

OIL IMPORTS RISE FIRST TIME IN OVER A YEAR

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For the first time in 13 months, the country's oil import bill registered a positive growth rate of 7.3 per cent, though the overall import continued to fall at \$22.88 billion (Rs 1,06,640 crore) in November compared to \$23.48 billion (Rs 1,09,440 crore) in the same month last year.

Overall imports during April-November stood at \$170.43 billion (Rs 7,94,370 crore) as against \$234.35 billion (Rs 10,92,305 crore) in the corresponding period last financial year even as exports registered positive growth of 18.2 per cent reaching \$13.19 billion (Rs 61,478 crore) from \$11.16 billion (Rs 52,016 crore) in November 2008, data released by the Ministry of Commerce and Industry today indicated. However, imports in November fell at a much slower pace compared to previous months, indicating a recovery in domestic demand and industry.

The Indian crude oil basket averaged \$77 (Rs 3,588) a barrel during November 2009 with oil imports recorded at \$6.38 billion (Rs 29,730 crore) over \$5.95 billion (Rs 27,730 crore) in November 2008. Cumulative oil import during April-November was \$50.18 billion (Rs 2,33,890 crore), 34.4 per cent lower than \$76.52 billion (Rs 3,56,660 crore) in the

same period last financial year.

According to analysts, the overall imports will turn positive by the last quarter of 2009-10 mainly on the back of robust demand and implementation of the free trade agreement (FTA) with the Association of South-East Asian Nations, or Asean.

"Imports will turn positive by January due to the recovery of Indian industry as we import a significant amount of capital goods. Commodity prices are also falling sharply, which will also act as a major factor," said D K Joshi, principal economist, Crisil.

Non-oil imports dropped by 5.9 per cent to \$16.50 billion (Rs 76,900 crore) from \$17.53 billion (Rs 81,700 crore) in November 2008. Cumulatively, non-oil imports in the April-November period this year were 23.8 per cent lower at \$120.24 billion (Rs 5,60,430 crore), than the \$157.82 billion (Rs 7,35,600 crore) in the same period last year.

Trade balance for November 2009 reached \$9.69 billion (Rs 45,165 crore), compared to \$12.32 billion (Rs 57,420 crore) in November 2008. During the first eight months of 2009-10, the trade deficit stood at \$66.18 billion (Rs 3,08,460 crore) compared to \$100.15 billion (Rs 4,66,800 crore) in the same period last year.

According to a Citibank report, trade deficit for 2009-10 could further narrow down to over \$88 billion compared to



\$108.9 billion in 2008-09.

"Besides recovery, implementation of the India-Asean FTA will also boost import significantly and we will see it having positive growth in January. Revival of exports and imports depend on international market conditions and rise in demand. The impact of stimulus measures in this is minimal and cannot be sustained in the long run," said Linu Mathew Philip, executive director, Centre for Trade and Development.

However, according to A Sakthivel, president of the Federation of Indian Export Organisations, the stimulus measures rolled out by the government should continue, particularly the interest rate subvention. "We expect to reach \$165-\$170 billion worth of exports by the end of this year," he said.

Tirupur exporters see surge in demand

T E NARASIMHAN

Chennai, 1 January

The New Year has brought good news for the textile exporters in Tirupur, Tamil Nadu. Exporters here say their order books have started showing recovery, but margins continue to be narrow. They said while the country's apparel exports were likely to decline, exports from Tirupur would remain flat at Rs 10,500 crore. The town, one of the country's biggest textile-apparel hubs, witnessed a 15 per cent drop in exports till November.

To address the cost pressure and labour issues, these units are planning to invest around Rs 500 crore during the next financial year in automation and have brought in 25,000 people from Bihar and Orissa to address the tailors' shortage.

"The order book has started recovering for the units across Tirupur and order enquiry is also good in the last few weeks. We estimate to close the current fiscal with Rs 10,500 crore, similar to last

year's level," president, Tirupur Exporters' Association and the Federation of Indian Export Organisations, A Shaktivel, told *Business Standard*,

It may be noted that recently Apparel Export Promotion Council (AEP) Chairman Rakesh Vaid said that the country's apparel export was likely to drop by 7-9 per cent during this financial year, compared to last year's \$10.13 billion (Rs 47,104 cr approx).

According to AEP, Indian apparel exports to the US declined by 6.46 per cent to \$2.27 billion (Rs 10,555 cr approx) between January and September 2009 from \$3.07 billion (Rs 1,427 cr approx) in the corresponding period last year.

However, Chinese exports gained by 1.95 per cent, rising to \$17.23 billion (Rs 80,119 cr approx) and Bangladesh's were up 2.35 per cent to \$2.66 billion (Rs 12,369 cr approx). In October alone, the country's apparel exports were hit severely and declined by 17.62 per cent to \$603 million (Rs

2,803 cr approx) in the corresponding period last year, said the apex textile body, according to reports.

Exporters could see the recovery in the American apparel market, as orders have started flowing due to which the capacity utilisation has increased to 80 per cent from 50-60 per cent earlier. However, pricing aspect continues to remain a big challenge, added industry representatives. "We have good order enquiry but pricing continues to be in pressure at around 10 per cent," A Selvaraghavan, an apparel exporter to Europe said. Margins dropped to 1-2 per cent from 4-5 per cent two to three years ago.

Exporters attributed this mainly to increase in raw material cost, diesel cost (power cut continues for 3-4 hours a day) and logistics cost. They noted cotton prices had gone up by 20 per cent in the last three months to Rs 164 from Rs 135. The industry has asked the Centre to immediately intervene to regulate cotton exports and save the textile industry.