

Exports dip 1.5% in July; trade gap at 9-mth high

Muted demand, geopolitical challenges weigh on outbound shipments

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India's outbound shipments contracted after a gap of three months in July by 1.48 per cent to \$33.98 billion owing to muted global demand and geopolitical challenges.

Inbound shipments rose 7.46 per cent to \$57.48 billion during the month, leading to a trade deficit of nine-month high at \$23.5 billion, data released by the commerce department showed. The deficit was \$19 billion in July last year.

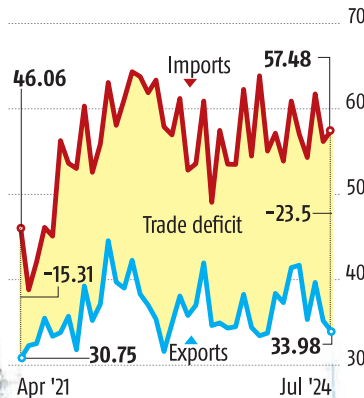
Commerce secretary Sunil Barthwal said that while merchandise exports grew 4 per cent on a cumulative basis (April-July), July's contraction can be attributed to low exports of petroleum products amid tepid demand and high imports of crude oil.

"There are various factors that have contributed to the decline in petroleum exports. One factor is the fall in prices. Secondly, the demand for some of the products is low. Finally, domestic consumption of petroleum products has increased, which is playing a major role in leaving less for exportable surplus," Barthwal told reporters in a briefing.

Petroleum products, which have more than 15 per cent share, contracted 22 per cent in July at \$5.23 billion. Import of petroleum and crude products saw 17.4 per cent growth at \$13.87 billion during the same month.

Aditi Nayar, chief economist at ICRA, said that a widening in oil as well as non-oil deficit expanded the merchandise trade deficit in July 2024 relative to July 2023. "The higher oil import bill reflects higher volumes and global prices, as well as a possible decline in discounts," Nayar said.

TRADE LOG (in \$ billion)



Source: Dept of Commerce



PALM IMPORTS SURGE TO NEAR 1-YEAR HIGH ON FESTIVAL DEMAND

The palm and soy oil imports surged to their highest levels in about a year in July, as refiners increased purchases for upcoming festivals amid a correction in prices, a leading trade body said on Wednesday. The country's palm oil imports rose more than 37 per cent in July from the previous month to about 1.1 million tonne, the highest since August 2023 and in line with traders' estimates, the Solvent Extractors' Association of India said. **REUTERS**

icals (8.1 per cent).

While gold imports dipped by 10.65 per cent to \$3.13 billion in July, Nayar said that lower custom duties after the Union Budget may raise the value of gold imports in the next few months. The value of gold imports has been steady at around \$3-3.4 billion each month in April-July.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that the dip in exports was because of international trade disruptions and sharp drop in crude, commodities and metal prices.

"Some of the exporters have diverted to the domestic market as profitability in exports has taken a hit with a sharp rise in international freight (both ship and air). Had it not been these trade disruptions led by logistical challenges such as lack of container availability and shipping space, irregular shipping schedule and ships skipping Indian ports, merchandise exports would have recorded yet another positive growth, that to double-digits, during the month," Kumar said.

Non-petroleum and non-gems and jewellery exports, an indication of a clearer parameter of exports' health, grew 5.7 per cent at \$26.92 billion. The main drivers of the growth were engineering goods (3.66 per cent), electronic goods (37.31 per cent), drugs and pharmaceuticals (8.36 per cent), and textiles (11.84 per cent).

Apart from petroleum and crude products, other items that saw high imports include electronic goods (11.54 per cent), non-ferrous metals (17.4 per cent), iron and steel (5.22 per cent), plastic materials (4.67 per cent), and organic & inorganic chemi-