

# Exports up 4.8% days after initial data showed a dip

SHREYA NANDI

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India's merchandise exports grew 4.8 per cent year-on-year (YoY) to \$35.45 billion in September, according to the revised data released by the commerce department on Friday, reversing its earlier estimate of a contraction for the first time in 19 months.

Meanwhile, imports rose 8.66 per cent YoY to \$61.16 billion in September. This resulted in a trade deficit of \$25.71 billion as against \$22.47 billion last year. However, the deficit eased sequentially from \$27.98 billion in August, after hitting a record high of \$30 billion in July.

The preliminary trade data released 10 days ago had pointed to a 3.5 per cent contraction in outbound shipments to \$33.81 billion, amid slowing

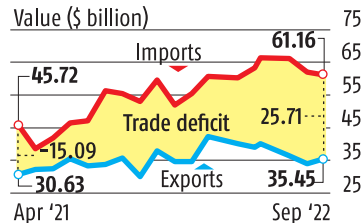


demand for Indian goods due to a fear of recession in advanced economies.

Growth in exports was 4.5 per cent on a sequential basis and nearly 17 per cent during the first six months of the financial year (April-September).

Aditi Nayar, chief economist at ICRA, said the upward revision in

## SEPTEMBER SURPRISE



Source: Department of Commerce

merchandise exports had converted the initial contraction into a low growth. "This is particularly welcome, given the growing concerns on the strength of global demand and the strengthening of the Indian rupee against many competing emerging-market currencies," Nayar said.

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The growth in exports in September was mainly driven by a jump in demand for petroleum products, electronic goods, gems and jewellery, organic and inorganic chemicals, and drugs and pharmaceuticals.

However, items such as engineering goods that comprised over 23 per cent of the total exports in September contracted 10 per cent year-on-year to \$8.39 billion. Similarly, the export of other key items from labour intensive industries such as cotton yarn, apparel, and handicraft also witnessed a decline in September as compared to the year-ago period. Outbound shipments for iron ore and plastics also declined.

Non-petroleum, non-gems and jewellery exports declined 4.58 per cent YoY



in September to \$24.22 billion. According to Nayar, the contraction in this segment suggests a sombre outlook for the near-term.

In terms of value, exports had peaked at \$42 billion in March. After June, outbound shipments started declining gradually, with geopolitical tensions affecting demand.

The World Trade Organization (WTO) has also painted a grim picture

for the outlook of global trade next year amid fears of a recession. Earlier this month, the Geneva-based multilateral agency slashed its 2023 global trade volume growth forecast to 1 per cent from 3.4 per cent earlier, citing increasing downside risks.

A Sakhivel, president of the Federation of Indian Export Organisations (FIEO), said exports were contracting across the world and the next few months would be challenging unless the geopolitical situation improves.

“However, the decline in imports is encouraging despite the huge jump in import of coal and transport equipment. We hope energy prices will come down further, providing more relief to us on the trade deficit,” he said.