

Record exports at \$38.19 bn for April narrow impact of costly oil

Merchandise exports grew by 24.22% from a year ago; imports increased by 26.55%

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NEW DELHI: India's goods exports rose by as much as 24% to a record \$38.19 billion in April compared with a year ago, the commerce ministry said on Tuesday, helping the country to tamp down its trade deficit despite a 27% rise in imports to \$58.26 billion due to surging crude oil prices in the wake of the war in Ukraine.

It was a "spectacular start" to the 2022-23 financial year, commerce minister Piyush Goyal said in a tweet. "New financial year begins with record goods exports in April," he tweeted. "We are building on historic high of 2021-22 & confidently achieving new milestones on the back of trade deals inked recently."

Minister Goyal was referring to the two free trade agreements – one with the United Arab Emirates signed in February and the other with Australia signed in April. The emirates trade deal, which came into effect on May 1,



Value of non-oil, non-GJ imports was \$34.43 billion in April with a growth of 29.68% compared to April 2021. AFP

is expected to double bilateral trade to \$100 billion in five years. Similar growth is expected through the India-Australia Economic Cooperation and Trade Agreement.

India's export performance is excellent in the view of current global supply chain disruptions and sharply rising energy prices, as India imports over 85% of its crude oil requirements, experts said. India's average crude oil import cost in April was \$102.97 a barrel, a 62.4% increase compared with \$63.40 a barrel in April last year.

"While merchandise imports printed in line with our forecast,

an encouraging overshooting of exports curtailed the trade deficit to \$20.1 billion, below our estimate of \$22.8 billion," said Aditi Nayar, chief economist at ICRA, a ratings agency. "Nevertheless, unless commodity prices recede appreciably, we expect the merchandise trade deficit to print above \$20 billion in a majority of the months of FY23."

The import bill was higher in April purely because of high cost of energy imports, according to Ajay Sahai, director general and chief executive of the Federation of Indian Export Organisations (FIEO), an industry body. "Petroleum products have impacted

both exports and imports," he said, adding that the net impact tilts to imports due to India's overall energy dependence on oil producing countries.

The value of non-petroleum exports in April was \$30.46 billion, registering a growth of 12.32% over non-petroleum exports of \$27.12 billion in April last year, according to provisional trade data released by the commerce ministry.

"The increase in the merchandise trade deficit from US\$15.3 billion in April 2021 to US\$20.1 billion in April 2022 was entirely on account of oil," Nayar said.

Although the non-oil trade deficit remained stable, there was a shift in its composition, with a plunge in gold imports being offset by a rise in non-oil, non-gold imports such as coal and chemicals, an expected fallout of the higher commodity prices engendered by the Russia-Ukraine conflict, she added.

"Value of non-petroleum and non-gems and jewellery exports in April 2022 was \$27.16 billion, registering a positive growth of 14.38% over non-petroleum and non-gems and jewellery exports of \$23.74 billion in April 2021," the ministry said in a statement.

Petroleum products (113.21%), electronic goods (64.04%) and chemicals (26.71%) led the

higher increase in exports in April, it said.

India's merchandise import in April was \$58.26 billion, an increase of 26.55% over \$46.04 billion in April 2021. "Value of non-petroleum imports was \$38.75 billion in April 2022 with a positive growth of 9.87% over non-petroleum imports of \$35.27 billion in April 2021," the ministry said. Value of non-oil, non-GJ (gold, silver and precious metals) imports was \$34.43 billion in April with a growth of 29.68% over non-oil and non-GJ imports of \$26.55 billion in April last year, it said.

The credit for the rise in exports goes to the government's policy push for better export performance, FIEO president A Sakthivel said. Finance minister Nirmala Sitharaman and commerce minister Goyal have been "continuously interacting and guiding the exporters" to achieve higher exports growth, Sakthivel said.

The new free trade pacts and the productive-linked incentive scheme of the government will further help exporters in building on the milestones achieved during FY22, he added.

India achieved a record \$419.5 billion in merchandise exports and about \$250 billion in services exports in 2021-22.