Indian exports likely to miss 500 bln USD target for 2014

KOLKATA, India, Sept. 22 (Xinhua) -- India is very much likely to miss its target of doubling its export target to 500 billion U. S. dollars by 2014 with a growth rate of 20 percent as the present going rate was not as expected, a commerce ministry official said Saturday.

Since exports have declined for the fourth consecutive month this year, the commerce ministry is analysing the trend in the exports of various items to the country's major trading partners so that a proactive policy can be framed immediately to give the slowing sector a boost.

A commerce ministry official said, "Though there are challenges in achieving the export target, we will see if a revision of the target is required by the end of this year."

Another official said the country's strength is in service exports and that could aid to offset the impact of any slippage in goods exports and prevent the current account deficit from widening too much.

This year, the highest growth in exports was 10.1 percent reported in January, while July registered the steepest fall at 14. 8 percent due to a demand slowdown in the U.S. and Europe.

A fall in India's exports of engineering goods, petroleum products and gems and jewelry, along with a demand slowdown in the U.S. and Europe, pulled India's exports growth down by 9.7 percent year-on-year to 22.3 billion U.S. dollars in August, compared to 24.7 billion U.S. dollars a year ago. India's exports have dipped continuously in four of the last five months.

During the first five months of the current fiscal, India's imports contracted by 6.2 percent to 191.1 billion U.S. dollars. Gold imports almost halved in the period. Trade deficit during the same time recorded 71.1 billion U.S. dollars.

Biswajit Dhar, director-general of Research and Information System for Developing Countries, said, "We need to devise ways of streamlining exports by revisiting the various focused market programmes and a careful examination of where the opportunities are to stimulate exports there," and added that instead of offering more sops, the government should find markets where cost of doing business could be reduced.

According to Ajay Sahai, Director General, Federation of Indian Export Organisations (FIEO), the Eurozone was in crisis and that had impacted the country's exports which were in price sensitive segments.

Incidentally, there are 18 countries whose merchandise imports in 2010 were more than 200 billion U.S. dollars but India's market share in their total exports is a meagre one percent. The exercise initiated is aimed at add in another 50 billion U.S. dollars to the country's exports.

Experts also said that instead of focusing on emerging markets such as Africa and Latin America, the government must increase its exports to the already established economies.

An official said, "The outgo to these countries is huge, but the government is not taking a call on this. In fact, the finance ministry has asked for a report on this immediately."