

INSIGHT DAILY CURRENT AFFAIRS

INSIGHT



**DAILY
CURRENT
AFFAIRS**



NOVEMBER 18, 2022

73, Old Rajinder Nagar, New Delhi-110060
Ph: 011-45090051, 9818333201, 9871216382

INSIGHT DAILY CURRENT AFFAIRS

India's falling exports: Manufacturing takes the biggest hit

Subject: GS-III (Economic Development)

Why in the news?

- The weakness in India's exports will probably sustain because global growth is likely to remain weak.

Condition of Indian Exports

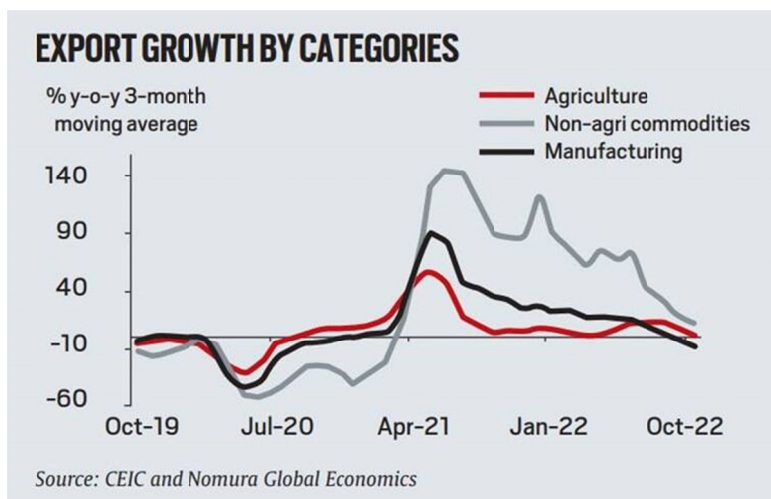
- India's exports contracted by 16.7% (year-on-year or y-o-y) in October. In other words, **India exported almost 17% less in October this year** as compared to what it did in October 2021. To be precise, India exported goods valued at \$29.78 billion in October as **against exports of \$35.73 billion** in October 2021. In the three months leading up to October, India's exports grew by 8.4% (July), 10.4% (August) and 4.6% (September).



- Broadly speaking, the fall in exports in October is a reflection of weaker global demand. The global economic growth is decelerating sharply in the wake of persistently high inflation across developed countries and, as a result, as sharp tightening of monetary policy (read higher interest rates) by almost all central banks.
- With **growth contraction across the board — UK and US are set to see recession** while the euro area is likely to stall even as China struggles to grow — the demand for Indian goods has plummeted. That is why **exports have contracted**.
- Oil export growth fell to -11.4% y-o-y from 43.0% in September, **partly reflecting lower global crude oil prices, while non-oil exports** plunged -16.9% y-o-y, with the **decline broad-based across iron ore, handicrafts, textiles, some agricultural goods, plastics, gems & jewellery, engineering goods, chemicals, pharmaceuticals and leather goods**.

73, Old Rajinder Nagar, New Delhi-110060

Ph: 011-45090051, 9818333201, 9871216382



- The chart above, sourced from Nomura Research, shows how different types of exports have performed. As is evident, manufacturing exports have seen the sharpest fall.
- Going forward, the weakness in India's exports is likely to sustain because global growth is likely to remain weak. Weaker exports, in turn, will have a **dampening effect on the growth of India's gross domestic product (GDP)**.

Source: Indian Express