41.68 billion due to falling commodity prices and persistent geopolitical challenges.

With March being the seventh month when exports contracted in 2023-24, on a cumulative basis outbound shipments saw a 3.11 per cent decline at \$437.06 billion, the data released by the commerce department on Monday showed.

The contraction came after exports grew during the last two financial years.

However, Commerce Secretary Sunil Barthwal exuded optimism



## MERCHANDISE EXPORTS: TAPERING AGAIN

Year	Value (\$bn)	Change(%)
2018-19	330.8	8.75
2019-20	313.36	-5.06
2020-21	291.81	-6.88
2021-22	422	44.62
2022-23	451.07	6.89
2023-24	437.06	-3.11

Source: Department of Commerce

## ELECTRONICS EXPORTS RISE 23.6% IN FY24

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and said exports had moved into a “positive cycle of growth”, particularly in the calendar year 2024.

“This year was extremely difficult for trade. The Russia-Ukraine war continues, and other conflicts

came up. There was a huge issue due to the Red Sea (crisis) and Panama Canal. There were recessionary trends as well ... We have beaten all odds,” Barthwal said.

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## Exports...

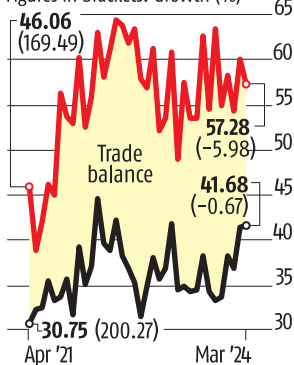
The commerce secretary said that sectors such as electronic goods, drugs, and pharmaceuticals had done well despite adversities. Even though exports contracted in March, their value in the month was the highest in FY24. According to the data, the trade deficit in March fell to an 11-month low of \$15.6 billion because imports declined at a faster pace than exports did. On a cumulative basis, the trade deficit narrowed from \$265 billion in FY23 to \$240 billion in FY24.

In March, India imported goods worth \$57.28 billion, down nearly 6 per cent mainly on the back of lower imports of items such as coal, petroleum products, gold, and fertilisers. On a cumulative basis, growth

## MERCHANDISE TRADE

— Imports — Exports (\$ bn)

Figures in brackets: Growth (%)



Source: Department of Commerce

in imports was 5.41 per cent at \$677.24 billion during FY24, the data showed.

Madan Sabnavis, chief economist at Bank of Baroda, said the decline in imports in FY24 could be attributed to

lower oil imports, which went down 14.1 per cent, supported by reduced oil prices.

Aditi Nayar, chief economist and head of research and outreach, ICRA, said led by a larger Y-o-Y decline in merchandise imports vis-à-vis such exports, India's merchandise trade deficit eased to an 11-month low in March, while also trailing the levels seen in the year-ago month, amid a halving of gold imports and a fall in non-oil non-gold imports.

Services exports saw a 6.25 per cent contraction at \$28.54 billion in March, while that of imports saw 6.57 per cent decline to \$15.84 billion, resulting in a surplus of \$12.69 billion. The services trade data for January, however, is an "estimate", which will be revised based on the Reserve Bank of India's subsequent release.

India's overall exports -- goods and services -- saw only 0.04 per cent growth at \$776.68 billion in FY24.

FIAO President Ashwani Kumar said the tensions in West Asia, especially the threat for consignments routing through Red Sea, had added to the woes of the exporting community, because the freight rates, along with the insurance cost, had gone up "unimaginably high", with the burden of various surcharge.

Much will depend on the new contracts to be signed with buyers in the new financial year because the exporters have been absorbing the burden of increased freight cost in accordance with the old agreement.

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