

LOW COMMODITY PRICES

Export volumes of most goods rose in FY17

Volatile global prices influence India's exports value more than slowdown in overseas demand

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MERCHANDISE EXPORT VALUE may have grown just 5% in 2016-17 after two successive years of contraction, but volumes of outbound shipments rose for most goods at a faster pace, showed the data compiled by the commerce ministry.

This indicates fluctuations in global commodity prices continue to influence India's exports value more than any worthwhile slowdown in over-

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Of 30 key segments saw export volumes either rising at a faster or dropping at a slower pace than export value in FY17

21

Of the 30 segments posted growth in export volumes in FY17, against 15 in FY16

seas demand.

As many as 19 of the top 30 commodity segments (in which data in both volume and value terms are available) witnessed export volumes either rising at a

faster pace or dropping at a slower rate than the shipment value in 2016-17. Similarly, 21 of these 30 commodity segments—including petroleum products, iron and steel, marine products, spices, buffalo meat, aluminium—registered growth in export volumes in 2016-17, against 15 in the previous fiscal. These 30 segments together accounted for 45% of the total exports value (in dollar terms) in the last fiscal.

Even in 2015-16, the global commodity price crash was the main driver of a 16% contraction in export value, as export volumes in many cases had increased, showed the data.

The commerce ministry has compiled volume data on 99 of the 168 principal commodity segments.

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instance, 2010-11, when export grew nearly 40% in dollar terms), the rise in export value was driven by a broad-based and an even sharper rise in volumes.

Interestingly, export volume of iron and steel products jumped almost 91% to 14.45 million tonnes last fiscal, while growth in value term was around 59% (\$8.73 billion). Similarly, despite an almost 4% fall in value, the volumes of buffalo meat exports rose in 2016-17--albeit marginally by 1.2% to 1.31 million tonnes.

In 2015-16, too, when commodity prices had plunged, certain items--primarily the value-added ones--such as drug formulations, biologicals, bulk drugs, drug intermediaries, spices, coffee, unmanu-

factured tobacco managed to beat the global crash in commodity prices, as export value of these products had risen even when volumes shrank (in the range of 1.2-44.8%).

Global commodity prices plunged 28% in 2015-16 from a year before, driven by a sharp 40% crash in prices of oil, 20% in industrial metals and 7.5% in gold, according to a report by Yes Bank. Consequently, roughly 55% of the \$48-billion fall in India's exports in the last fiscal was caused by lower petroleum exports. So while the country's overall exports plunged almost 16% in dollar term and 10% in rupee term, excluding oil, the exports dropped just 8.7% in dollar terms and just 2.1% in rupee terms.

Export value of both goods and services (in real term) rose 4.5% in the last fiscal, against a 5.3% drop in 2015-16, showed the latest GDP data.

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VOLUMES DATA are not available in all cases as even within a particular segment, commodities are measured by different units and are not strictly comparable.

In certain cases, a finished product (hand-crafted gold or diamond jewellery, for instance) has different commodities as inputs.

The rise in merchandise export volume mirrored the phenomenon after the global financial crisis, when exports value suffered but volumes remained almost stable (in 2009-10). In good years, though (for

SPEAKING VOLUMES

(% rise in export volumes, y-o-y)

	2015-16	2016-17
Petroleum products	-10.6	6.4
Drug formulations, etc	-9.5	-5.6
Iron and steel	-32.1	90.9
Motor vehicles/cars	2.6	0.5
Gold*	112.9	-10.9
Marine products	-20.6	21.7
Organic chemicals	14.6	3.3
Buffalo meat	-12.6	1.2
Bulk drugs etc	-4.5	-6.5
Cotton yarn	2.7	-8
Aluminium & products	11.4	34.6
Basmati rice	9.4	-1.1
Spices	-11.4	21.2
Copper & products	-9.5	8.6
Non-basmati rice	-22.1	5.4

*excluding jewellery

Source: Ministry of Commerce