

Sept Exports Up 5.99%, Trade Deficit Narrows

Our Bureau

New Delhi: India's exports grew 5.99% year on year to \$27.58 billion in September, after contracting for six months, driven by growth in outbound shipment of engineering goods, petroleum products, pharmaceuticals and readymade garments.

Imports, however, declined 19.6%, leaving a trade deficit of \$2.72 billion, down from \$11.67 billion in September 2019 and \$6.77 billion in August 2020, data released by the commerce and industry ministry on Thursday showed.

Experts said the sustainability of exports recovery will depend on a number of factors including the extent of the second wave of Covid-19 and revival of non-oil, non-gold imports. The recovery in exports is higher than 5.3% shown by preliminary data released earlier this month. Exports in September 2019 were \$26.02 billion.

Strong Recovery



“The reasonably broad-based pickup in merchandise exports in September has come as a relief, and signals on its sustainability are anxiously awaited in light of the second wave of Covid-19 infections being experienced in many trading partners,” said Aditi Nayar, principal economist at

ratings agency ICRA. Chairman of Trade Promotion Council of India, Mohit Singla, expects the growth momentum to continue. “Indian exports are already on the path of recovery,” he said. “Food and agri exports from the country has recorded almost 45%

growth the last quarter and will continue to do so in future.”

Other sectors expected to grow in the next two quarters are steel, mining, pharma, home sanitation and home furnishing sector, including logistics and chemical, and e-commerce sectors, Singla said.

The fall in trade deficit last month was led by both the pickup in exports as well as a sharp 52.85% drop in gold imports.

Non-oil, non-gold imports – an indicator of the strength of domestic demand – declined 12.63% year on year last month.

“The recovery in the export sector in September could only be considered as sustainable if there is also pickup in imports of non-oil, non-gold items,” said Prahalathan Iyer, chief general manager, research and analysis, at India Exim Bank. “We need to wait and watch the trend for a couple of months to see whether the growth is sustainable in the second half of FY21.”