

# India Inc to govt: Curb non-essential imports

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India Inc leaders are expecting the government to take immediate remedial steps to stem the rupee's slide against the dollar, a *Business Standard* dipstick survey of chief executive officers (CEOs) showed. This follows an over 9 per cent fall in the Indian currency's value against the greenback since early this year.

Nearly 67 per cent of the 15 CEOs polled said a tumbling rupee has affected operations since raw material costs have gone up.

"The government should impose limits on the import of non-essential goods and expedite dollar remittances for exporters, apart from easing norms for foreign investment," said Vimal Kejriwal, CEO and managing director, KEC International.

Other CEOs said the Reserve Bank of India (RBI) will have to sell dollars in a moderate manner.

"We expect the government to impose higher import tax on all non-essentials like cosmetics, gold, and electronics in the near term," said a CEO.



## BS RUPEE POLL

### WHAT CEOs THINK

in %

■ Yes ■ No ■ No comment/not applicable

Will the rupee's decline against the dollar have any negative impact on your business?



Does your dollar-denominated debt have proper forward cover?



Do you expect additional steps from the govt/RBI to stop the rupee's fall?



Do you have any plans to raise overseas debt?



Will the changing global economic conditions impact demand or your expansion plans?



0 20 40 60 80 100

Note: The sample size includes 15 CEOs  
Compiled by BS Research Bureau

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been conducted and the balance will be conducted in H2," the official statement said.

In spite of higher-than-budgeted food and fertilizer subsidy outlay this year, officials and independent analysts say the fiscal deficit target for the year – 6.4 per cent of nominal GDP — can still be achieved.

## CEO poll...

"While there are many levers at RBI's disposal to hold the rupee steady, its invoicing for bilateral trade settlement could be one of the options," said a CEO of a manufacturing firm based in South India.

CEOs suggested the government encourage foreign direct investment in unlisted and listed stocks, apart from inviting foreign manufacturers to Make in India.

Other CEOs said the government must consider special dollar inflow schemes like bonds from non-resident investors and ease taxation rules for overseas bond subscribers, apart from giving additional incentives to exporters and other foreign exchange earners.

Due to uncertainty, a majority of CEOs (80 per cent) said they were not planning on raising funds in the near future

from the overseas market.

Twenty-seven per cent said they have taken adequate forward cover in case the Indian currency weakens further against the dollar. According to the RBI data, almost 45 per cent of the debt taken by Indian companies do not have adequate forward cover, consequently increasing their cost of funds every time the rupee falls against the dollar.

The rupee's decline versus the dollar gathered pace in September last year when the US Federal Reserve announced a 75-basis point (bp) rate hike and signalled a cycle of further rate hikes.

Nearly 53 per cent of the CEOs polled said with a deteriorating global economic environment and the rupee's movement, they expected demand for their products to wane, while another 40 per cent did not expect any change to their products or expansion plans.

"The RBI may announce another 50-bp hike on Friday. But domestic demand is picking up fast," said a CEO.

"The government should take major steps in controlling fiscal deficit," said another CEO.

*(Inputs from Sohini Das, Ishita Ayan Dutt, Pratigya Yadav, Shine Jacob, Vinay Umarji, and Shivani Shinde)*

