

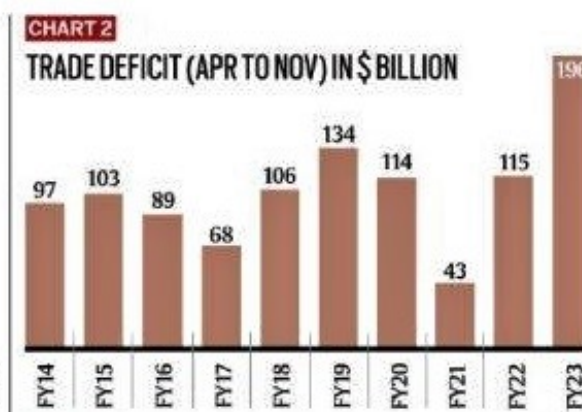
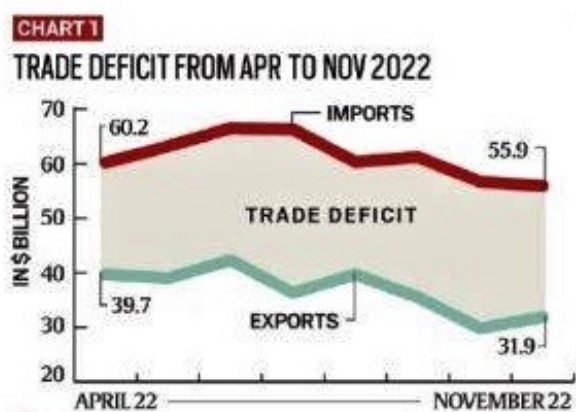
## India's Trade Data

### Why in news?

The latest trade data released by the Ministry of Commerce and Industry show a small increase in exports growth (32 billion dollars) and a fall in imports growth (56 billion dollars) in November 2022.

### What does the trade data indicate on exports?

- **Exports** - Exports grew by 0.6% over November 2021.
- This November's performance appears better because last year, Diwali was in November and that resulted in fewer working days and, as a result, lesser exports.
- It is over that smaller base that exports have grown by less than a percentage point.
- **Reason for decline in exports** - The bulk of the decline in India's growth rate is being contributed by the fall in volumes exported.
- Across the world, economies, especially those of India's biggest trading partners such the US and European countries, are either in recession or struggling to grow.
- This, in turn, implies a fall in demand for Indian goods that reflects in weaker exports growth.



### What about India's imports?

- **Imports** - Imports grew by 5.4% over November 2021.
- The decline in imports growth has been more a balanced effect of declines in volume and prices.
- **Fall in imports growth** - It suggests that India's domestic demand is weakening as the effect of a tighter monetary policy (Higher interest rates and their drag on overall consumption and investment demand)

*China is India's second biggest trading partner after the United States.*

## What about the trade deficit?

- **Trade deficit** - A trade deficit occurs when a country's imports exceed its exports during a given time period.
- It is also referred to as a **negative balance of trade (BOT)**.
- India's trade deficit during April to November stood at 196 billion dollars.
- **Impact of trade deficit** - A trade deficit implies that Indians need dollars more than the rest of the world needs rupees for the trades to settle.
- As such, a trade deficit puts pressure on the rupee's exchange rate against the dollar (presuming that all imports require payment in US dollars).
- Persistently high trade deficits tend to weaken the rupee's exchange rate.
- Higher trade deficit will push up India's current account deficit (which includes the trade in goods as well as services).

## References

1. [The Indian Express | What trade data show](#)
2. [Live Mint | Non-essential imports on watch](#)

