

Exporters feel heat as recessionary fears loom in West

VIJAY C ROY

TRIBUNE NEWS SERVICE

CHANDIGARH, OCTOBER 28

Recessionary trends in major economies and high inflation in the West have started hitting exporters across all sectors in the region. The major sectors which have been affected include engineering goods, hand tools, bicycles, ready-made garments and yarn.

“The high energy cost, which has risen by almost

four times in the European countries and the US, has affected the masses and is one of the factors responsible for the slowdown in demand. A significant portion of the people’s income is spent on meeting the energy (petrol, diesel and electricity) needs. As a result, the exporters are facing contraction in demand and operating at one-third of their capacity,” said SC Ralhan, a hand tools

YARN MAKERS OPERATING AT 75% CAPACITY

“ Though the surge in dollar is favourable for exporters, the recessionary trend has played a spoilsport. Yarn makers are operating at 70-75% capacity.

Amit Thapar, PRESIDENT, GANGA ACROWOOLS LTD

exporter from Ludhiana.

Steep inflation and record-high power costs are accentuating the demand slowdown. Garment exporters



said the Russia-Ukraine war has devastated the demand from Europe and the US.

“Amid the slowdown in demand, exporters are not

able to take advantage of lower raw material prices and ocean freight. Though the surge in dollar is favourable for exporters, the recessionary trend has played a spoilsport. As a result, the demand for all types of knitting yarn, except the pure wool, is going down. Currently, yarn makers are operating at 70-75% capacity as compared to 110% last year,” said Amit Thapar, president, Ganga Acrowools Ltd., and chairman, CII Punjab.

There are indications that new orders will be hit for the subsequent few months due to the recessionary trends.

Upkar Singh Ahuja of the Chamber of Industrial and Commercial Undertakings said even the auto parts sector, which was doing fine till now, had also started feeling the heat. “If we compare the capacity utilisation of auto parts exporters, it has gone down by 20% in October as compared to September,” he said.