

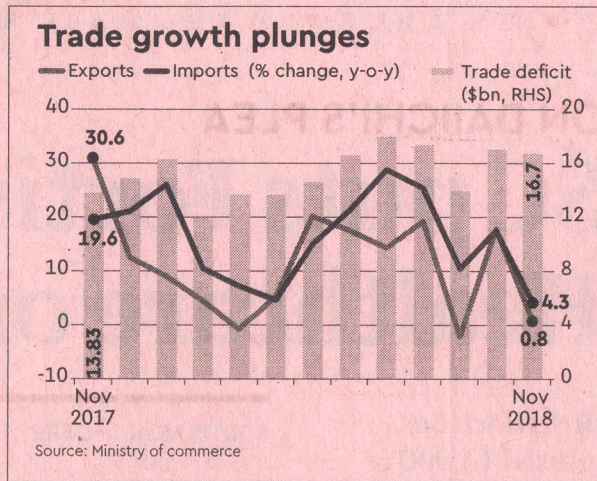
● UNFAVOURABLE BASE

# Export growth crashes to 0.8% in Nov

Trade deficit eases to \$16.7 billion in November as import growth, too, slows to just 4.3% last month from 17.6% in October

FE BUREAU  
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**MERCHANDISE EXPORT GROWTH** crashed to just 0.8% in November from almost 18% in the previous month, as the outbound shipments of products — including engineering goods to gems and jewellery and farm items — plunged, thanks partly to an unfavourable base. Trade deficit, however, eased a tad to \$16.7 billion in November as import growth, too, slowed to just 4.3% last month from



17.6% in October.

This indicates while the sharp rupee depreciation may have weighed on import demand, the country's ability to exploit the situation to boost exports is far from strong, said analysts. Importantly, exports of key farm items plunged (rice

by 23%, other cereals by 20%, oilseeds by almost 34% and fruit and vegetable by 25%).

Some analysts wondered if the government's move to raise minimum support prices of crops had weighed on exports, although they concede it's too early to predict.

Even exports of meat, dairy and poultry items plunged by over 31%, while marine exports fell over 15%, showed the data released by the commerce ministry on Friday.

Overall, exports dropped to almost \$26.5 billion in November, against \$26.3 billion a year earlier when it had jumped as much as 30.6%.

The shipment of engineering goods, a prime driver of export growth in recent months that also account for around a fourth of total exports, dropped as much as 16.4%, while gems and jewellery exports dropped almost 17%. Not surprisingly, petroleum product exports, aided by higher prices, jumped 42.7% in November.

Services exports in October also grew at a tepid pace (by 2.7% to \$16.82 billion). Services imports grew just 1.5% to \$10.1 billion in October, according to the data released

separately by the Reserve Bank of India.

As for merchandise imports, elevated crude oil prices (compared with a year earlier) drove up imports of petroleum products by 41.3% in November. However, imports of gold dropped 15.6% and those of pearls and precious stones plunged by 46%.

Aditi Nayar, principal economist with Icria said, "If crude oil prices remain relatively stable around current levels, the merchandise trade deficit is likely to average a lower \$14 billion in the remaining months of FY2019, compared to \$16 billion in the first eight months of this fiscal."

FIEO president Ganesh Kumar Gupta asked for urgent support, including augmenting the flow of credit and better fiscal support, including interest equalisation for merchant exporters.