

Chairman's Pen

My dear fellow exporters,

The global financial crisis is expected to have a severe impact on the real sector of the Indian economy. In particular, the brunt of the impact will be faced by small and medium scale companies. The Council carried out a quick survey on the impact of the global financial crisis. The main feedback that we have received from the members that despite the Indian Rupee crossing Rs. 48/- to a US dollar, the orders are not forthcoming. Members expect the decrease in exports by 25% - 30% in Rupee terms compared to last year. PCFC credit for the MSME has vanished as Indian banks have rejected such credit requirement from exporters. Members have also stated that purchase order received by them have fallen and despatches have been postponed by two months as of now. Further, some members have reported inventories of two months.

Clearly, these are extremely difficult times for our members and the only advice I can give is that we should not lose heart and strive to maintain our competitiveness in the market. The main problem has been drying up of credit in the world market and, therefore, even if the orders are forthcoming, payments are not. The only silver lining is that Governments of all countries are trying their best to pump in money into their respective banking sectors and we can only hope that confidence will be re-established worldwide and the recession will be shallow.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rakesh Shah'.

(RAKESH SHAH)