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Trade deficit narrows to nearly $21 billion in November

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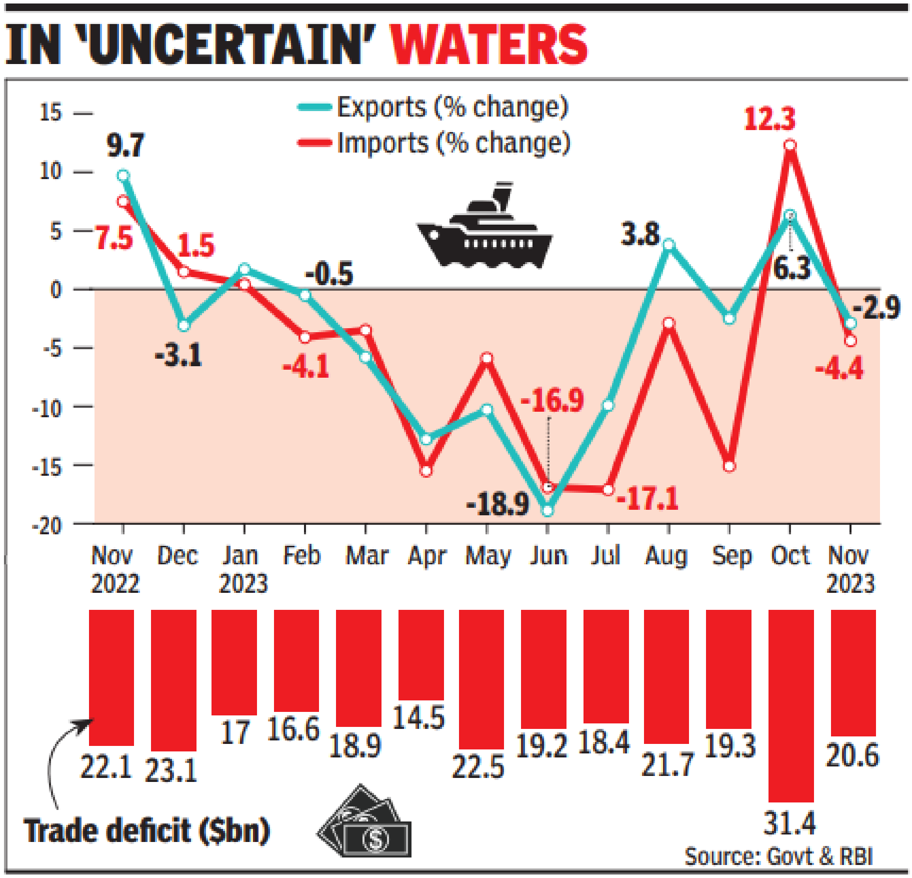
NEW DELHI: India's trade deficit narrowed to $20.6 billion in November as both goods exports and imports fell during the month after a rise in October.
Goods exports shrank 2.9% to $33.9 billion in November due to a decline in key product categories - engineering goods, petroleum products and garments. The 4.4% fall in imports to $54.5 billion was driven by oil and coal.

While a fall in the value of crude oil and petrol and diesel shipments was on account of a decline in commodity prices, high inflation, and the consequent spike in interest rates in developed nations have dented discretionary demand.Commerce secretary Sunil Barthwal said that given the global situation, India's exports numbers are healthy. "Despite general global slowdown, interest rate regime not softening, and global conflict, India has done extremely well," commerce secretary Sunil Barthwal told reporters.

Barthwal and his team are seeking to draw comfort from the combined trade numbers, which includes both goods and services.
Latest data showed that in November services exports went up 6.6% to $28.7 billion, while imports fell 13% to $13.4 billion, resulting in a trade surplus of $15.3 billion, helping narrow the overall trade deficit to $5.3 billion.



Most analysts and industry are, however, focused on goods.

"Today's trade print offers some relief following the unusually large trade deficit of October. The recent retracing in commodity prices, if sustained, may become more apparent in India's import values in the fourth quarter of 2023-24. Exports, however, remain weak, dragged on by sluggish global demand. The services trade surplus has risen incrementally for six months now, providing a significant buffer to the goods trade deficit. For now, we maintain our current account deficit projections of $45 billion (1.2% of GDP) for FY23-24 and around $61 billion (1.5% of GDP) for FY24-25," said Rahul Bajoria, MD & head of EM Asia (ex-China) economics, Barclays.

In a statement, Fieo president A Sakthivel attributed the decline to rising uncertainties, slow global economic recovery and demand and proposed easy and low-cost credit, marketing support in addition to interest equalisation to all sectors.

"The softening of the commodities' prices from the elevated level in 2022 also contributed to the decline. Almost all countries' exports are exhibiting a declining trend, many witnessing a double-digit dip," the lobby group said.