

# Widening trade deficit raises dumping concerns

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The widening merchandise trade deficit at \$23 billion in January from \$16.5 billion a year ago has raised concerns of dumping by trade partners. However, the trade deficit narrowed to \$230 billion during the first 10 months of the current financial year against \$241 billion in the same period a year ago, blunting these apprehensions.

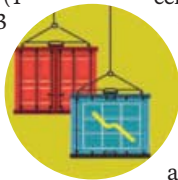
According to a report released by Axis Capital on Tuesday, the January trade data indicates the possibility of dumping of goods into India.

“Non-oil/gold imports rose due

to chemicals, metals and machinery — possibly due to dumping,” the report said.

Merchandise exports witnessed 2.4 per cent year-on-year (Y-o-Y) contraction at \$36.43 billion during January, while imports jumped by 10 per cent to over \$59.4 billion, according to the government data released on Monday.

Crude oil imports, which account for 22 per cent of India’s total import basket, fell by 13.5 per cent to \$13.4 billion in January. Non-petroleum, non-gems and jewellery imports grew by a fifth to \$41.2 billion.



The higher value of imports was driven by items such as gold (40.8 per cent), electronic goods (17.8 per cent), non-ferrous metals (26 per cent), organic and inorganic chemicals (36.9 per cent), iron and steel (6.9 per cent), among other items.

Ajay Srivastava, former trade ministry official and founder of Delhi-based think tank Global Trade Research Initiative (GTRI) said while imports have grown, there is no clear sign of dumping in the available data.

“India’s imports grew by 10.3 per cent Y-o-Y in January and 7.4

per cent during April-January. However, excluding gold and silver, the growth rate drops to 8.5 per cent and 5.4 per cent, respectively. This pace is reasonable, considering inflation and the depreciation of the Indian currency. Besides, import of items most vulnerable to dumping saw only marginal growth — chemicals rose by 6.9 per cent, while iron and steel declined 3.9 per cent during April-January,” he said.

Federation of Indian Export Organisations (Fieo), the apex body for exporters, expressed concern over the significant rise in imports. It called for strategic measures to rationalise inbound shipments into the country.