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SLACKENING EXPORTS, NO IMMEDIATE CONCERNS ON THE CAD FRONT

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With exports falling by 2.38 %, India's merchandise trade deficit swelled from \$23.5 billion in July to \$29.65 billion in August 2024. India's merchandise exports declined to \$34.71 billion in August from \$38.28 billion in August 2023, while imports rose from \$62.30 billion in August 2023 to \$64.36 billion. The cumulative overall exports during April-August 2024, however, rose to \$374.33 billion as against \$350.11 billion in the corresponding period of the previous year.

Stepping up exports seems to be difficult because of heightened geopolitical dynamics, falling oil prices, and geo-economic fragmentation. The current account deficit at about 1 % of GDP is, however, well within manageable proportions and manifests improved external stability.

Despite global headwinds and some month-to-month volatility, India's exports are poised to breach \$800 billion in FY 25. Sustained efforts are required to diversify the export basket, move up the ladder in high-value items, innovation and productivity growth, and leverage global value chains.

