

Feb exports shrink 10.9%, the worst show in 20 mths

Imports also see first drop in 11 months, bringing trade deficit to over 3-yr low

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New Delhi, 17 March

India's merchandise trade deficit plummeted to a three-and-a-half-year low of \$14.05 billion in February, as exports and imports saw a sharp contraction due to softening global petroleum prices and rising economic uncertainty amid restrictive trade practices by the United States.

The trade deficit — the gap between imports and exports — stood at \$19.52 billion in February 2024.

Data released by the Commerce Department on Monday showed outbound shipments from India contracted at the sharpest pace in 20 months, falling 10.9 per cent year-on-year to \$36.91 billion in February. However, officials said the decline in exports could also be attributed to a high base of \$41.4 billion in the same period a year ago.

Imports fell 16.3 per cent to \$50.96 billion — the most significant decline in 20 months and the first drop in 11 months — driven largely by a 29.6 per cent fall in oil imports to \$11.9 billion. Gold imports also tumbled 62 per cent to \$2.3 billion.

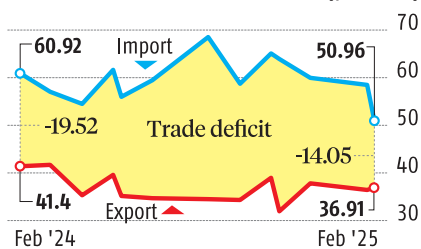
The outlook for India's merchandise exports remains uncertain due to the looming threat of reciprocal tariffs the US plans to impose on trading partners starting April 2. The US has already levied a 25 per cent duty on steel and aluminium imports. Exporters also report a troubling trend of American importers holding back orders in anticipation of further tariffs.

India's export contraction stood out among other emerging market economies.

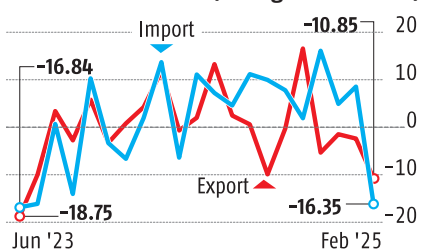
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Merchandise trade (\$ billion)



The trend (Change in % Y-o-Y)



Source: Department of Commerce

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Assessing gains, challenges from US tariffs: Govt

The government is holding stakeholder consultations and assessing the challenges, opportunities, and broader impact of the additional tariffs imposed by the US on Indian exports, Commerce Secretary Sunil Barthwal said.

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Chinese mkt key to counter US tariff impact

As the US tries to balance its trade ties with India, New Delhi's overall trade

deficit may widen. While India can look for innovative ideas to balance it out, one of the options available may be to persuade China to give it greater market access.

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Oct 2025 – Sep 2028 most suitable for T1 reconstruction: MIAL

In the consultation paper, the economic regulator stated: “AERA, through its independent consultant, conducted a site (Terminal 1) walkthrough... it observed that T1A and T1B buildings have several structural and non-structural distresses related to corrosion, leakage and seepage, which have resulted in the formation of longitudinal cracks and spalling (breaking into small pieces) of concrete at several places on the building.”

Mumbai Airport has two terminals — T1 and T2 — with T1 comprising three buildings: T1A, T1B and T1C.

According to the consultation paper, MIAL informed AERA that IIT Bombay had “recently” conducted a “structural study” of T1 which found that two buildings — T1A and T1B — were “showing signs of distress and would need structural and non-structural measures”.

The steel elements in T1A, which is approximately 30 years old, had corroded. Lateral cracks were also observed in exposed columns of this building, indicating corrosion in tie bars.

While studying T2A, the IIT team found that the reinforced concrete structural elements on the terraces had “severely” deteriorated. The team added: “Signs of seepage and leakages were also observed on the walls and structural members. On the ground floor, longitudinal cracks on columns and spalled (broken into small pieces) concrete were seen on the exposed structural members. Some spalling of the beams and cracking due to corrosion was also seen on the airside structural members.”

Ultrasonic Pulse Velocity (UPV) tests, a non-destructive method used to assess concrete quality, were conducted on T1A and T2A. The results indicated that the “concrete is of poor structural integrity”.

MIAL told AERA that the Navi Mumbai International Airport is expected to become operational in 2025-26, reducing passenger traffic at Mumbai Airport. It stated that the period between October 2025 and September 2028 would be the most suitable time for the reconstruction of T1, as it would minimise passenger inconvenience and operational difficulties.

AERA accepted MIAL’s submission that the complete reconstruction of Terminal 1 is “necessary for ensuring the safety and security for smooth conduct of airport operation”.

Navi Mumbai airport is being built by MIAL’s subsidiary, Navi Mumbai International Airport Private Limited (NMIAL).

T1 and T2 currently have an annual passenger handling capacity of 15 million and 40 million passengers, respectively. MIAL stated that T1 would be demolished in October this year, with reconstruction expected to be completed by September 2028. During this period, about 5 million passengers from T1 would be transferred to T2, while the remaining 10 million would be shifted to Navi Mumbai Airport.

In 2023-24, Mumbai airport handled a total of 52.8 million passengers, with a similar figure expected for 2024-25, according to MIAL.

On January 28, MIAL issued a press release stating that T1 would be demolished to boost its capacity from 15 million to 20 million passengers per year and to enhance passenger convenience.

