

**Chairman's Pen**

*My dear fellow exporters,*

*I take the opportunity to convey to you and your family members a very Happy Dusshera Greetings and do hope that the ensuing year will bring peace and prosperity in your lives.*

*The last couple of weeks have been rather tumultuous with the sub-prime crisis in the USA creating shockwaves across the globe. Stock Markets, the world over, crashed on fears of recession in the USA. In India, the Government and RBI have already cut CRR by 150 basis points and have assured the market that liquidity will be provided as and when required by the market. Moreover, the FII norms have been liberalized in an attempt to halt the outflow of FIIs from Indian stock market. The USD has appreciated to Rs 49, indicating the acute demand for dollar funds in global markets.*

*This is, indeed, a worrying scenario, and is perhaps the worst global crisis since the Global Depression of the 1920s. The Government of Iceland has declared national bankruptcy and has sought loan from the Government of Russia, while the UK Central Bank has put in place a bail out package of USD 89 billion for its own banking system. Thankfully, the Indian Banking System seems to be relatively sheltered and protected. The Council has always advocated that India should not hasten towards financial reforms and capital account convertibility and has been insisting last year that we moderate the FII inflows into the country, given the propensity of portfolio investors to move in and out at rapid speed thereby debilitating exchange rates and impact the real sectors of the economy.*

*For India, the other worrying feature is that industrial growth in August 2008 has nosedived to 1.3%. This is one aspect that needs immediate policy attention from our Government. The good news is on the oil front, with the oil prices falling and inflation coming below the 12% mark to 11.8% on October 10, 2008. Thus, the RBI needs to lower interest rates as quickly as possible and also bring back the Interest Subvention Scheme for the MSME exporting sector to boost exports from the country, given the serious repercussions of the global demand falling in light of the sub prime crisis.*

*Further, the different Ministries of the Central Government and the different State Governments must do all it can to create an enabling environment for industrial production and exports. Today, the Ministries work at cross purposes. What one Ministry says is not accepted by the other Ministry and this creates considerable hardship for our member exporters. The Council has taken up various such problems from time to time, where the problem has arisen primarily because of bureaucratic inertia. Unless, we act fast and in a committed manner, India too would be severely impact.*

*Yours sincerely,*

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

(RAKESH SHAH)