

AFTER 19 MONTHS, OUTBOUND SHIPMENTS CONTRACT 3.5%

Exports Shrink in Sept, Trade Deficit Widens

Faltering global demand, inflation, geopolitical tensions and restrictions on exports of select goods hit trade; trade gap at \$26.7 b

Our Bureau

New Delhi: India's outbound shipments shrank after 19 months in September with job-creating sectors such as engineering, garments and cotton yarn being the worst hit. Merchandise exports shrank 3.5% on-year in September on faltering global demand, rising inflation, geopolitical tensions and restrictions on export of select goods.

The previous contraction in exports was in February 2021. Data released by the commerce ministry on Monday showed the trade deficit widening to \$26.72 billion last month from \$22.47 billion in the year ago period.

However, the trade gap reduced sequentially. The government said that the trade deficit in September was

“an improvement over the trade deficit of \$28.68 billion in August 2022.”

“Export in certain sectors has seen a decline on account of slowdown in some developed economies and conse-

Exports of engg goods, chemicals, pharma, rice, readymade garments contracted

quential slowdown in demand,” it said, adding that certain measures to contain domestic inflation and domestic food security concerns have also impacted exports.

India has imposed restrictions on export of sugar, rice and wheat. Goods exports dipped to \$32.6 billion in September from \$33.8 billion a year ago, while growth in imports slowed to 5.4% at \$59.3 billion from 37.3% in August.

“Lower international commodity

Slowing Down

- ▶ **Exports** shrank in Feb'21 last
- ▶ **High inventory**-led demand slowdown hits exports
- ▶ **Rising inflation**, currency volatility key concerns
- ▶ **Key markets** entering recession, geopolitical tensions challenges

Export restrictions on rice, wheat, rice impact trade

Month	Exports growth (%)
Dec	37.00
Jan	25.28
Feb	22.36
Mar	19.76
Apr	30.70
May	20.55
June	23.52
July	2.14
Aug	1.26
Sep	-3.52

	Sept '21	Sept '22	Change (%)
Export	33.81	32.62	-3.52
Import	56.29	59.35	5.44
Trade deficit*	22.47	26.72	18.91

*fig in \$ b

Q2 trade deficit at record \$84.7 bln

Q3 CAD seen widening to \$40 bln in Q3 vs \$23.9 bln in Q2

prices and some revival in exports helped consolidate the trade deficit in September, albeit modestly,” Barclays said in a note, adding that the trade deficit in the July-September quarter was a record \$84.7 billion.

The fall in international commodity

prices, especially crude oil, is expected to help shrink the deficit in coming months

During September, the export of engineering goods, organic and inorganic chemicals, pharmaceuticals, readymade garments, cotton yarn

and rice contracted.

Imports of petroleum products, electronic goods, gold, precious stones, chemicals, vegetable oil declined in September, while import of machinery, transport equipment, coal, and iron and steel increased.