

## Chairman's Pen



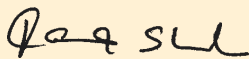
*My dear fellow exporters,*

*The Rupee appreciation has, once again, reared its ugly head with the Rupee touching Rs. 39.50 to a dollar last week. The Council has been received a large number of requests from its members expressing their concern over the way the Rupee has been appreciating. The Council has already raised this issue with the Ministry of Commerce & Industry and the RBI and it remains to be seen what steps the Government will take to ensure that some sanity is brought into the unstable world of Rupee appreciation.*

*The Government did allow three more services to be eligible for refund of tax paid by exporters. While this is welcome, the Council has conveyed to the Government that such incremental changes do more harm than good and it is critical that a comprehensive review be taken to ensure that all service taxes on post production activities be refunded through a remission scheme so that there is no blockage of working capital for the SME sector. This apart, it is critical that the transaction cost for exporters be lowered be it with respect to excise or customs procedures and that cost of engineering raw materials be made available to exporters at competitive prices.*

*I would also like urge fellow members that while Rupee appreciation has, indeed, affected our bottom lines considerably, we should strive for greater cost cutting initiatives and technological innovations. We need to concentrate on non-price measures, devising appropriate hedging strategies as well as look at diversifying our exports to non-dollar invoicing countries like the European Union and the ACP countries. This is where the promotional role of the Council will come into play and we hope to stress on these factors in the days ahead.*

*Yours sincerely,*



(RAKESH SHAH)