

Christmas Cheer: Goods Exports Grow at 2-yr High of 17.3% in Oct

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Our Bureau

New Delhi: India's merchandise exports surged 17.3% on year – the highest in 28 months – to \$39.2 billion in October, driven by improved demand from developed markets ahead of Christmas and higher shipments of engineering goods, chemicals and electronics.

Imports surged to a record high of \$66.34 billion last month, up 3.9% year on year, while trade deficit widened to \$27.1 billion from a five-month low of \$20.78 billion in September, official data released on Thursday showed.

The trade deficit was lower compared to \$30.42 billion in October last year.

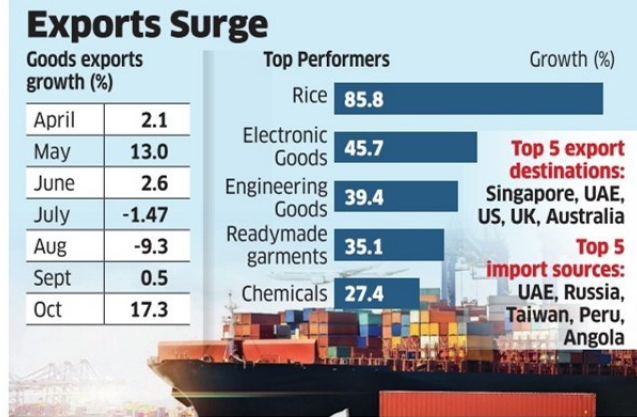
Commerce secretary Sunil Barthwal said the demand ahead of Christmas from developed markets “seems far better than last year and gives us confidence that the coming months will also see a healthy uptick” in exports.

Labour-intensive sectors such as readymade garments saw an export growth of above 35%.

“Despite the global situation being highly volatile, growth in the western countries slowing with some recessionary trends, and the disruptions in global trade routes, our exporters have been able to do well in several sectors,” Barthwal said.

If this trend continues, India's total exports will cross the \$800 billion mark this year to set a new record, he said.

Aditi Nayar, chief economist at ratings agency ICRA, said, “One of the chief reasons underpinning the sequential rise in the trade deficit appears to be a



jump in the volume of crude oil imports, as well as a festive season-led uptick in gold imports.” Between April and October, India's non-petroleum exports surged to the highest-ever tally of \$211.3 billion.

Ashwani Kumar, president of Federation of Indian Export Organisations, said the ongoing international trade disruptions along with the volatility in crude and metal prices have played a key role in increasing the value of exports to some extent.

“The rising tensions between Israel and Iran has continuously led to logistical challenges, with international trade getting impacted, as most of our trade to Europe, Africa, CIS and the Gulf region are happening through the Red Sea route or the Gulf region, prompting buyers to have large inventories,” Kumar said.

EXPORT STRATEGY

India is focusing on six sectors – engineering, electronics, pharma, chemicals, plastics and agriculture – and 20 countries to boost trade.

These 20 countries account for 60% of the total global imports and these six segments have a share of 67% in global imports.

Officials said the PMI (purchasing managers' index) data for manufacturing and services and exporters' order books show India's positive export story.

Barthwal said meetings are going on with Indian missions abroad to promote shipments through market access initiatives, promotion of brand India, addressing non-tariff barriers and conducting trade promotion events. Meetings have been held with key European nations while they are being planned for America, Asia-Pacific nations, Africa and West Asia countries.

“Our strategy of focusing on certain sectors and countries is now yielding results and our manufacturing competitiveness has gained with schemes like the production-linked incentives, and our approach to industrial policy, trade policy and foreign policy,” Barthwal said.

Crude oil imports in October rose to \$18.2 billion from \$16.1 billion a year earlier. Gold and silver imports dipped to \$7.13 billion and \$0.33 billion, respectively, from \$7.23 billion and \$1.31 billion, respectively in October 2023.

E-COMMERCE HUBS

Logistics aggregator Shiprocket and air cargo handling company Cargo Service Centre (CSC) have been selected by the government on a pilot basis to set up e-commerce export hubs (ECEHs) in the country.

The first hub is expected to come up near Delhi airport and begin operations in February next year. It will have facilities for expedited customs and security clearance in-house, provision for quality and certifying agencies and an easy re-import policy. This policy will enable the return of e-commerce consignments and rejects without payment of import duty.

“Based on the feedback received from these firms on the running of these pilots, the government will come out with detailed guidelines to set up more such hubs across the country,” Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said. “These guidelines will require policy tweaks or regulatory tweaks in different departments.”