

*India's Foreign Trade: Q1 of 2013-14 (April-June) **

This article reviews India's merchandise trade performance during April-June, 2013-14 on the basis of the data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S). It also analyses disaggregated commodity-wise and direction-wise details during this period.

Highlights

India's external sector continued to exhibit signs of stress in Q1 of 2013-14 as trade deficit grew further. Notwithstanding some recovery in merchandise exports in the previous quarter, export performance in Q1 of 2013-14 remained subdued, which, coupled with an increase in imports widened trade deficit to US\$ 50.3 billion in Q1 of 2013-14 as compared to US\$ 43.0 billion in Q1 of 2012-13. While extended global weakness continued to outweigh the domestic policy efforts to expand merchandise exports in general, the subdued performance was reflected particularly in sectors, such as, 'agricultural & allied products', 'engineering goods', 'gems & jewellery', 'handicrafts' and 'iron ore'. Further, gold imports, remaining at elevated levels in Q1, contributed to high trade deficit. Major highlights of India's trade performance in Q1 of 2013-14 are set out below:

- India's merchandise exports stood at US\$ 72.4 billion in Q1 of 2013-14, showing a decline of 1.6 per cent as compared to a decline of 3.9 per cent in Q1 of 2012-13 amounting to US\$ 73.5 billion.
- Commodity-wise data reveal that the setback in merchandise exports in Q1 of 2013-14 was led by decline in exports of manufacturing items like engineering goods, gems & jewellery and also primary products like iron ore and minerals.

- While exports to countries like the UK and Japan showed considerable improvement in Q1 of 2013-14, growth in exports to major trading partners, viz., the US, China and the UAE either moderated or turned negative during the quarter.
- Imports in Q1 of 2013-14 grew by 5.3 per cent to US\$ 122.7 billion as against a decline of 5.0 per cent in Q1 of 2012-13 (US\$ 116.5 billion).
- Gold imports increasing at a rate of 80.5 per cent in Q1 of 2013-14 as against a decline of 43.3 per cent in Q1 of 2012-13 contributed the most in the growing imports, followed by oil imports which grew by 6.5 per cent in Q1 of 2013-14 over Q1 of 2012-13. Non-oil non-gold imports, however, declined by 5.5 per cent in Q1 of 2013-14 as compared to a growth of 1.3 per cent in Q1 2012-13.

I. India's Merchandise Trade

Exports (April-June 2013)

After showing a higher growth in Q4 of 2012-13 (y-o-y basis), exports declined in Q1 of 2013-14. Subdued export performance was mainly attributed to prolonged recession in Euro area and China's slowdown. On a cumulative basis, merchandise exports stood at US\$ 72.4 billion in Q1 of 2013-14 (decline of 1.6 per cent) as compared to US\$ 73.5 billion in Q1 of 2012-13 (decline of 3.9 per cent) (Table 1 & Chart 1).

Commodity-wise and Destination-wise Exports (April-June 2013)

Disaggregated commodity-wise data reveal that exports of major commodity groups showed mixed performance in the quarter. While exports from primary sector, comprising mainly 'agriculture & allied products' and 'ores & minerals' declined sharply, the pace of decline in manufacturing sector exports slowed on the back of a considerable increase in exports of 'textile and textile products' and 'leather &

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Table 1: India's Merchandise Trade

(US\$ billion)

Items	April-June	
	2012-13 R	2013-14 P
Exports	73.5	72.4
	(-3.9)	(-1.6)
<i>Of which:</i> Oil	13.3	14.0
	(-13.7)	(5.5)
Non-oil	60.3	58.4
	(-1.4)	(-3.1)
Gold	1.6	1.5
	(-3.2)	(-9.5)
Non-Oil Non-Gold	58.6	56.9
	(-1.4)	(-2.9)
Imports	116.5	122.7
	(-5.0)	(5.3)
<i>Of which:</i> Oil	39.4	41.9
	(-0.2)	(6.5)
Non-oil	77.2	80.8
	(-7.3)	(4.7)
Gold	9.1	16.5
	(-43.3)	(80.5)
Non-Oil Non-Gold	68.0	64.3
	(1.3)	(-5.5)
Trade Deficit	-43.0	-50.3
<i>Of which:</i> Oil	-26.1	-27.9
Non-oil	-16.9	-22.4
Non-Oil Non-Gold	-9.4	-7.4

R:Revised; P: Priliminary

Source: DGCI&S

manufactures'. Exports of petroleum products also registered a growth in Q1 of 2013-14 as compared with a decline in Q1 of 2012-13 (Table 2).

Among the primary products, exports of iron ore continued to decline attributing to poor mining, increase in freight charges, ban on mining activity in certain states. Some minor sectors, however, recorded a positive growth during the period which mainly include 'tobacco', 'cashew', 'plastic and linoleum products', 'iron and steel' and 'cotton yarn & fabrics'.

Within manufacturing sector, exports of 'engineering goods', 'gems & jewellery' and 'handicrafts' showed a contraction while that of 'chemicals & related products' and 'leather & manufactures' increased during Q1 of 2013. Owing mainly to the subdued demand conditions in the EU countries and the US, exports of engineering goods declined by 8.3 per cent in Q1 of 2013-14 as against a decline of 6.8 per cent a year ago. There was, however, a significant increase in exports of textile and textile products exports which grew by 9.6 per cent in Q1 of 2013-14 as against a decline of 8.1 per cent in Q1 of 2012-13, mainly due to rise in exports of readymade garments. As a result, the share of textile

Chart 1: India's Merchandise Trade

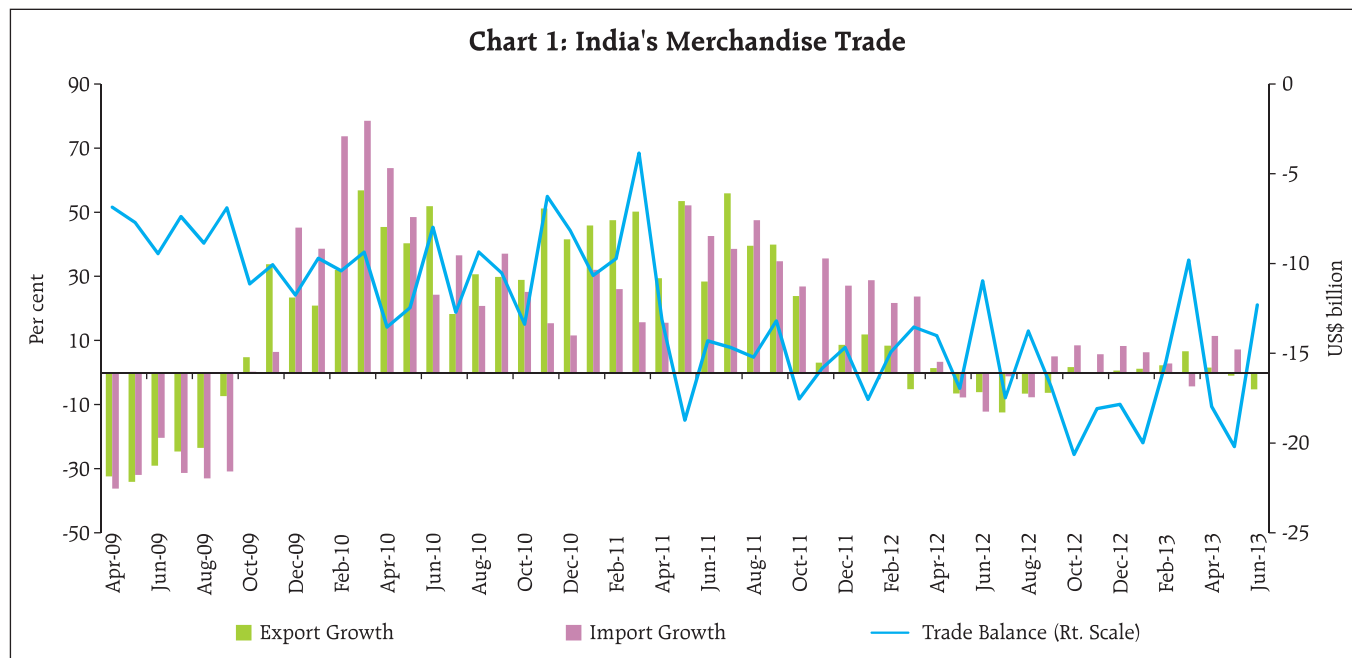


Table 2: India's Exports of Principal Commodities

(Per cent)

Commodity Group	Percentage Share				Relative Weighted Variation	
	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14
			April-June		April-June	
I. Primary Products	15.0	15.5	17.3	15.5	5.5	-2.1
Agriculture and Allied Products	12.2	13.6	14.7	13.6	5.4	-1.3
Ores and Minerals	2.8	1.9	2.6	1.9	0.1	-0.8
II. Manufactured Goods	60.6	60.9	61.8	61.2	-2.1	-1.6
Leather and Manufactures	1.6	1.6	1.6	1.8	0.0	0.1
Chemicals and Related Products	12.1	13.0	12.5	13.5	0.6	0.8
Engineering Goods	22.2	21.8	22.8	21.2	-1.6	-1.9
Textiles and Textile Products	9.2	9.1	9.1	10.1	-0.8	0.9
Gems and Jewellery	14.7	14.4	15.0	13.7	-0.4	-1.5
III. Petroleum Products	18.3	20.3	18.0	19.3	-2.8	1.0
IV. Others	6.1	3.3	2.8	4.0	-4.5	1.1
Total Exports	100	100	100	100	-3.9	-1.6

Source: Compiled from DGCI&S data.

products in total exports increased from 9.1 per cent in Q1 of 2012-13 to 10.1 per cent in Q1 of 2013-14. Exports from labour intensive sectors like gems and jewellery and handicrafts have contracted by 10.1 per cent and 44.8 per cent respectively in Q1 of 2013-14

compared with a decline of 2.5 per cent and growth of 4.1 per cent in the corresponding period of previous year. In order to promote exports, various measures have been undertaken by the Government in 2013-14 so far (Box 1).

Box 1 : Major Foreign Trade Related Measures during April-September 2013-14

Keeping in view the reduced global demand in general and advanced economies in particular, the Government of India announced several measures since June 2012 to promote India's exports. Various trade related measures undertaken by the Government and the Reserve Bank during April-August 2013-14 are set out below:

- Subsequent to the widening of interest subvention scheme on export credit in January 2013, the coverage of the scheme was further widened to the other items in textile and engineering sectors in May 2013 (for the period April 1, 2013 to March 31, 2014), on the extant terms and conditions. On July 31, 2013, Government increased the rate of interest subvention from the existing 2 per cent to 3 per cent to benefit the exporters of small and medium enterprises and also the most of the labour intensive sectors.
- On May 6, 2013, the Government announced various measures to promote the gems and jewellery sector

which included (i) Liberal financial assistance under Market Access Initiative, Market Development Assistance scheme of the Department of Commerce, (ii) Duty Drawback on Gold (₹100.70 per gm) and Silver Jewellery (₹2590.80 per kg), (iii) abolition of licensing regime for rough diamonds, (iv) abolition of import duty on rough diamonds, rough corals and rough coloured gemstones, (v) import of precious metals (gold/silver/platinum) through nominated agencies, (vi) increase in the value limit of personal carriage from US\$ 2 million to US\$ 5 million in case of participation in overseas exhibitions and increase in the limit in case of personal carriage, as samples, for export promotion tours, from US\$ 0.1 million to US\$ 1 million, (vii) reduction in customs duty on Rhodium from 10 per cent to 2 per cent, (viii) withdrawal of levy of 1 per cent Central Excise on both branded & unbranded jewellery with effect from

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March 17, 2012 and (ix) Formation of Gem & Jewellery Sector Skill Council for skill development in the sector.

- On June 11, 2013, the Government announced that the units located in Special Economic Zones (SEZs) shall realise and repatriate full value of goods/software/services, to India within a period of twelve months from the date of export. Any extension of time beyond the above stipulated period may be granted by Reserve Bank of India, on case to case basis. Earlier, the time limit for realization and repatriation of export proceeds, for the exports made by units in SEZs, was done away with.
- Customs duty on gold was increased further to 8 per cent in June 2013 and again to 10 per cent in August 2013. The customs duty on silver and platinum was also raised to 10 per cent each (from 6 per cent and 8 per cent, respectively).
- In the Annual Policy Statement for 2013-14, the Reserve Bank had proposed to restrict the facility of advances against the security of gold coins per customer to gold coins weighing up to 50 gms. Later it was further clarified that the restriction on grant of loan against "gold bullion" will also be applicable to grant of advance against units of gold ETFs and units of gold Mutual Funds.
- On July 22, 2013, the Reserve Bank, in consultation with GoI, decided to rationalise the import of gold in any form/purity including import of gold coins/dore into the country. It was decided that while effecting the foreign exchange transactions put through by/for their clients, nominated banks/ nominated agencies would be required to ensure that at least one fifth of every lot of import of gold (in any form/purity including import of gold coins/dore) was exclusively made available for the purpose of export. These agencies would make available gold in any form for domestic use only to entities engaged in jewellery business/bullion dealers supplying gold to jewellers.
- On September 17, 2013, the customs duty on articles of 'Jewellery and of goldsmiths' or 'silversmiths' wares and parts thereof was increased from 10 per cent to 15 per cent. On September 16, 2013, the Reserve Bank tightened norms for loans against gold jewellery. Among other measures, it mandated that the gold received by NBFs as collateral should be valued transparently.

Destination-wise export analysis reveals that apart from exports to EU which recorded a marginally positive export growth in Q1 of 2013-14, exports to other major destinations such as the UAE, US and China showed either a decline or lower growth during this period (Table 3). Decline in exports to China was evident mainly on account of substantial fall in exports of cotton, ores, iron and steel and petroleum products. However, exports to countries like Belgium, Italy, UK, Japan, Switzerland and some African countries, particularly, South Africa, Benin and Zambia showed considerable uptrend. Exports to Switzerland increased by 113.8 per cent mainly reflecting growing demand for 'petroleum, crude & products' and 'gems & jewellery'.

In terms of share in India's total merchandise exports, US continued to remain the topmost

Table 3: India's Exports to Principal Regions

(Percentage Shares)

Region/Country	2011-12	2012-13	2012-13	
			2012-13	2013-14
			April-June	
I. OECD Countries	33.8	34.2	33.9	35.5
EU	17.2	16.8	15.8	16.1
North America	12.0	12.7	13.8	14.4
US	11.4	12.0	13.1	13.7
Asia and Oceania	3.0	2.9	2.5	3.1
Other OECD Countries	1.6	1.8	1.8	1.9
II. OPEC	19.0	20.9	22.5	20.3
III. Eastern Europe	1.1	1.3	1.2	1.2
IV. Developing Countries	40.8	41.6	41.0	38.2
Asia	29.7	28.7	28.6	27.5
SAARC	4.4	5.0	5.0	4.6
Other Asian Developing Countries	25.3	23.6	23.6	22.9
People's Republic of China	6.0	4.5	5.2	3.4
Africa	6.7	8.1	7.6	7.3
Latin America	4.4	4.9	4.8	3.4
V. Others / Unspecified	5.4	1.9	1.5	4.8
Total Exports	100	100	100	100

Source: Compiled from DGCI&S data.

destination with a share of 13.7 per cent despite a deceleration in export growth. Among other major export destinations, the share of Saudi Arabia, UK, Belgium, France, Italy, Japan and Switzerland increased in Q1 of 2013-14. In contrast, the share of other important destinations, viz., UAE and China, exhibited significant decline in Q1 of 2013-14 over the corresponding period of 2012-13.

Pick-up in exports to Asian countries, viz., Korea, Malaysia and Singapore seems to have been supported by higher growth in these economies in Q1 of 2013-14 (Table 4). Nevertheless, relative contribution of major regions, including developing Asia, EU, and OPEC countries to India's export growth was negative in Q1 of 2013-14. In contrast, among other major trading regions, North America, Japan and Switzerland contributed positively to India's export growth (Table 5).

Imports (April-June 2013)

Merchandise imports in Q1 of 2013-14 recorded a growth of 5.3 per cent amounting to US\$ 122.7 billion as against a decline of 5.0 per cent at US\$ 116.5 per

Table 4: Growth Performance of Major Trade Partner Economies

Period	(Per cent)					
	2011	2012	2012-Q1	2012-Q2	2013-Q1	2013-Q2
Country						
Japan	-0.6	2.0	3.2	4	0.1	0.9
Euro area	1.4	-0.6	-0.1	-0.5	-1.1	-0.7
United States	1.8	2.2	2.4	2.1	1.3	1.4
China	9.3	7.8	8.1	7.6	7.7	7.5
Hong Kong	4.9	1.4	0.7	0.9	2.9	3.3
Singapore	5.2	1.3	1.5	2.3	-0.6	3.8
Korea	3.6	2.0	2.9	2.3	1.5	2.3
Indonesia	6.5	6.2	6.3	6.3	6	5.8
Malaysia	5.1	5.6	5.1	5.6	4.1	4.3
Brazil	2.7	0.9	0.7	0.4	1.8	-
South Africa	3.5	2.5	2.4	2.8	1.9	-

- : Not Available.

Note: Growth Rates are seasonally adjusted (except for Hong Kong, Singapore and Malaysia).

Source: OECD, IMF, Monthly Statistical Bulletin Bank Negara Malaysia, The Economist

Table 5: Region-wise Relative Weighted Variation in India's Export Growth

	(Per cent)		
	2011-12	2012-13	2013-14
	April-June		
EU	8.0	-2.5	0.0
North America	4.0	2.0	0.4
Other OECD	1.1	-0.2	0.7
OPEC	5.4	3.0	-2.5
Eastern Europe	0.2	0.3	-0.1
Developing Asia	14.9	-1.1	-3.4
Africa	2.0	0.7	-0.5
Latin America	2.6	-0.4	-1.4
Others	2.8	-5.3	3.2
Total Exports	36.4	-3.9	-1.6

Source: Compiled from DGCIS data.

cent in Q1 of 2012-13. The surge was mainly led by a sharp rise in gold imports which increased by 80.5 per cent to US\$ 16.5 billion in Q1 of 2013-14. Notwithstanding a marginal decline in the international prices of crude oil (Indian basket), imports of POL items grew by 6.5 per cent in Q1 of 2013-14 reflecting growing domestic consumption of petroleum products (Table 6).

Table 6: Trends in crude oil prices

Period	(US\$/barrel)			
	Dubai	Brent	WTI*	Indian Basket**
1	2	3	4	5
2005-06	53.4	58.0	59.9	55.7
2006-07	60.9	64.4	64.7	62.5
2007-08	77.3	82.3	82.3	79.2
2008-09	82.1	84.7	85.8	83.6
2009-10	69.6	69.8	70.6	69.8
2010-11	84.2	86.7	83.2	85.1
2011-12	110.0	114.4	97.3	111.9
2012-13	106.9	110.5	92.0	108.0
2013-14 Q1	100.8	103.0	94.2	101.3

* West Texas Intermediate

** the composition of Indian Basket of Crude represents Average of Oman & Dubai for sour grades and Brent (Dated) for sweet grade in the ratio of 68.2: 31.8 for 2012-13.

Sources: International Monetary Fund, International Financial Statistics; World Gem data & commodity; Ministry of Petroleum and Natural Gas, Government of India.

Commodity-wise and Destination-wise Imports (April-June 2013)

Disaggregated commodity-wise import data for April-June 2013 show that among the principal commodities, 'petroleum, petroleum and related material' and 'gold & silver' accounted for about 34 per cent and 14.7 per cent of India's merchandise imports, respectively. Increase in imports of POL products was mainly on account of rise in quantum of imports given a marginal decline in the international price of crude oil (Indian basket). Notwithstanding the successive rise in customs duty and other measures to curb gold demand, import of gold remained strong in Q1 of 2013-14 due to seasonal factors. Imports of gold & silver rose significantly by 89.1 per cent in Q1 of 2013-14 as against a decline of 47.6 per cent in Q1 of 2012-13. Among other components, imports of capital goods, accounting for 16.4 per cent of total merchandise imports, declined by 13.6 per cent indicating slower investment activity in domestic economy. Imports of export related items like 'pearl precious semi-precious stones', 'chemicals', 'textile yarn' and 'cashew nuts' registered a growth of

9.1 per cent in Q1 of 2013-14 as against a decline of 24.9 per cent in corresponding period of the previous year (Table 7).

Destination-wise data reveal that India's imports from US, EU, China, Japan, Thailand, Singapore and Malaysia declined in Q1 of 2013-14. In contrast, growth in imports from UK, Canada, Switzerland, Iraq and Kuwait, turned positive. Around 95 per cent of imports from Switzerland were in the form of gold & silver, pearl precious and semi-precious stones.

China continued to be the main source of imports for India even after a decline in its share in total imports owing to the sharp decline in imports by 7.9 per cent in Q1 of 2013-14. A surge in imports from Switzerland by 76.7 per cent almost doubled its share in India's total imports from 5.0 per cent in Q1 of 2012-13 to 8.3 per cent Q1 of 2013-14. Other major source countries for imports included UAE, Saudi Arabia and USA with a share of 7.5 per cent, 7.0 per cent and 4.8 per cent respectively. While the share of OPEC countries and Latin American countries remained almost stable, the share of developing countries showed a decline compared to the corresponding period a year ago (Table 8).

Table 7: Imports of Principal Commodities

(Per cent)

Commodity/Group	Percentage Share				Relative Weighted variation	
	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14
			April-June		April-June	
1. Petroleum, Crude and Products	31.7	33.4	33.8	34.2	-0.1	2.2
2. Capital Goods	20.3	19.3	20.0	16.4	-0.2	-2.7
3. Gold and Silver	12.5	11.3	8.2	14.7	-7.1	7.3
4. Organic and Inorganic Chemicals	3.9	3.9	4.1	4.0	0.2	0.1
5. Coal, Coke and Briquettes, etc.	3.6	3.5	4.1	3.3	0.4	-0.6
6. Fertilisers	2.4	1.9	1.2	1.1	-0.1	0.0
7. Metalliferrous Ores, Metal Scrap, etc.	2.7	3.1	3.4	3.1	0.5	-0.1
8. Iron and Steel	2.5	2.2	2.6	1.6	0.4	-1.0
9. Pearls, Precious and Semi-Precious Stones	5.7	4.6	4.5	5.0	-3.2	0.8
10. Others	14.8	16.8	18.2	16.7	3.7	-0.6
Total Imports	100	100	100	100	-5.0	5.3

Source: Compiled from DGCIS data.

Table 8: Shares of Groups/Countries in India's Imports

(Percentage Shares)

Region/Country	2011-12	2012-13	2012-13	2013-14
	April-March		April-June	
I. OECD Countries	30.2	28.8	27.6	28.9
EU	11.9	10.6	11.0	10.3
France	0.9	0.9	0.8	0.7
Germany	3.3	2.9	2.9	2.5
UK	1.6	1.3	1.4	1.8
North America	5.6	5.7	5.8	5.4
US	5.0	5.1	5.3	4.8
Asia and Oceania	5.7	5.3	5.4	4.7
Other OECD Countries	7.0	7.1	5.4	8.6
II. OPEC	35.5	38.9	38.9	38.5
III. Eastern Europe	1.7	1.6	1.8	1.7
IV. Developing Countries	32.3	30.8	31.2	30.0
Asia	25.9	23.5	24.6	22.6
SAARC	0.5	0.5	0.5	0.4
Other Asian Developing Countries	25.3	23.0	24.1	22.2
of which:				
People's Republic of China	11.8	10.7	11.3	9.9
Africa	4.0	3.9	3.5	4.3
Latin America	2.4	3.4	3.1	3.2
V. Others / Unspecified	0.2	0.5	0.4	0.8
Total Imports	100	100	100	100

Source: Compiled from DGCIS data.

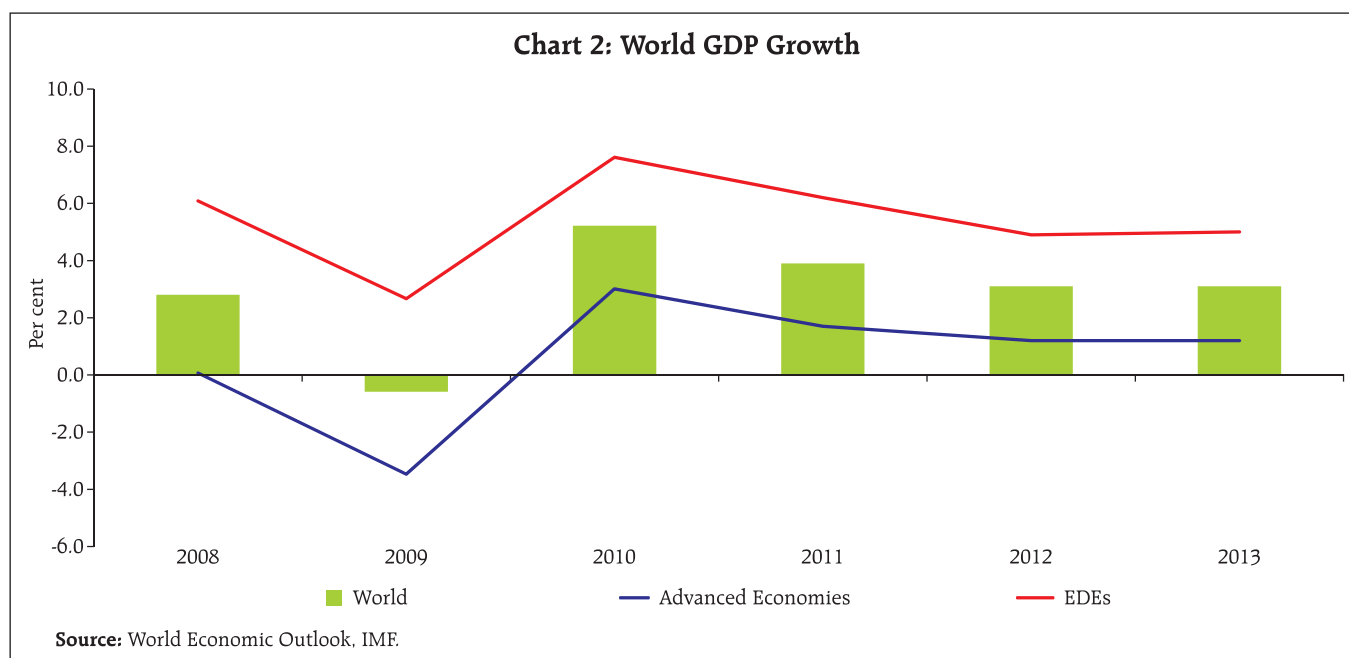
Trade Deficit

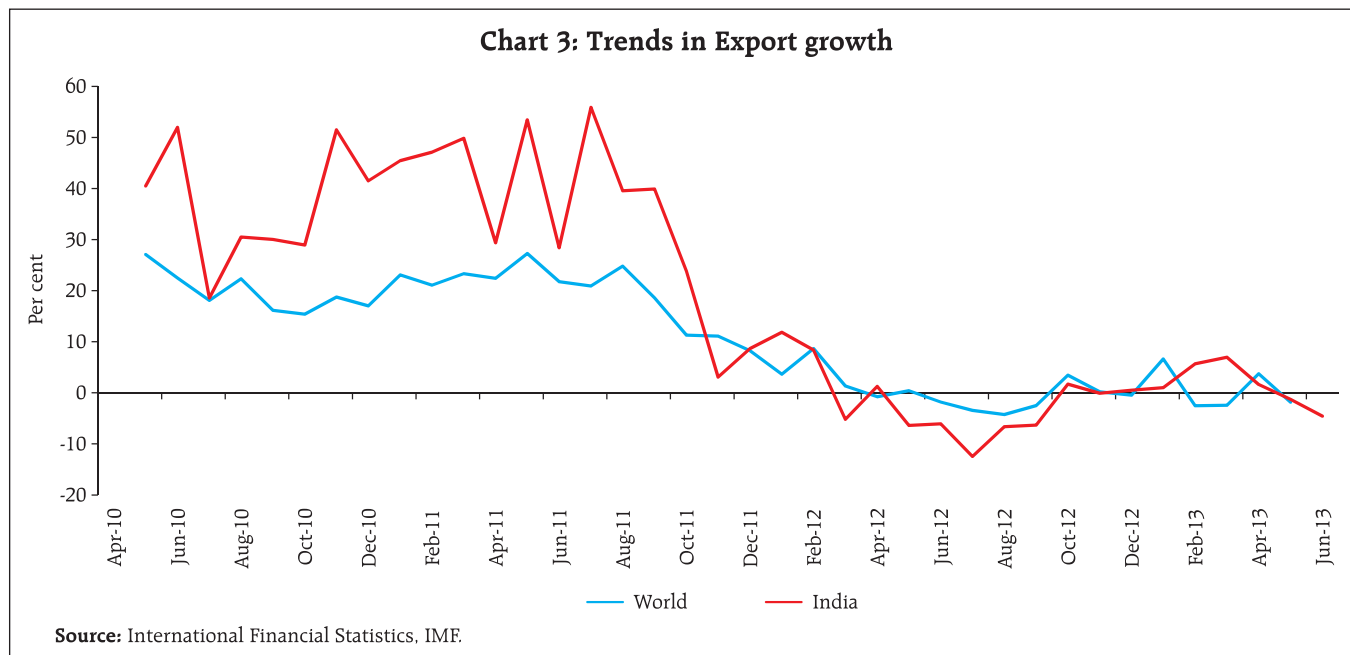
Contraction in merchandise exports coupled with a rise in imports led to a widening of trade deficit from

US\$ 43.0 billion in Q1 of 2012-13 to US\$ 50.3 billion in Q1 of 2013-14. POL and gold together accounted for 47.6 per cent of India's merchandise imports and 116.1 per cent of merchandise trade deficit during this period. Notwithstanding, an array of measures taken by the government and the Reserve Bank of India to curb gold imports, there was considerable growth in gold imports, which along with POL imports remained a cause for concern for India's high trade deficit.

II. Trends in Global Trade

The deceleration in world trade in 2012 was attributed to slow growth in both advanced and emerging market and developing economies (EMDEs). Global recovery continues to remain fragile in 2013 so far *albeit* there are signs of improved economic outlook for major advanced economies, *viz.*, the US and Japan. However, subdued growth prospects in some major EMDEs continue to be a concern (Chart 2). Although trend in monthly growth of world exports (goods) has been mixed in 2013 so far, on average, world exports (in value terms) increased by 0.6 per cent during January-May 2013 as compared with 2.5 per cent in the corresponding period of 2012 (Chart 3).



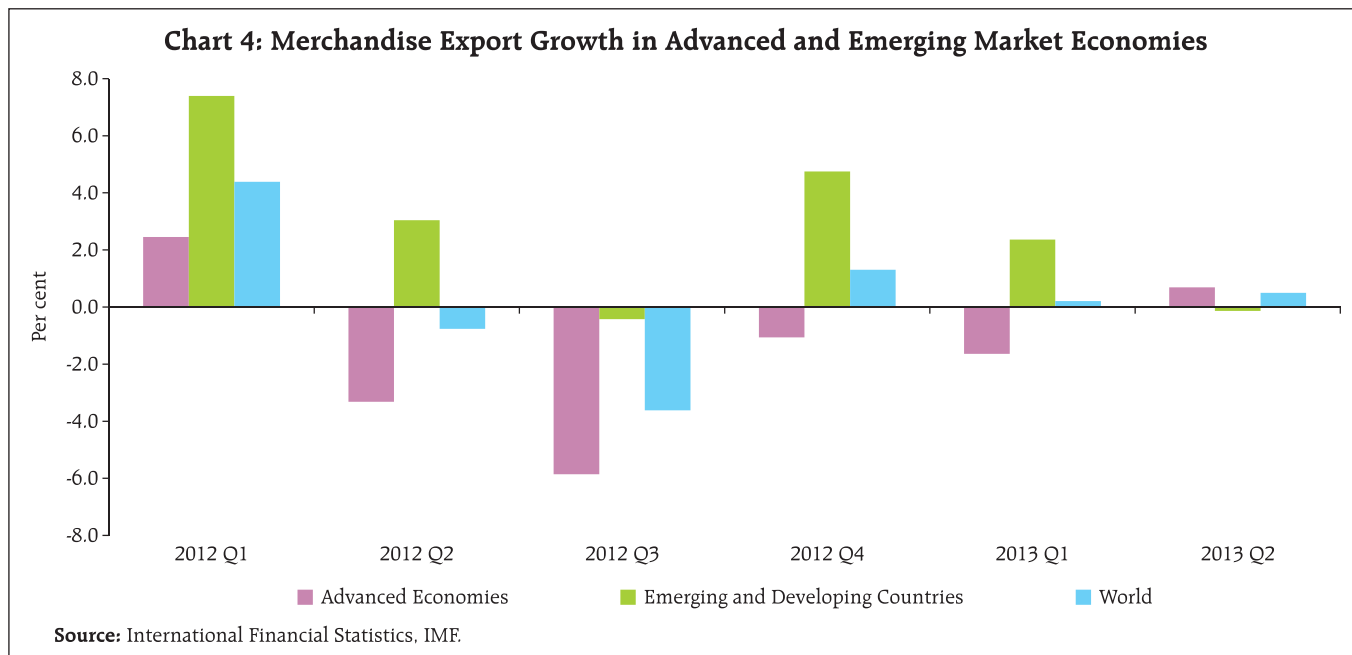


Going forward, the outlook for the global economy continues to be marred by considerable uncertainty, thereby leading to downward risks to global economic and trade activity. Disruptions in global financial markets and related uncertainties could adversely affect potential economic and trade conditions. This, in turn, may lead to weaker than expected global demand. Besides, spillovers from slow or insufficient implementation of structural reforms in the euro area may also impact the pace of global economic and trade activity. Nevertheless, according to the IMF, the global trade volume (both goods and services) is projected to grow by 3.1 per cent in 2013 as compared with 2.5 per cent in 2012. In September 2013, the WTO has projected the world trade growth at 2.5 per cent lower than its earlier projection.

The trade performance across advanced and EMDEs witnessed a reversal in Q2 of 2013. While advanced economies registered a positive export growth after successive decline in the last four quarters, global uncertainty and deceleration in demand from advanced economies weighed on export

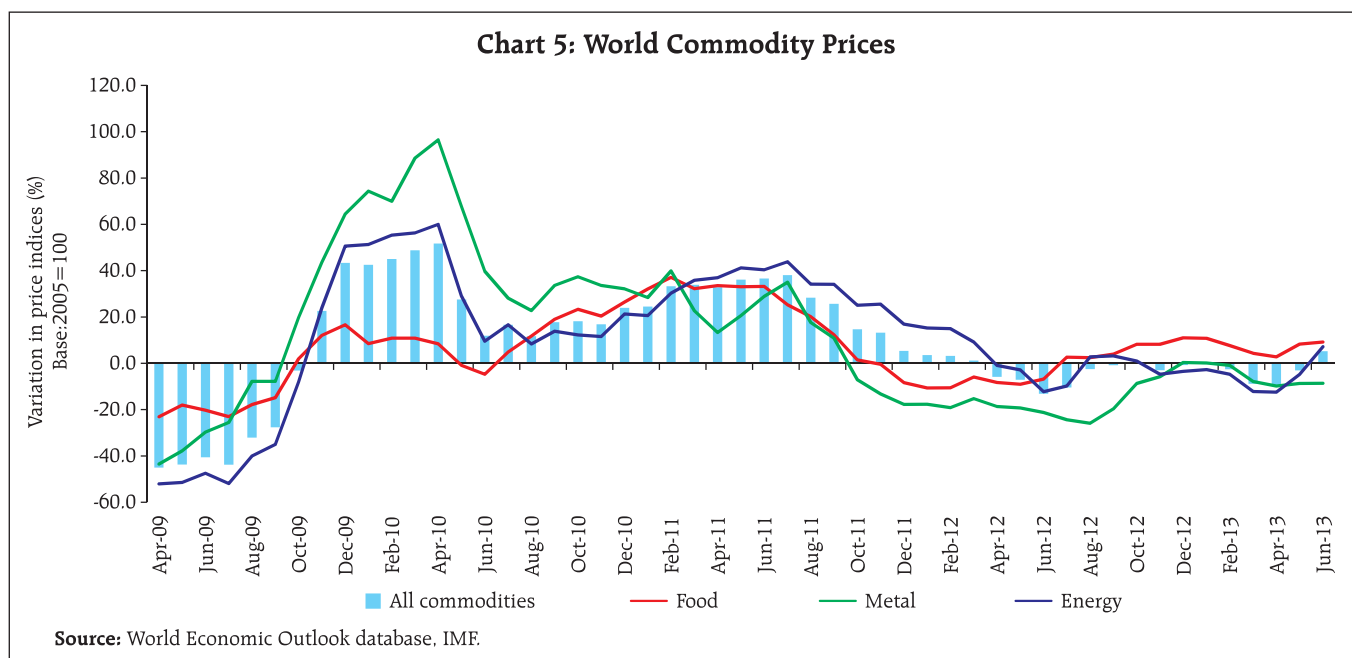
performance of EMDEs in Q2 2013. Trade within EMDEs, however, has shown uptrend in recent years. The share of EMDEs in total exports of EMDEs has increased from 36.9 per cent in 2010 to 39.1 per cent in 2012 and 39.6 per cent till April 2013.

Trend in international commodity prices varied across commodities in recent months. Growth in global prices of food has remained moderate in 2013 so far, mainly a reflection of improved supply conditions for most food commodities. For instance, global edible oil production is expected to reach a new record in 2013. Similarly, supply expectations for wheat, rice and maize have improved for 2013-14 season. According to a World Bank report on commodity markets outlook, rice production may reach to another record during the season 2013-14. Fluctuating trend in crude oil prices in 2013 so far has been driven mainly by the geopolitical concerns in the Middle East on the supply side and changing growth prospects in key oil consumer economies on the demand side. In recent months, as supply conditions improved and concerns about market conditions in the Euro area eased once



again, crude oil prices softened somewhat in February-May 2013. However, international crude oil prices began hardening in June 2013 in the face of seasonal increases in world consumption, unexpected supply disruptions, and heightened uncertainty over the

security of supply with the renewed unrest in Egypt. Easing of metal prices reflected subdued demand conditions in key consumer economies, mainly China which accounts for almost 45 per cent of global metal consumption (Chart 5).



III. Outlook

Subdued export growth has been a concern in 2012-13 and 2013-14 so far. After recording a moderately positive growth in December 2012 to April 2013 period, exports contracted in May-June 2013 before showing a sharp increase in July and August 2013. If exports exhibit a sustained recovery, it will contribute to narrowing India's trade deficit in remaining part of 2013-14. However, the sustenance of the positive export growth momentum would continue to depend on demand and growth prospects of trading partner economies. Sharp depreciation in Indian rupee may also have raised external competitiveness in certain sectors, thereby auguring

well for exports. Imports which showed contraction in July 2013 mainly due to moderation in gold imports are likely to be determined by trends in domestic economic activity, impact of various measures undertaken to curb demand for gold and trend in crude international oil prices. As the global economic outlook continues to be surrounded by considerable uncertainty and downside risks, sustained recovery in exports may continue to be a challenge.

Detailed information on monthly commodity-wise and country-wise data on merchandise exports and imports for 2011-12, 2012-13 and April-June 2013-14 can be accessed at http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx.