

# US, China, UAE drive India's 1st export contraction in nearly 2 yrs

## SHIPMENTS DOWN

India's exports to top 10 countries in October

Country	Value (\$ mn)	YoY change (%)
US	5,383	-25.6
UAE	1,989	-18
Netherlands	1,220	21.6
China	947	-47.5
Singapore	711	24.8
Bangladesh	615	-52.5
UK	789	-22
Brazil	821	57.7
Saudi Arabia	689	-20.4
Hong Kong	757	-23.6
<b>Top 10 total</b>	<b>13,921</b>	<b>-21.4</b>
<b>% share of total exports</b>	<b>47</b>	
<b>Total exports</b>	<b>29,782</b>	<b>-16.6</b>

Source: Department of Commerce

## Exports to seven of top 10 destinations shrink in Oct

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New Delhi, 16 November

Exports to seven of the top 10 destinations of India, including the US, the United Arab Emirates (UAE), and China witnessed contraction in October, leading to the country's overall outbound shipments dipping for the first time in two years, according to the data compiled by the Department of Commerce.



These 10 nations have a share of 47 per cent in India's overall exports.

The three nations that saw positive growth in exports were the Netherlands (21.6 per cent), Singapore (24.8 per cent), and Brazil (57.7 per cent). The US, which has been India's largest export market for a decade, saw a dip in its value of exports by a fourth to \$5.38 billion in October, according to the data reviewed by Business Standard.

The UAE, which signed a free trade agreement with India earlier this year, witnessed 18 per cent fall in shipments at \$1.98 billion.

Similarly, a slowdown in economic activity in China due to its zero-Covid policy and real estate market crisis resulted in 47.5 per cent degrowth in outbound shipments to the country to \$947 million.

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in the year-ago period. It was due to robust growth in MSMEs, which were driven by inflation-induced working capital requirements, ease of doing business supported by increasing digitisation in the banking system for faster loan turn-arounds, and demand for new capex,” analysts at CARE Rating noted in their recent report on corporate credit.

A faster growth in corporate credit and a rise in interest rates have, however, resulted in a surge in companies’ interest expenses, which grew by 12.5 per cent in H1FY23, the fastest in two-and-a-half years.

## Exports...

### India's import sources in October: Top 10

Country	Value (\$ mn)	YoY chg (%)
China	7,851	-9.7
UAE	3,867	1.5
US	3,526	-4.7
Saudi Arabia	2,721	11.6
Russia	3,842	441.4
Iraq	2,628	44.1
Indonesia	2,260	46.9
Singapore	1,970	27.5
South Korea	1,607	1.7
Australia	1,300	-30.9
<b>Top 10 total</b>	<b>31,572</b>	<b>13.9</b>
<b>% share of total imports</b>		<b>56</b>
<b>Total imports</b>	<b>56,693</b>	<b>5.7</b>

Source: Department of Commerce

Other countries that showed contraction during the month include Bangladesh (52.5 per cent), the UK (22 per cent), Saudi Arabia (20.4 per cent), and Hong Kong (23.6 per cent). On a cumulative basis for the April-October period, three of the top 10 export partners - China, Bangladesh, and Hong Kong - saw 37.3 per cent, 8.1 per cent, and 14.6 per cent contraction, respectively.

During the first seven months of the current financial year (2022-23), exports grew 12.6 per cent at \$263.34 billion.

Imports from three of the top 10 destinations witnessed contraction in October, the commerce department data revealed. While imports from China dipped 10 per cent, inbound shipments from the US and Australia declined 4.7 per cent and 31 per cent, respectively.

The other seven of the top 10 import partners – the UAE (1.5 per cent), Saudi Arabia (11.6 per cent), Russia (441.4 per cent), Iraq (44.1 per cent), Indonesia (46.9 per cent), Singapore (27.5 per cent), and South Korea (1.7 per cent) saw positive growth.

These 10 nations have a share of 56 per cent in India’s overall imports.

The October trade data released on Tuesday showed

India’s merchandise exports had contracted to their lowest levels in 20 months as fears of recession in the West started impacting shipments from the country. Domestic factors, such as a higher number of holidays during the festival month, as well as export restrictions on certain agricultural and engineering goods, also affected outbound shipments that declined 16.6 per cent in October.

Key commodity groups, such as engineering goods, gems and jewellery, organic and inorganic chemicals, and readymade garments, resulted in a sharp contraction in the overall exports.

A sharp contraction in exports is a reflection of the mounting geopolitical tension triggered by the Russia-Ukraine stand-off that started in February this year. Besides, high inflation, monetary policy tightening, currency depreciation, as well as pandemic-led supply-chain constraints, caused disruption worldwide.

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## G20...

In his remarks at the closing ceremony, Modi said the country would strive to ensure that the G20 acts as a global "prime mover" to envision new ideas and accelerate collective action over the next one year. "India is taking charge of the G20 at a time when the world is simultaneously grappling with geopolitical tensions, economic slowdown, rising food and energy prices, and the long-term ill-effects of the pandemic," Modi said. "At such a time, the world is looking at the G20 with hope. Today, I want to assure that India's G20 presidency will be inclusive, ambitious, decisive, and action-oriented," he said.

India will officially assume the G20 Presidency on December 1. The prime minister invited G20 nations to the “mother of democracy” for the over 200 meetings to be held in India next year.

Modi also held several key meetings on Wednesday with global leaders on the sidelines of the summit, including UK Prime Minister Rishi Sunak, Germany Chancellor Olaf Scholz, Italian PM Giorgia Meloni, and Australian counterpart Anthony Albanese. The Ministry of External Affairs said Modi and Sunak expressed satisfaction at the state of the wide-ranging India-UK Comprehensive Strategic Partnership and progress on the 'Roadmap 2030' for future relations.

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