

Exports rise 6% for first time in 7 months; imports down 19.6%

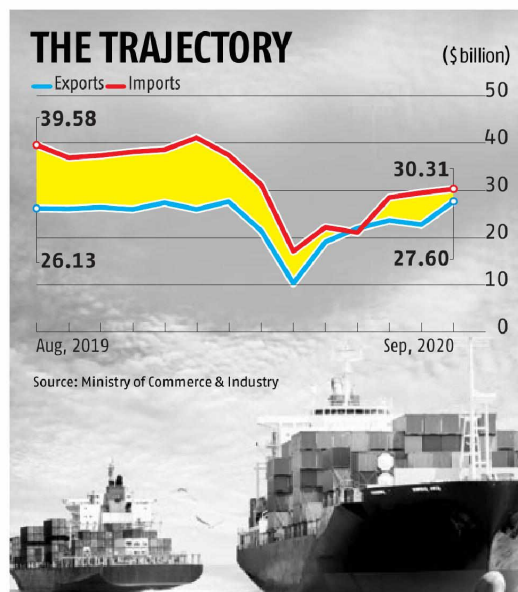
Trade deficit declines 77%

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Exports grew for the first time in seven months at 5.99 per cent in September, boosted by items such as pharmaceuticals and engineering goods.

The growth number was higher than 5.27 per cent estimated in the first week of October by the government. The growth assumes importance since it has been contracting not only six months prior to September but in all the previous months of the current calendar year, barring February.

The outbound shipments stood at \$27.58 billion in September against \$26.02 billion in the year-ago month, showed the trade data released by the commerce department on Thursday. The export number in September was just slightly lower than pre-Covid level of \$27.65 billion in February. Twenty-two of the 30 major products saw growth in exports. "The reasonably broad-based pick-up in merchandise exports in September has come as a relief, and signals on its sustainability are anxiously awaited in the light of the second wave of Covid-19 infections being experienced in many trading partners,"



Aditi Nayar, principal economist at ICRA said.

Exporters body FIEO President Sharad Kumar Saraf said as business activities and economic sentiments were inching towards normalcy globally, exporters started receiving enquiries and orders helping many sectors to further show improved export performance, which is likely to get better and better in next few months.

Exports of high-valued items also started reversing the declining trend. Engineering

goods exports rose by 5.44 per cent, while electronic goods by miniscule 0.07 per cent.

Engineering body EEPC India Chairman Mahesh Desai said: "The challenge in the external trade would continue given the present state of global health emergency."

On the other hand, imports declined 19.6 per cent at \$30.31 billion in the month, against \$37.69 billion in the year-ago period. Falling prices of crude and products (35.88 per cent fall) played an important role in this. Transport equipment

was lower by 47.08 per cent and machinery electrical and non-electrical by 36.76 per cent.

As such, the trade deficit declined 76.66 per cent to \$2.72 billion from \$11.67 billion in the year-ago period.

In imports, non-oil, non-gold imports were down by 12.63 per cent at \$23.88 billion in September, against \$27.33 billion in the year-ago month. This category of imports denotes domestic demand. As such, domestic demand may still take some time to recover even as pace of contraction in non-oil, non-gold imports came down from \$30 billion in the previous two months each.

"The recovery in exports could only be considered sustainable if there is also pick-up in imports of non-oil, non-gold items," said Prhalathan Iyer at Exim Bank.

Exports fell 21.31 per cent at \$125.25 billion in the first six months of the current financial year. Trade Promotion Council of India Chairman Mohit Singhla said food and agri exports recorded almost 45 per cent growth in the second quarter of FY21 and the demand for these products overseas will further increase. The other sectors that will see rise in demand globally are steel, mining, pharma, home sanitation, and home furnishing sector.