

# India's exports contract for 1st time in 2 years

Decline 17% to \$29.78 bn in Oct; imports moderate

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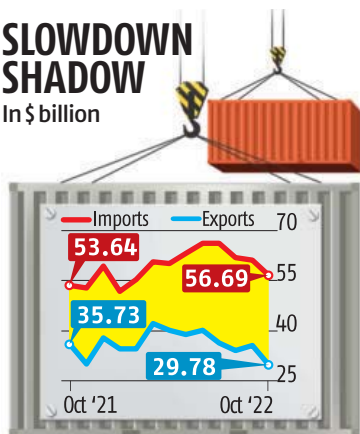
India's merchandise exports contracted for the first time in two years, in October, as slowing external demand amid recession fears in the West started impacting shipments from the country, further exacerbated by a higher number of holidays during the festival month.

The exports declined 16.65 per cent in October to \$29.78 billion, the data released by the commerce department showed on Tuesday. Imports, on the other hand, moderated to the lowest level in eight months, growing at 5.7 per cent to \$56.69 billion last month. This resulted in a trade deficit of \$26.91 billion, which remained above the \$25-billion mark for a fifth straight month, according to the data.

It was in November 2020 when exports contracted last time, by 8.74 per cent. During October, 24 out of the 30 key export items showed contraction, while only six – electronic goods, rice, tea, oil seeds, oil meals, and tobacco – witnessed growth, the data showed. Contraction in key commodity groups

## SLOWDOWN SHADOW

In \$ billion



## Key commodities that showed export decline in Oct 2022 (in %)

Engineering goods	-21.26
Gems & jewellery	-21.56
Petroleum products	-11.28
Organic & inorganic chemicals	-16.44
Drugs & pharma	-9.24

Source: Department of Commerce

such as engineering goods (-21.3 per cent), gems and jewellery (-21.6 per cent), chemicals (-16.4 per cent), and ready-made garments (-21.2 per cent) dragged down the overall exports. Turn to Page 7 ▶

## Nine Russian banks open special vostro accounts for rupee trade

**The Reserve Bank of India (RBI) has allowed the opening of nine special vostro accounts with two Indian lenders — UCO and IndusInd Bank — to facilitate overseas trade in rupee, Commerce Secretary Sunil Barthwal said on**

Tuesday. Apart from the domestic lenders, Russia's two largest banks — Sberbank and VTB Bank — are the first foreign lenders to have received approval from the central bank towards settling international trade transactions in rupee.

## Exports...

Non-petroleum, non-gems and jewellery exports -- considered to be core exports -- declined by 20.4 per cent to \$26.25 billion in October.

Commerce Secretary Sunil Barthwal pointed out that both global as well as domestic factors had had an impact on India's exports. He also pointed out the "heavy impact" of the festival season.

"Tightening of monetary policy in most of the developed world — Europe, the US and elsewhere — puts less money in the hands of the public. Therefore, consumption slows down. These are going to be tough times for us. There will be a lot of headwinds for us, and this will impact our exports too," said Barthwal.

Aditi Nayar, chief economist at ICRA, said a moderation in exports and imports on a sequential basis in October was driven by a larger number of holidays in the festival season. On a cumulative basis, the growth in exports was 12.55 per cent during the first seven months of the financial year (April-October). In terms of value, exports had peaked at \$42 billion in the month of March. After June, outbound shipments gradually started declining, with geopolitical tensions affecting demand.

A Sakthivel, president of the Federation of Indian Export Organisations, said the coming months would be quite challenging unless both global eco-

## G20...

He said while India has provided foodgrain to other nations in need, the latest global shortage should be met with a G20 agreement on securing stable supply chains.

"By 2030, half of our electricity will be generated from renewable sources," he added.

The statement burnishes India's credentials at the ongoing 27th United Nations' conference on climate change (COP27) in Egypt as a responsible global player working to reduce emissions while balancing developmental needs.

He also stressed the need for time-bound and affordable finance to developing nations, as well as a sustainable supply of technology to ensure an inclusive energy transition.

Stressing the need to ensure energy security, he said: "We must not promote any restrictions on the supply of energy, and stability in the energy market should be ensured." The prime minister's comment comes amid calls by the US and the European Union that India takes part in the G-7 initiative to reduce the profits that Russia makes from selling oil.

"Climate change, the Covid pandemic, the developments in Ukraine, and the global problems associated with it. All these together have caused havoc in the world. Global supply chains are in ruins," he said.

On the Ukraine war, Modi reiterated his call for diplomacy and disengagement, calling for