

Chairman's Pen



My dear fellow exporters,

Friends, the Council's repeated messages to senior Government of India representatives on disastrous impact of the Rupee appreciation has, indeed, made the Government look up with the Hon'ble Commerce and Industry Minister, Shri Kamal Nath taking up the issue with the Hon'ble Prime Minister, Dr. Manmohan Singh. This in turn, perhaps, led the Hon'ble Prime Minister to seek the wise counsel of Dr. Bimal Jalan, the immediate past Governor of the RBI under whose tenure the Indian Rupee had a stabilizing effect on the Indian economy. The Rupee too has depreciated somewhat since the Rs. 40.70 to a US Dollar rate on April 26, 2007, but ideally the Council feels that the Rupee should be within the Rs. 44 to Rs. 46 range to the USD, given the fact that is the exchange rate at which our member exporters have contracted their deals with foreign buyers.

The Council has also taken up the problem of the Bicycle and parts manufacturer exporters, which mostly belongs to small and medium scale sector and has witnessed sharp escalation in prices of metals, particularly, Nickel, which has shot up from Rs. 780 per Kg. in March 2006 to Rs. 2415 per Kg. in April 2007, implying a whopping increase of 209% within a year. The increase in raw material prices along with the Rupee appreciation has led to the closure of many small scale units in Ludhiana and requires immediate policy intervention. It may, however, be mentioned that the Finance Minister on May 3, 2007 announced the reduction in customs duty on Nickel from 5% to 2% to ease the pressure on the price of Nickel via enhanced imports.

The Council has also written to the Hon'ble Prime Minister of India regarding the confusion that has been reported in the media with regard to the issue of exemption of service tax on post production export related services, as announced by the Hon'ble Commerce Minister in the Annual Supplement to Foreign Trade Policy on April 19, 2007. If media reports are to be believed the Finance Ministry is against such a move. The Council has pointed out that unless the relevant notifications are issued at the earliest, the credibility of Government of India itself will be in doubt, and unnecessarily create uncertainty that the exporting community can do well without in the present trying circumstances.

I must also draw your attention to the Competition Commission of India's (CCI) recommendation to the Ministry of Shipping requesting the latter to prevent shipping companies from deciding rates during conferences. Your Council has supported the CCI recommendation and suggested to the Shipping Ministry the need for a "Shipping Regulator" like that of IRDA/TRAI/SEBI. Such a recommendation was also made in the Strategy Paper for the Growth of Engineering Exports commissioned by your Council and carried out by A.F.Ferguson & Co.

Yours sincerely,



(RAKESH SHAH)