

Business Standard

Exports up for 10th month, but at slower rate of 4.4%, to \$23.6 bn in June

Imports rise 19.01% to \$36.52 bn; trade deficit for Q1 doubles to \$40 bn

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Export growth slowed in June to 4.39 per cent, even as the country managed to see 10 straight months of rise in outbound trade.

The figure was \$23.56 billion, compared to \$22.57 billion in the same month last year, according to data issued by the commerce

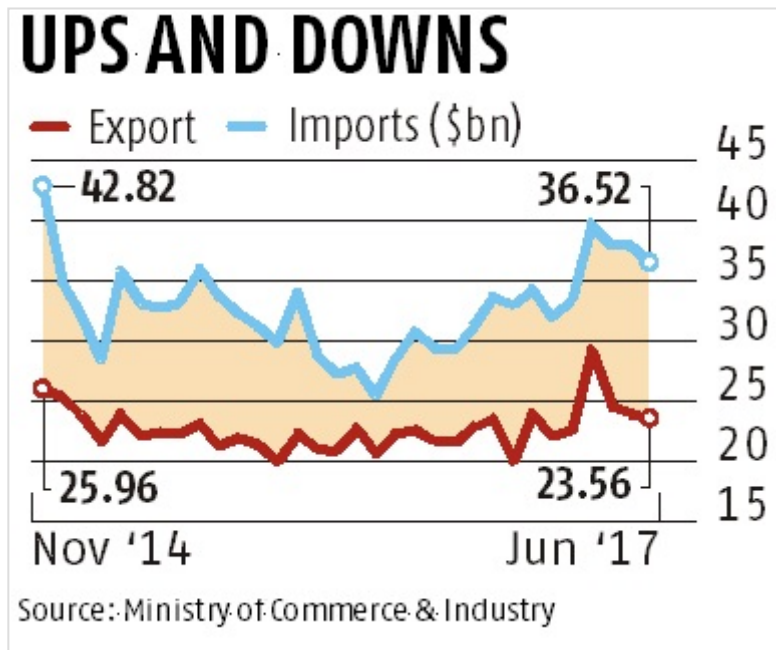
and industry ministry.

Growth has been down since March, when it hit a high of 27 per cent, steepest in a little over five years. In May, it was eight per cent. Cumulative export in the current financial year (FY), starting April 1, is about \$72 billion.

Among major foreign exchange earners, engineering export grew 14.8 per cent, while most categories contracted. Although the rate of fall was minimal, apparel export contracted by 1.4 per cent, while pharmaceutical export fell by 2.25 per cent. Gems and jewellery export fell 2.7 per cent; gold import rose.

Import growth also fell in June, with inbound shipments totalling \$36.52 billion, a rise of 19 per cent over the same month last year.

Much of the push to import came from gold, which more than doubled to \$2.5 billion in June year-on-year; import of precious and semi-precious stones increased by 86 per cent to \$3.3 billion.



"A strong rupee has definitely come in the way of growth in export and also encouraged the import of gold," said Madan Sabnavis, chief economist at CARE Ratings.

The share of crude oil in import was marginally down to 20.6 per cent, from 22.2 per cent, owing to lower prices.

However, the cumulative trade deficit almost doubled in June to \$40 billion. "Led primarily by the rise in gold import, ICRA expects India's current account deficit to spike to \$15-16 bn in Q1 (April-June) of FY18, from the marginal \$0.3 billion in Q1 of FY17, rivalling the size of the deficit recorded over the four quarters of the previous fiscal," said Aditi Nayar, principal economist at ratings agency ICRA.