

Chairman's Pen

My dear fellow exporters,

India's engineering exports saw a whopping growth of 187 per cent to \$8.2 billion in July year-on-year on the back of rising demand, mostly from new markets like Latin America and Africa. The increase in orders is mainly from emerging markets like Brazil, Mexico, Argentina and Columbia. But the demand is sluggish in Western markets like the US and Europe. To reduce dependence on traditional markets, exporters are now exploring these new markets.

Last week, ratings agency Standard and Poor's (S&P) downgraded its long-term US debt rating to AA+, causing a rout in world markets and bolstering widespread belief that another recession was setting in.

There are also fears that the eurozone debt crisis is spreading to Italy and Spain. Exporters are worried that the debt crisis in the Western world would hit demand and lead to a payments problems.

US and European markets account for about 55 per cent to the country's total engineering exports. During April-July this fiscal, engineering exports jumped 114.3 per cent to \$31.6 billion from \$14.74 billion in the same period last year.

In the government's strategy to double the country's exports to \$500 billion by 2013-2014, engineering exports are set to play a major role. During 2010-11, India's exports grew 37.5 per cent to \$245.9 billion.

Engineering exports include transport equipment, capital goods, other machinery/equipment and light engineering products like castings, forgings and fasteners.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Aman Chadha'. The signature is stylized and cursive.

(AMAN CHADHA)