

## Chairman's Pen



*My dear fellow exporters,*

*Friends, we are now in the countdown phase of the Budget which will be announced by the Hon'ble Finance Minister on February 28th. Your Council has made a number of suggestions to the Government which includes, among other, retention of the DEPB scheme, lowering the cost of export credit and rationalizing both direct and indirect tax structure. The recent spike in inflation, though led by rise in prices of primary products, is increasingly spilling into a cost-push cycle that has ominous repercussions for our competitiveness. While the RBI and the Finance Ministry has taken some counter cyclical measures, what impact such measures will have on the prices of raw materials and other essential inputs for engineering industry in the immediate short period remains to be seen. Your Council has taken up strongly the issue of rising cost of inputs as also the problem of inadequate supply of raw materials with the Government seeking the formulation of a Raw Material Policy for the Small and Medium Scale Sector that stabilizes prices.*

*The recent RBI counter cyclical measures are an effort to suck out excess liquidity from the system. This essentially implies higher cost of credit which will have a spin off on export credit as well. Your Council has expressed such concerns to the RBI and has sought the regulation of pre-shipment and post-shipment credit for consignment export sales through warehouses so that small and medium scale exporters are not left at the mercy of individual banks. This apart, we have made recommendations to the Government on the proposed Comprehensive Economic Cooperation Agreement with Southern and Eastern African States as also on how China uses liberal credit lines in less developed countries to boost the exports of its domestic industry.*

*Finally, it is time again to gear up for our annual event at Hannover in April 2007. We have booked around 1000 square metre space in the fair and will soon be inviting participation from all of you. Mr. Wolfgang Pech, Managing Director of Hannover Messe visited India recently and made a presentation on the benefits of participation along with the details of the Fair. In the Hannover Fair 2006, where India was the partner country, your Council hosted a very impressive show and mobilized more than 300 participants with your support. We do hope that we shall continue to receive your support this year as well. The Hannover Fair is an excellent platform to make forays into the European market and will surely benefit from your participation.*

*Yours sincerely,*



(RAKESH SHAH)