

Exports surge 67% narrowing trade gap

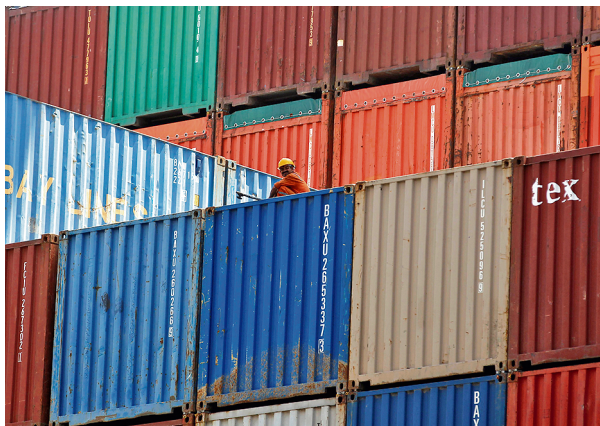
Deficit narrowed to an eight-month low in May helped by a reduction in gold, oil imports

SPECIAL CORRESPONDENT
NEW DELHI

India exported merchandise worth \$32.21 billion in May 2021, 67% higher on a year-on-year basis and almost 8% more than May 2019's pre-pandemic shipments.

The country's merchandise trade deficit shrank to an eight-month low. Imports grew 68.6% to \$38.53 billion, compared with May 2020, but were 17.5% lower than the same month in 2019.

Major sectors that saw a spurt in exports in May, compared with the pre-COVID times, included cereals, iron ore, cotton yarn and handloom products, jute, rice and ceramics. However, leather, tea, readymade garments, oil seeds, handicrafts and gems and jewellery, saw a significant dip over the



Stable trend: Non-oil, non-gold imports remained largely steady over April and May, says ICRA's Nayar. ■ REUTERS

same period.

The Federation of Indian Exporters' Organisations (FIEO) chief Sharad Kumar Saraf said that 19 out of 30 major product groups had recorded impressive growth

over May 2020, and that the gradual opening up of major global markets was bolstering orders.

ICRA chief economist Aditi Nayar attributed the contraction in the trade deficit

to \$6.3 billion in May from \$15.1 billion in April to the State-level restrictions that widened over May and curbed domestic demand for both gold and oil.

"A predominant 63% of the decline in the trade deficit in May 2021 relative to April 2021 was on account of the collapse in gold imports, with the balance led by a narrower oil deficit, led both by higher exports and lower imports," she said, adding that exports had displayed a mixed trend.

Rise in oil exports

"There is a sharp sequential rise in oil exports, even as non-oil exports dipped for the second consecutive month to \$26.9 billion in May from \$31 billion in March. Importantly, non-oil, non-

gold imports remained largely steady over April and May. To an extent, rising global commodity prices would have masked a dip in domestic demand," she said.

"The need of the hour is to soon notify the RoDTEP [Remission of Duties and Taxes on Export Products] rates to remove uncertainty and help expedite new contracts with foreign buyers," said Mr. Saraf. "The government must address... key issues including priority status to exports sector," he added.

Engineering Exports Promotion Council president Mahesh Desai said the release of assured duty refunds would provide a major push to the sector which recorded a 53% growth in May over last year and 16% over May 2019 levels.