

Exports contract most in nearly 3 years in March

Global turmoil weighs on demand; trade gap swells

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Outbound shipments from India saw their sharpest contraction in nearly three years in March, declining 13.9 per cent year-on-year (YoY) to \$38.38 billion, as geopolitical disruptions and a slow-down in developed economies weighed on external demand. In May 2020, India's exports had slumped 34.6 per cent as the Covid-induced lockdown hit supply chains.

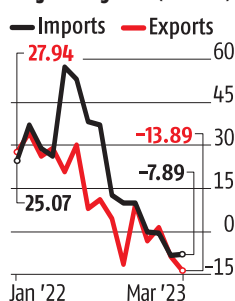
For the entire financial year 2022-23 (FY23), however, merchandise exports grew 6 per cent to \$447 billion, data released by the commerce and industry ministry showed. The rise was mainly due to robust growth during the first six months of FY23. The impact of global headwinds such as a slowdown in demand from developed economies due to high inflation, monetary policy tightening, and a moderation in commodity prices became visible in October onwards.

India imported goods worth \$58.11 billion in March, down 7.89 per cent YoY mainly because of lower import of items such as fertilisers, coal, petroleum products, and electronic goods. On a cumulative basis, growth in imports was 16.5 per cent to \$714 billion during FY23, the data showed. Turn to Page 6 ▶

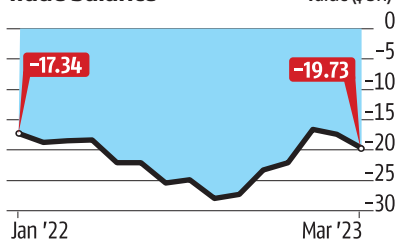
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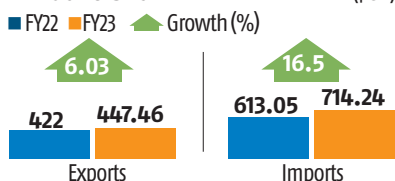
Trade growth trajectory (In % YoY)



Trade balance



Annual trend



HIGHEST DIRECT TAX BUOYANCY IN 15 YEARS IN FY22: CBDT

P6

Source: Department of Commerce

Exports...

India's trade deficit, however, widened to a three-month high at \$19.73 billion in March. On a cumulative basis, the trade gap widened from \$191 billion in FY22 to \$267 billion in FY23.

Madan Sabnavis, chief economist at Bank of Baroda, said that going ahead, a further slowdown is expected in exports' growth since global demand will remain weak. "Further, with the rupee tending towards appreciating rather than depreciation, the currency advantage would be weaker. Imports would probably remain steady, thus putting pressure on the deficit, which could increase depending on how oil prices move," Sabnavis said.

Aditi Nayar, chief economist and head of research and outreach, ICRA, said a deeper contraction in India's merchandise exports during the current fiscal year would weigh on the performance of the manufacturing sector and act as a drag on gross domestic product (GDP) growth.

India's merchandise exports witnessed contraction in 17 out of 30 key sectors in March. Key export items that dipped last month included petroleum products (-44.59 per cent), plastics and linoleum (-16.23 per

cent), gems and jewellery (-21.64 per cent), engineering goods (-0.16 per cent), and cotton yarn (-17.86 per cent). Among sectors that experienced growth included electronic goods (69.84 per cent) and drugs & pharmaceuticals (12.45 per cent).

Commerce department officials said China's share in India's merchandise imports declined to 13.79 per cent in 2022-23 from 15.43 per cent a year ago. This was mainly due to a decline in electronic goods imports by around \$2 billion in 2022-23 (April-February) compared to the same period last year.

They also said China's import share in electronic goods had declined from 48.1 per cent in 2021-22 (April-February) to 41.9 per cent in 2022-23 (Apr-Feb). Fertiliser imports from China also fell significantly -- from 21.9 per cent in 2021-22 (April-February) to 13.9 per cent in 2022-23 (April-February), Commerce Secretary Sunil Barthwal said.

Barthwal said the government had surpassed the goods and services exports target of \$750 billion and reached \$770 billion in FY23. The \$770 billion overall exports included actual merchandise exports for FY23 and the commerce department's services exports projection of \$322.72 billion for the full year, up 26 per cent over the previous year.

"Despite global headwinds, we have not only achieved the target, but also surpassed it," Barthwal said.

UNCTAD in its latest trade and development report update said world trade was facing several headwinds and that weaker economic activities worldwide would inevitably result in feeble external demand and thus subdued international trade. "As a result, the annual growth of international trade is expected to remain close to the growth of the world economy in 2023 (of 2.2 per cent)," it added.

Infy Q4 results...

Total revenues sequentially dropped 2.3 per cent, down from ₹38,318 crore in Q3 FY23.

Infosys missed Bloomberg estimates on both revenue growth and net profit for the quarter. Bloomberg had estimated revenue to be ₹38,769 crore and net income at ₹6,612 crore.

For the full year, Infosys reported revenues of about ₹147 trillion, up 20.7 per cent. Net profit grew 9 per cent at ₹24,095 crore.

For FY23, the board has recommended a final dividend of ₹17.50 per share. Together with the interim dividend of ₹16.50 per share, which has been paid, the dividend per share for FY23 sums up to ₹34. The operating margin for the quarter was 21 per cent, dropping 50 basis points both sequentially as well as yearly.

Margin guidance for FY24 is in the range of 20-22 per cent, against