

New strategy required to counter export slowdown



Mr Rafeeqe Ahmed, President FIEO (left) presenting bouquet to Dr Debasis Patnaik, Faculty Member BITS-Pillani, K K Birla Goa Campus.

On the sidelines of FIEO's 223rd Managing Committee meeting held on May 25, 2012, in Goa, an interactive session followed on 26th May, 2012 by a panel discussion on "Rupee Volatility and Global Trend Scenario". The aim of the discussion was to brief the member participants on the future development and trends of the Indian economy and its export competitiveness.

The meeting was attended by Mr Leelanand Kodaganti, Head, Forex Flows Desk, ICICI Bank; Mr Amit Goyal, Regional Chairman (Western Region); Mr J.K. Jain, Vice President, FIEO; Mr M. Rafeeqe Ahmed, President, FIEO; Dr Debasis Patnaik, Faculty Member, BITS-Pillani, KK Birla

Goa Campus; Mr Ajay Sahai, DG & CEO, FIEO; and Mr Sunandan Chaudhuri, Senior Economist, Treasury Research Group, ICICI Bank.

Mr Goyal welcomed the speakers and participants and expressed his thanks to the Managing Committee members for gathering in Goa. He briefed about FIEO and its activities and invited them to attend the seminars and workshops to be organized in Goa by the Western Region. He expressed deep concern about the continuous depreciation of the rupee and the sharp decline in exports in sectors such as gems and jewellery, ready-made garments, leather, electronics, plastics, etc. He said a strategy should be formulated in the revised

edition of the Foreign Trade Policy to counter the export slowdown for the benefit of exporters at large.

Mr Ahmed while addressing the participants expressed satisfaction at surpassing the export target of \$300 billion for 2011-12. He said that in the backdrop of the slowdown in world trade, crisis in the Euro Zone, uncertainty in the Middle East, domestic constraints and volatility in the rupee, the fact such growth rates are a challenge but possible. He said the next target of \$500 billion by 2013-14 would require a compounded annual rate of growth (CARG) of about 31%.

In view of the raised export tar-



From left, Mr Amit Goyal, Regional Chairman, FIEO(WR); Mr Rafeeqe Ahmed, President FIEO; Mr Sunandan Chaudhuri, Sr.Economist, Treasury Research Group, ICICI Bank Ltd ; and Mr J K Jain, Vice President, FIEO.



FIEO President Mr M Rafeeqe Ahmed (3rd from left) addressing the Press Conference at Goa. On his right are Mr J K Jain, Vice President, FIEO; and Mr Amit Goyal, Regional Chairman, FIEO(WR). On his left are Mr Walter D'Souza, Regional Chairman, FIEO(SR); and Mr Ajay Sahai, DG&CEO, FIEO.

gets and emerging challenges, Mr Ahmed said States have an extremely important role to play to support exports and should look at the spinoff effect of exports on their economy rather than perceived revenue loss with rebating of taxes and duties on exports. Exports are a high employment generating sector and create around one million jobs on every ad-

ditional \$10 billion of exports.

The FIEO Chief said Goa should endeavour to increase its share in the country's exports from 0.7% to 2% in the next five years. Referring to the State's foreign trade, he said while exports went up from \$1.387 billion in 2007-08 to \$2.481 billion in 2009-10, it fell to \$1.642 billion in

2010-11 primarily on account of a drop in iron ore demand and restriction on mining. However, the April-September 2011 figure shows a further decline of 28% when exports dropped to \$774 million from \$1074 million as compared to the corresponding period of 2010.

He also extended FIEO's help in formulating an export policy to promote exports of cashew nuts, mango, banana, jackfruit, pineapple, vegetables and above all Goan handicrafts.

While tourism is the mainstay of its economy, Goa should also promote agro-eco tourism and sports tourism. The State is strategically located on the west coast so it can act like a routing hub for Maharashtra and Karnataka. For this, Goa should improve on cold storage, pack houses, processing units and transportation.

Dr Patnaik made a brief presentation on currency fluctuations and trade flows, explaining the factors affecting the present situation as well as possible remedies.

Mr Chaudhuri elaborated on various topics such as Global Economy Outlook for 2012, Euro Zone and its crisis, risk if Greece exists from the zone, India Outlook and Exchange Outlook.

The panel discussions on the Global Trend Scenario and India's Export Competitiveness were moderated by Mr Sahai with the other panelist Mr Kodaganti, along with Dr Patnaik and Mr Sunandan. Mr Sahai deliberated on issue of full convertibility, use of local currency in international trade and relationship between depreciation and exports growth

Mr Jain proposed the vote of thanks acknowledging deep knowledge and analytical ability of the speakers who provided an altogether different perspective of currency crisis. ■