

LOSING EDGE

Higher rupee value hurting exporters

■ Pace of exports is declining: Assocham

AGE CORRESPONDENT
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External value of rupee is far stronger than its internal strength which is hurting exporters as their competitive edge gets hit with declining value of dollar against the domestic currency, said an Assocham study.

Rupee is currently trading at 63.63 against 66.93 to a dollar in August, 2016.

"So, clearly the external value of rupee has strengthened quite," said the Assocham paper.

It said a stronger rupee has begun to bite exporters, as is evident in the falling pace of growth in shipments.

"No doubt, exports have been growing for the last nine months but as RBI has also observed that the export growth weakened in May and June from the April peak as the value of shipments across commodity groups either slowed or declined," said Assocham.

"Exports have shown growth of 4.39 per cent to \$23.56 billion in June 2017, as compared to \$22.57 billion a year ago. But this growth had

EXPORTERS' PAIN

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peaked at 20 per cent in April this fiscal. This deceleration in growth is visible in the subsequent months. Moreover, thanks to declining value of dollar, in rupee terms, during June 2017 exports had shown a negative growth of 0.04 per cent," said Assocham.

The chamber said due to rupee appreciation there is an erosion in margins between 6-7 per

cent and the trend is likely to continue on the back of robust inflows in the stock market.

"The inflows of dollar, taking the country's foreign exchange reserves to record level of \$392 billion, are a result of global liquidity flush finding ways into the financial markets of the emerging economies," said Assocham secretary general, D.S. Rawat.

Rupee appreciation hits exporters

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The sharp appreciation of the rupee against the US dollar in recent months is likely to have dented the profitability of exporters that source locally and have limited pricing power during the current financial year.

The industry body ASSOCHAM, in its note, said: "External value of the rupee is far stronger than its internal strength despite lower inflation with the resultant mismatch and the continuing trend hurting exporters whose competitive edge gets directly hit with declining value of dollar against the domestic currency."

The Indian rupee has strengthened by 5.16 per cent against the US dollar since January and may hurt the exports realisation of Indian companies. Implementation of GST has also caused major disruption in many sectors. The second quarter earnings growth of companies is likely to slow because of the confusion surrounding the implementation of goods and services tax (GST) and the impact of a stronger home curren-

cy on exporters.

"It clearly translates into erosion in margins between six and seven per cent only on account of currency appreciation and the trend is likely to continue on the back of robust inflows in the stock market. The inflows of dollar, taking the country's foreign exchange reserves to record level of \$392 billion, are a result of global liquidity flush finding ways into the financial markets of the emerging economies," the industry body said.

On the other hand, despite a falling inflation, now ruling at a five-year low, the rupee has weakened at least in reverse proportion to the Consumer Price Index (CPI) that is inching up all the same.

"Yes, inflation is down; but it is still inflation and not disinflation or deceleration in prices. That means rupee is able to purchase less of commodities, but when it comes to its value measured against dollar, it has gained by about six per cent," the industry body said in its paper. A stronger rupee has begun to bite exporters, as is evident in the falling pace of growth in shipments.

Insanitation means huge financial loss in India: Unicef

The loss from poor sanitation is due to disease, morbidity, health expenditure and workdays lost.



A view of the Assocham deliberations on Water, Sanitation and Hygiene.

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India is losing \$53.8 billion annually because of poor sanitation. Poor sanitation and hygiene account for death of 117,000 children under five years of age each year in India, a top Unicef India official said at an ASSOCHAM event held in New Delhi on July 19, 2017.

"This is 22 per cent of the global burden. So, of the children that die of diarrhoea in the world, one in five is dying in India," said Nicolas Osbert, Chief of WASH (Water, Sanitation, Hygiene) Unicef India while addressing the confer-

ence – 'Wash for All: Innovative approaches.'

One in five children being born in India are dying before reaching their fifth birthday as the country recorded the highest number of under five deaths in 2015 globally.

The under-five mortality rate (U5MR) in India is about seven times higher than in high-income countries where 1 in 147 is dying.

He also said that as per an estimate about 11 per cent neonatal deaths in India occur due to hospital-acquired diseases, while 14 per cent of maternal deaths in hospitals occur owing to poor infection, prevention and control.

"All this is preventable with WASH so what we try to promote in health facilities is software," said Mr Osbert.

"The number might have been exaggerated but this is the range because of the diseases, morbidity, health expenditure and workdays lost. So, this is huge and more than all the income generated by India in tourism is lost because of poor sanitation and its consequences," Osbert told DTMT. Unicef's core business is to support government and civil society in advocacy, planning, technology inputs, capacity building and behaviour change communication.