



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

(Set up by Ministry of Commerce, Govt. of India)

COPY

Date : 18-06-2010

News / Story reproduced with thanks:- [Thehindubusinessline](#)

Exports post 35% growth in May, imports up 30.8%

Our Bureau
New Delhi, June 18

Direct link to the News/Story:-

<http://www.thehindubusinessline.com/2010/06/19/stories/2010061953181501.htm>

Govt concerned over impact of Euro zone debt crisis

Exports remained in the positive territory for the seventh successive month, but the 35 per cent growth in

Trade show			
	(in \$b)		
	May-10	May-09	% growth
Exports	16.1	12	35.1
Imports	27.4	19.8	30.8

shipments in May was lower than that in the same month last year. Exports in May were worth \$16.1 billion against \$12 billion in May 2009. Following the global financial crisis, exports had fallen for 13 consecutive months, before turning positive in November 2009. Sectors such as iron ore, oil and leather have done well in April and May due to a slight demand recovery in major markets like the US. However, the Government said it was concerned about the Euro zone debt crisis and its adverse impact on shipments to Europe,

which accounts for a fifth of India's total exports.

The other worrying factor is that the rupee has appreciated by over 14 per cent against the Euro since January 2010. This in turn is squeezing the margins of several exporters. Exporters are also likely to diversify more into other markets in Asia, Africa and Latin America.

The Commerce Secretary, Dr Rahul Khullar, told reporters here on Friday, "There is some degree of recovery on the export front. But don't get carried away by the numbers as the growth is driven by a strong base effect. It is not the time to pop the champagne as exports are not yet out of the woods."

The major sectors that have shown positive growth in the last two months put together over the same period last year were iron ore (100 per cent growth), petroleum products (70 per cent), leather (33 per cent), engineering (29.6 per cent), gems and jewellery (37.8 per cent), pharmaceuticals (22 per cent), basic chemicals (38 per cent), man-made fibre (27 per cent), cotton yarn and cotton made up products (16 per cent).

"The good news is that labour intensive sectors such as gems and jewellery and leather are doing well. But readymade garments has shown negative growth (-7 per cent growth)," Dr Khullar said. He said the increase in oil exports was due to the growing refining capacity and increasing external demand. Meanwhile, imports increased by 30.8 per cent in May to \$27.4 billion (from \$19.8 billion in May 2009), resulting in a trade deficit of \$11.3 billion.

Interestingly, the growth in exports in May was more than that of imports.

The sectors that recorded major growth in imports (cumulative growth in this fiscal over the same period in the last financial year) were electrical machinery (15 per cent), transport equipment (14.7 per cent), machine tools (15 per cent), non-ferrous metals as well as iron and steel (over 100 per cent), precious stones (over 70 per cent), chemicals (56.6 per cent) and petroleum products (over 70 per cent). The growth in capital goods imports has led to a growth in manufacturing sector.

Mr A. Sakthivel, President, Federation of Indian Export Organisations, said in a statement, "While the trend in growth will continue for next few months, exporters will face challenges on account of adoption of base rate regime which is likely to increase cost of export credit and uncertainty in the Euro zone.

"The Government should consider extending focus-market benefits to the European countries that have not been covered so far."

However, Commerce Ministry officials said due to fiscal constraints, only very few struggling sectors would be provided sops. Dr Khullar said a sector-wise analysis is on to find out the sub-sectors doing well and those that are not. The Government has set an export target of \$200 billion for this fiscal.