

# Exports slip again, trade gap narrows

'Still able to hold the fort,' says govt

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India's merchandise exports contracted in November after expanding at their fastest pace in 11 months in October, indicating volatile global demand and uneven economic recovery.

According to the data released by the commerce department on Friday, exports declined 2.8 per cent year-on-year to \$33.9 billion in November, while imports dipped 4.3 per cent to \$54.5 billion, leading to the narrowing of the trade deficit at \$20.6 billion.

The deficit had widened to a record \$31.5 billion in October, as festival demand led to a sharp increase in the import of gold and silver.

Commerce Secretary Sunil Barthwal said the green shoots in exports had stabilised and the overall trend was

positive in November. "Global trade is suffering, but we are still able to hold the fort. Trade is not one-way traffic. It has to be looked into with respect to the global context. We have looked at GDP growth rates in many countries and they are not high. We have also looked at interest rate changes and they have not come down despite a slow-down and global conflicts (in Eastern Europe and West Asia)," he added.

In terms of value, barring August, outbound shipments from India have remained in the

range of \$33-34 billion since April this year, substantially lower than those in April-November last year.

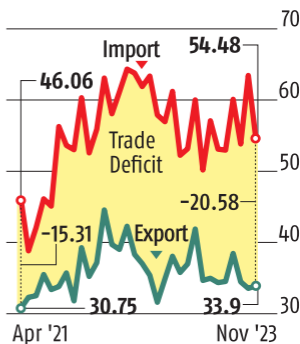
Exports contracted 7 per cent to \$278.8 billion during the April-November period while imports dipped 9.5 per cent to \$445.1 billion.

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## MERCHANDISE TRADE: GLOBAL HEADWINDS

Value (\$ bn)



Source: Department of Commerce

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## Exports...



Federation of Indian Export Organisations (FIEO) President A Sakthivel attributed the dip in exports to the rising uncertainties and slow global economic recovery. "The softening of commodities prices from the elevated levels in 2022 also contributed to the decline. Exports are exhibiting a declining trend in almost all countries and many are witnessing a double-digit dip. The Russia-Ukraine war, along with tensions in West Asia, has also increased the sense of skepticism and nervousness among the businesses and markets across the world," he said.

According to a United Nations Conference on Trade and Development (UNCTAD) report, global exports of goods and services are expected to contract 4.5 per cent in 2023.

Aditi Nayar, chief economist at ICRA, said India's merchandise trade deficit unexpectedly shrunk in November, and a better-than-expected performance of exports resulted in a narrower deficit of \$20 billion as compared to ICRA's projection of \$23.5 billion.

"Over the remainder of this fiscal year, we project the monthly trade deficit in the range of \$20-25 billion, resulting in a current account deficit of around 2.5 per cent of GDP in Q3FY24 and 1.7 per cent of GDP in Q4FY24. Overall, we foresee the current account deficit in the range of 1.7-1.8 per cent of GDP in FY2024," Nayar said.

Non-petroleum and non-gems and jewellery exports, also known as core exports, contracted 2.8 per cent in November to \$24.3 billion.

India's merchandise exports shrank in 15 of the 30 key sectors in November. Main export items that dipped in

November were petroleum products (-7.45 per cent), engineering goods (-3.1 per cent), readymade garments (-14.92 per cent), and organic and inorganic chemicals (-11.43 per cent).

Among key sectors that experienced positive growth included gems and jewellery (11.97 per cent), drugs and pharmaceuticals (7.33 per cent), and electronics goods (1.09 per cent).

Merchandise imports also contracted in 15 of the 30 sectors, including coal (-10.39 per cent), crude petroleum (-8.47 per cent), and precious stones (-56.71 per cent).

Services exports saw 6.5 per cent growth at \$28.7 billion in November while services imports declined 12.9 per cent to \$13.4 billion, resulting in a surplus of \$15.3 billion. The services trade data for November, however, is an 'estimation', which will be revised based on the Reserve Bank of India's subsequent release.

## PharmEasy...



The precise shareholding structure of API Holdings, PharmEasy's parent company, remains unclear until the funds are received. Pai's shareholding has been acquired from shareholders and employees.

"We raised ₹3,500 crore and there was more demand, which we had to politely reject. Every single shareholder supported us, believed in our vision, and saw value in what the team at API is building," said Dhaval Shah, co-founder, PharmEasy.

The sources said that Pai is set to join the board of API Holdings, and currently, he has no immediate plans to increase his stake in the company.

This fundraising is also happening at the lowest level of markdown, according to people in the know. Business Standard could not independently verify the valuations. API

