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Apr exports up only 3% on West woes

TIMES NEWS NETWORK

New Delhi: The government on Thursday said exports grew 3.2% to \$24.5 billion in April, led by a fall in textiles and gems & jewellery shipments the demand for which has been hit in Europe and the US. Lower demand and a strike in the gems & jewellery sector also affected imports, which grew 3.8% to \$37.9 billion in April, resulting in a trade deficit of \$13.4 billion.

Although lower monthly imports and a contraction in trade deficit augur well for the current account deficit, the government acknowledged that the slowdown in exports will make it tough to achieve the \$500-billion target by 2013-14. "We would be lucky to get 10-15% (export) growth this year. After all, the US numbers are not as encouraging and in Europe the situation is

TOUGH TIMES



	2011	2012	% CHANGE
Exports	23.7	24.5	3.2
Imports	36.5	37.9	3.8
Trade deficit	12.8	13.4	—

Data for April in \$ billion

Source: Commerce Ministry

disheartening... There are serious demand problems and constraints," commerce secretary Rahul Khullar told reporters.

The government is drawing comfort from the lowest monthly import and trade numbers seen since May 2011 and believes that the trade deficit could be lower than the record \$185 billion seen in 2011-12, if the trend continues for the remainder of the current financial year. Khullar, however, dismissed suggestions that the trade deficit had any impact on exchange rates, saying it was driven by capital flows.

But textiles and gems &

jewellery, which are not just large export segments but also major employers, are a sore point. Readymade garment exports fell by nearly 10% this April to \$1 billion, while man-mades and cotton yarn exports too contracted. Similarly, gems & jewellery fell 27% to \$2.6 billion.

On the imports side, the growth moderation was led by pearls and stones whose shipments fell 63% to \$1.2 billion, while gold & silver imports were 33% lower at \$3.1 billion. While Khullar refused to comment on sops planned to boost exports, he said the textiles industry

MARKET WATCH

INDICES

SENSEX: 16,420 ▼ 60
NIFTY: 4,966 ▼ 9

BULLION

GOLD/10 GM: 28,445
SILVER/1 KG: 54,490

TOP GAINERS

GLENMARK : 364 ▲ 24 \$: 53.43 €: 69.10
CHAMBAL FERT: 69 ▲ 3 £: 86.31 SGS: 42.70

EXCHANGE

may need some support.

Besides a slowdown in exports, the economy is seeing a decline in capital inflows, which is putting pressure on the central bank to support the rupee — which has lost nearly 8% against the dollar since March.

"The RBI is battling a combination of an unsustainably large current account deficit of around 4% of GDP, weak/inadequate capital inflows and a government that is doing less of what it should do and more of what it should not do," said Rajeev Malik, a senior economist at CLSA in Singapore.