

AMITI SEN NEW DELHI

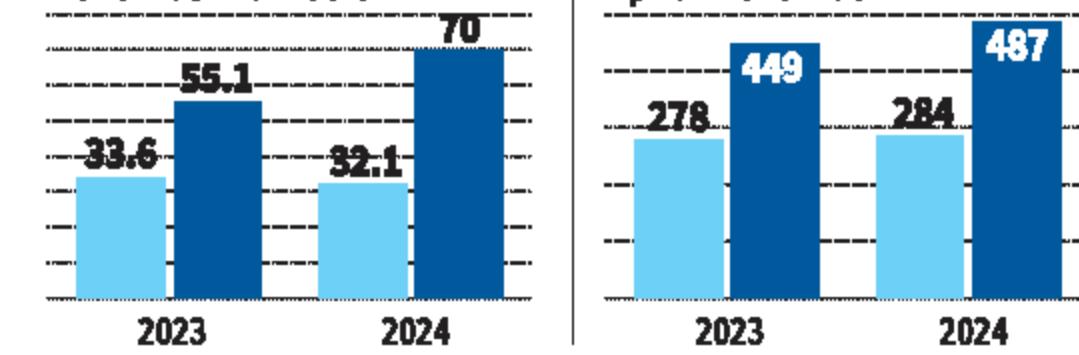
Trade deficit at record \$37.8 b in Nov on spiralling gold imports

BIG SKEW. Goods shipments fall 4.83%, pulled down by petro products, gems & jewellery



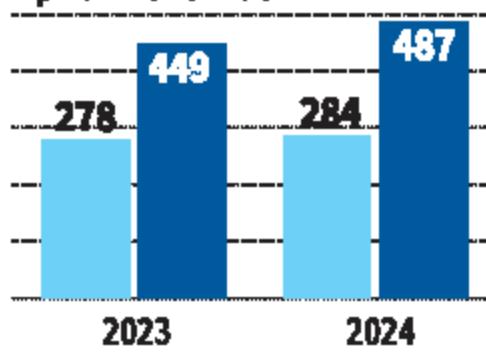
Merchandise trade

November numbers



Exports ■ Imports (\$ billion)

April - November



Source: PIB

India's goods trade deficit widened to a record \$37.84 billion in November as imports, largely gold, spiralled, according to data released by the Commerce Department on Monday.

Exports of goods, after showing promise the previous month, slipped in November, declining 4.83 per cent (year-on-year) to \$32.11 billion. This was primarily due to a drop in petroleum shipments as global prices fell, according to Commerce Secretary Sunil Barthwal, who released the data at a press briefing.

Christmas demand

"Demand is higher in October due to Christmas inventory build-up. If you look at November, Christmas demand (from India) continued to grow as non-petroleum exports during the month increased 7.75 per cent to \$28.4 billion. You have to distinguish between petroleum and non-petroleum products," Barthwal said.

But what would be worrying for policymakers is the swelling of the trade deficit during the month as goods imports increased 27 per cent y-o-y in November to \$69.95 billion.

Gold imports, which touched an all-time high of \$14.8 billion during the month, doubling from October's \$7.13 billion, accounted for more than 20 per cent of the total imports.

Such high levels of gold imports were likely driven by festival and marriage-related demand and are unlikely to continue in the coming months, and this would help to cool the trade deficit prints, according to Aditi Nayar, Chief Economist and Head Research Outreach, ICRA Ltd.

cAD to widen

"Nevertheless, the adverse trade deficit print for November will result in a sharper-than-expected widening of the current account deficit in Q3 FY25 to 2.8 per cent of GDP as against the earlier expectation of 2 per cent, and will be the highest in over two years," she said.

In April-November 2024, goods exports rose 2.17 per cent to \$284.31 billion while imports increased 8.35 per cent to \$486.73 billion. The trade deficit during the period widened to \$202.42 billion compared to \$170.98 billion in the same period last fiscal.

demand for support

Exporters' body FIEO made a case for deeper interest subvention support and extension of the interest equalisation scheme for at least five years for a predictable business environment for exporters.

In November, export decline was led by petroleum products falling 49.69 per cent to \$3.17 billion and gems and jewellery declining 26.26 per cent to \$2.06 billion. Other sectors such as chemicals, iron ore and coal, and mica, too, registered a drop. However, major sectors, including engineering goods, electronics, readymade garments and marine products, also posted a significant increase in exports in November.