

FIEO expects \$470-bn exports by year-end

Rupee trade mechanism with Russia to start soon, SBI already equipped: Trade body president

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With global trade facing headwinds due to the ongoing conflict between Russia and Ukraine, merchandise exports from India are expected to grow at a slower pace during the current fiscal.

It may rise about 11 per cent to over \$470 billion, apex body for exporters Federation of Indian Export Organisations (FIEO) said on Wednesday.

Exports grew 45 per cent year-on-year (YoY) to \$422 billion in 2021-22. Rising inflation and pile up of inventories in all major economies have affected the purchasing power, thus hitting demand.

Official data showed that outbound shipments from India hit a 13-month low at \$33.92 billion, up 1.62 per cent, in August.

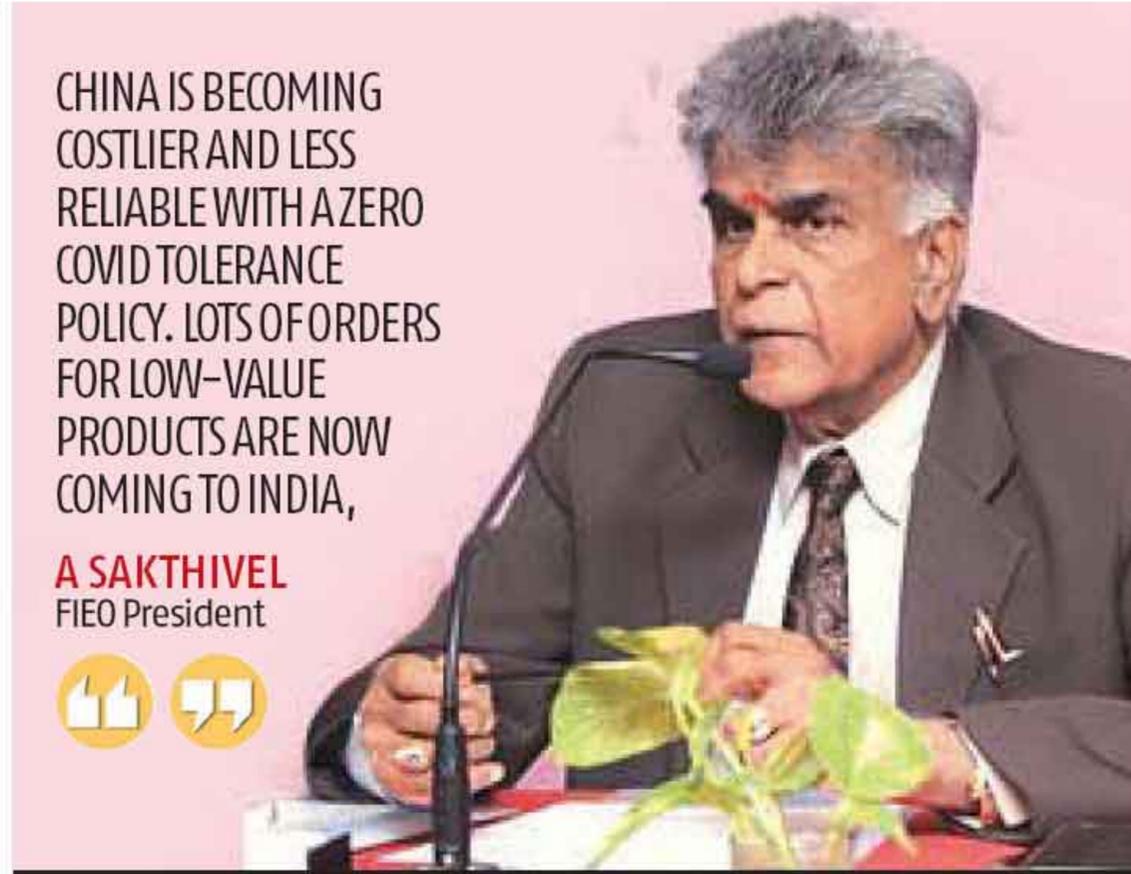
Trade deficit fell from a record high of \$30 billion in July to \$27.98 billion but remained elevated. Export of commodities such as engineering goods, gems and jewellery, and textiles witnessed contraction during August.

On the brighter side, exporters are seeing opportunities, since buyers are moving from China to India.

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CHINA IS BECOMING COSTLIER AND LESS RELIABLE WITH A ZERO COVID TOLERANCE POLICY. LOTS OF ORDERS FOR LOW-VALUE PRODUCTS ARE NOW COMING TO INDIA,

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timents are gaining ground day by day. Lot of orders for low-value products, which were a virtual monopoly of China, are now coming to India," FIEO president A Sakthivel said.

Sakthivel expected the rupee-trade mechanism — announced by the Reserve Bank of India (RBI) in July — to be implemented soon. The Russia-Ukraine war has hit exports to these nations. Exporters are hoping for a rise in shipments to Russia once the rupee payment

mechanism gets operationalised.

According to FIEO's estimate, India can add about \$5 billion exports to Russia in the next 12 months.

Sakthivel added, "With Europe maintaining sanctions against Russia, we expect the trade to divert from Russia to India. This has already happened in petroleum products, iron and steel and food products and is likely to be further accentuated in times to come."

He further said that State Bank

of India (SBI) is already equipped with doing rupee business with Russia and a corresponding Russian bank is expected to be identified over the next 15 days.

However, exporters have urged the government to enable them to claim export benefits in rupees. This was so far available for export payments received in foreign currency.

According to DG and CEO of FIEO Ajay Sahay, despite a fall in overall exports, the demand for low-value products is surging.

"While we expect volumes to remain intact, value may take a hit. This is also because — steel, ferro alloys, plastic polymers and cotton yarn have declined significantly.

This will affect our exports in two ways — the value of raw material exports will come down and value of the final product manufactured out of such raw material will also be lowered since the input prices have declined," Sahay said.

FIEO has also urged the government to provide some fiscal and non-fiscal support to exporters, amid the rupee's depreciation.

Rupee has depreciated by 8.1 per cent, as on September 7 compared to a year ago. Currently, the rupee is one of the best-performing currencies in Asia. This implies that India no longer has the competitiveness provided by the exchange rate.

Trade with India saw big jump in past yr: US envoy

US's trade with its top 15 partners increased over the past one year, but the single biggest jump was with India, the country's Consul General in Kolkata Melinda Pavék said.

Pavék, while addressing a session here at the East India Summit 2022 organised by the Confederation of Indian Industry (CII), said India-US trade stood at USD 67 billion during the first six months of 2022.

"Exports to India were USD 23 billion, while Indian exports to the US stood at USD 44 billion during January-June.

"US trade with its top 15 partners has increased over the past year, but I am proud to say that the single biggest jump was with India... US companies are consistently India's biggest source of foreign direct investment (FDI)," she said. In 2021, overall US-India bilateral trade in goods and services was USD 157 billion, as per official data.

Some of the top trading partners of the US include China, Canada, Mexico, Japan, Germany, the United Kingdom and France. PTI

