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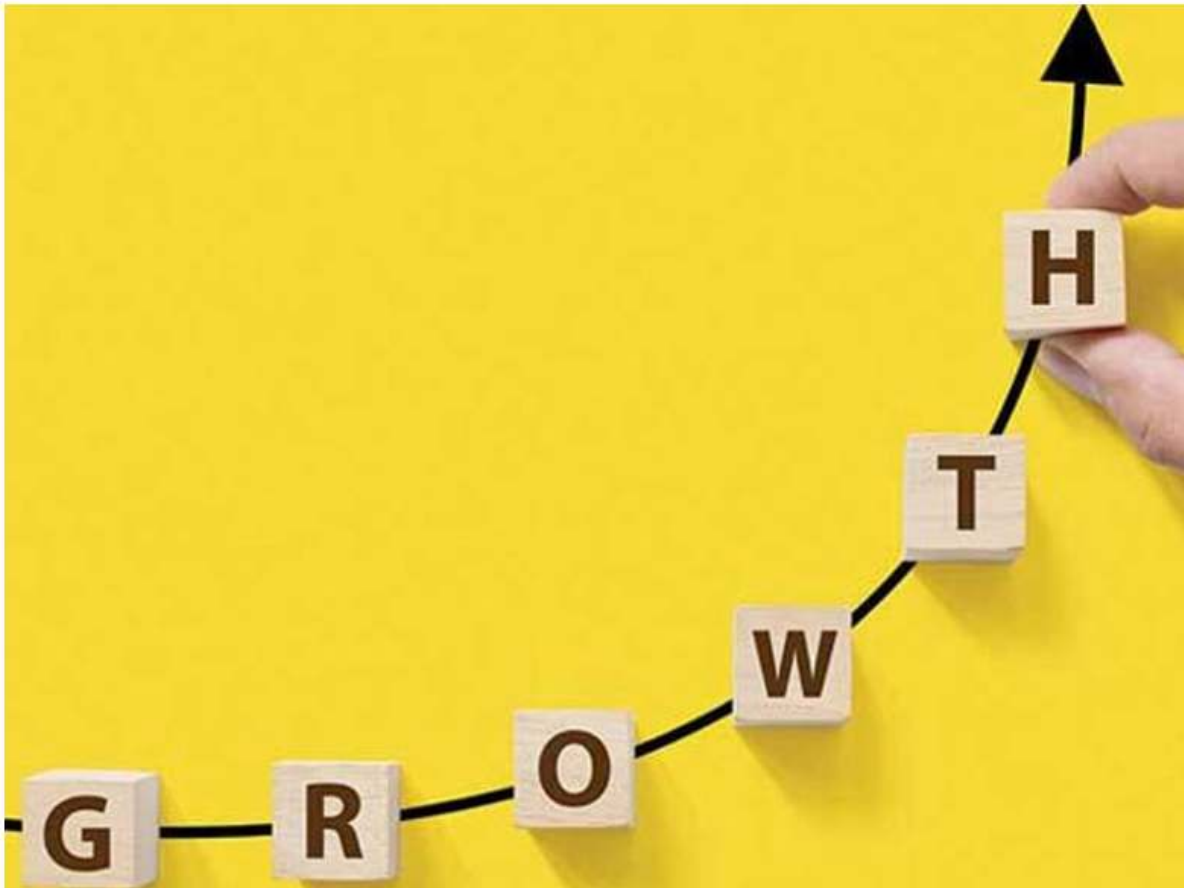
Amidst a global slowdown, export of agro and select manufacturing sectors achieve positive growth

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by Staff Writer | September 16, 2023

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Export performance

India experienced a nearly 7% decline in merchandise exports in August 2023, primarily attributed to a significant drop in oil exports, down by 31%. This decline reflects the prevailing weak global demand. Despite seven consecutive months of contraction in merchandise exports, August 2023 saw a moderated pace of contraction thanks to improved performance in agro, pharmaceuticals, and engineering goods.

Promising signs

Notably, eight out of 13 agro products registered positive export growth, offering optimism for India's agricultural sector. This positive trend can also be attributed to the beneficial impact of our recent trade agreements. Moreover, the non-oil and non-agro sectors, including ceramics, glassware, pharmaceuticals, handloom, and yarn, have grown over the past seven months despite the global economic slowdown.

Trade deficit in August 2023

India's trade deficit in August 2023 reached its highest level since October 2022, primarily driven by a deficit in the non-oil category, mainly due to a substantial increase in gold imports. Notably, the non-oil trade deficit surpassed the oil trade deficit by more than 2.5 times in August 2023.

Trade deficit for April-August 2023

While the merchandise trade deficit for the first five months (April-August) of the current fiscal year has already crossed the USD 100 billion mark, it remains manageable. This deficit is lower than 10% of the trade deficit recorded during the same period last year.

Outlook

The outlook for export growth remains pessimistic in the coming months due to the challenging global economic conditions. However, a potential recovery may be witnessed ahead of the festive season towards the end of the calendar year.

BY: Dr. Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai