

A CLOUDY HORIZON: THE HINDU EDITORIAL ON TRADE DATA

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From a rare upward swing this October, India's goods exports retreated into contraction last month, [dipping 2.8% from 2022 levels to touch \\$33.9 billion. Imports dropped 4.33% to \\$54.5 billion](#), cooling the merchandise trade deficit to \$20.6 billion, almost a third below October's record high. Sequentially, the decline in imports was sharp, despite the Commerce Ministry lowering October's import bill by \$1.6 billion from the initial \$65 billion estimate. On the other hand, though exports contracted in November, they were higher than [October's tally](#), which was the lowest in 12 months, yet denoted a year-on-year uptick unlike in November. Such statistical noise may be hard to listen through, but it is clear that [exports have recorded their weakest values](#) in a year, over the last two months. Similarly, the significant dip in imports in November can be attributed to factors like a decline in discretionary demand for high-value goods such as gems and jewellery and the global dip in prices of key items like petroleum products. Economists expect the deficit to stay range-bound between \$20 billion and 25 billion through the remaining four months of the year. But it is difficult to be certain — one may recall that imports had hit an 11-month high of \$60.1 billion in August before easing over 10% in September and resurging in October.

Making sense of such divergences, with a yo-yo effect of sorts every other month, is hazardous, and is exacerbated by significant data corrections that have returned after a few months of relative certainty. August's goods trade deficit was moderated by nearly three billion dollars, with the overall export-import tally seeing revisions of \$5 billion. The magnitude of upward revision in the monthly merchandise trade deficit has averaged around \$1.5 billion since July compared to an average of \$0.5 billion in the first quarter of 2023-24, a QuantEco research note has flagged. At the risk of repeating the obvious, the government must get a better grip on the data it bases its decisions on. Officials hope for an uptick in exports in the final quarter of the year, citing similar trends in recent years. With the World Trade Organization expecting global trade flows to strengthen in 2024 and the US Federal Reserve signalling interest rate cuts that other central banks would take a cue from, global demand may perhaps look up more consistently. But to capture that, India needs to do more to compete with rivals. For instance, a rough government-commissioned study on logistics costs indicates they dropped a little over the past decade. Ongoing infrastructure spends may gradually lower them further, but reducing petroleum prices for users, in tandem with global trends, would boost competitiveness far more effectively.

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