

Exports slip to 5-month low on global woes

April trade gap widens as gold imports treble

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Disruptions caused by geopolitical tensions, such as the Red Sea crisis, and softer commodity prices dragged down the value of India's goods exports to a five-month low in April.

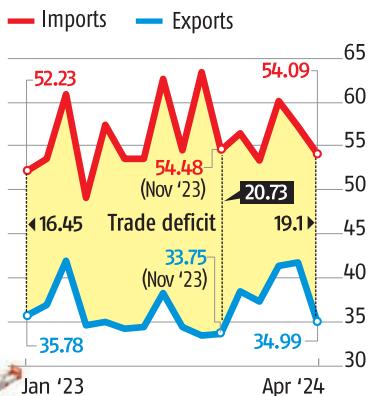
Data released by the commerce department showed that the country's merchandise exports grew merely 1.07 per cent year-on-year (Y-o-Y) to \$34.99 billion during the first month of the current financial year (FY25), while merchandise imports rose sharply by 10.25 per cent to \$54.09 billion in this period, leading to the widening of the trade deficit to a five-month high of \$19.1 billion.

The surge in inbound shipments was mainly driven by petroleum products, which grew by a fifth to \$16.64 billion. The category constitutes more than 30 per cent of the total imports.

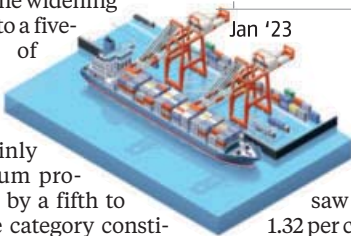
This was followed by the trebling of gold imports to \$3.1 billion. Electronic imports grew by 10 per cent to \$7.05 billion. Non-petroleum, non-gems and jewellery imports grew by nearly 2 per cent Y-o-Y to \$32.72 billion.

TRACKING SHIPMENT

Merchandise trade (\$ bn)



Source: Department of Commerce



Non-petroleum and non-gems and jewellery exports, an indication of exports' health, saw a moderate growth of 1.32 per cent at \$26.77 billion. The main drivers of the growth were electronic goods (25.8 per cent), organic and inorganic chemicals (16.75 per cent), and drugs and pharmaceuticals (7.36 per cent).

Merchandise exports shrank in 17 out of the 30 key sectors in April.

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Key export items that dipped last month were gems and jewellery (-6.9 per cent), engineering products (-3.17 per cent), readymade garments (-1.03 per cent), man-made yarns (-6.26 per cent), and marine products (12.9 per cent).

However, Commerce Secretary Sunil Barthwal told reporters that the order book of exporters was encouraging and the inventory pile-up was going down.

“The start of the financial year has been good. Merchandise exports are up. Hope the positive cycle stabilises. The industry is upbeat about the growth prospects,” he said at a press briefing.

Services exports saw 14.7 per cent growth at \$29.57 billion in April, while imports saw 21.5 per cent growth at \$16.97 billion, resulting in a surplus of \$12.6 billion. The services trade data for April, however, is an “estimate”, which will be revised based on the RBI’s subsequent release.

The Department of Commerce also said that India’s overall exports — goods and services — were revised to \$778 billion in FY24 from \$776 billion announced in March. The revision was on the back of a positive increase in services exports.