

TURNING TIDE: ON INDIA'S GOODS EXPORTS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

To enjoy additional benefits

CONNECT WITH US

December 29, 2022 12:20 am | Updated 08:35 am IST

COMMENTS

SHARE

READ LATER

India's goods exports rebounded from a nearly 17% dip in October to a mild 0.6% uptick in November. While the value of exports recovered to \$32 billion from \$29.8 billion in October, it is still significantly below the \$39 billion averaged between April and September. Imports growth moderated to 5.4% with the value of shipments slipping to \$55.9 billion — a level last seen in February 2022, which was followed by seven months of import bills of around \$60 billion. The merchandise trade deficit eased below \$25 billion for the first time in five months. The easing of some commodities' prices may help curb the import bill and deficit to some extent, but this could cut both ways as the value of some exports that boomed because of global price trends earlier, will also decline. A part of the import bill dip was triggered by lower non-oil cargo, signalling slowing domestic demand, but non-oil exports' performance is a greater worry. Their share in exports growth has been shrinking since June, with the contraction accelerating for many sectors from September to November — engineering goods that drove much of India's record \$422 billion goods exports in 2021-22, contracted 11.3% while textiles fell a steeper 25%.

Explained | [Why are India's slowing exports a cause for concern?](#)

December's pending festive orders may still lift export numbers month-on-month, but the onset of 2023 would spell greater pressures for India's trade story, with key markets heading into a recession. Having grown 11.1% in the first eight months of 2022-23, goods exports could still fall 2.3% over the full year, a CARE Ratings research paper cautioned on Tuesday. While the World Trade Organization expects global goods trade to grow just 1% in 2023, CARE reckons India's exports may rise a meagre 1.5% in 2023-24. Services exports and remittance inflows may cushion India's current account deficit from the goods trade imbalance and restrict the economy's external vulnerabilities, but policy makers need to focus on ensuring a soft landing for factories in export-intensive sectors that are also massive employers so that the global gloom does not hit domestic sentiment. In recent weeks, the Government belatedly scrapped the export duty on steel and iron ore, that was hurting engineering exports too, and brought them under a tax refund scheme with thus-far excluded sectors like drugs and chemicals. Keeping an eye on market realities to respond deftly to emerging challenges is vital for Indian exporters to sustain through the coming turmoil and perhaps, even expand their share in the global trade pie. Vietnam, Cambodia, Bangladesh and China saw their share rise even when global trade growth itself slowed in the years before COVID-19. India too, should aspire to emerge stronger from the brewing storm.

COMMENTS

SHARE

[exports](#) / [manufacturing and engineering](#) / [economy \(general\)](#) / [imports](#)

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our [community guidelines](#) for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com