

NIFTY
4,746.4
-2.5*

SENSEX
15,836.5
-2.3

L&T
1,075.8
-5.3

STERLITE
89.4
-4.3

JAIPRAKASH
59.1
-4.1

BHEL
240.5
-3.9

DLF
194.9
-3.7

NIKKEI 225
8,401.7
-1.6

HANG SENG
18,285.4
-1.6

KOSPI
1,840.0
-1.9

SHANGHAI
2,224.8
-3.9

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CURRENCY SLIDE

Falling rupee builds safety wall for SMEs

CHINA THREAT eases as imports will turn 15-20% costlier

Debobrat Ghose

■ debobrataghose@hindustantimes.com

NEW DELHI: Be it a toymaker in Uttar Pradesh or an ancillary unit in south India, small and medium enterprises (SMEs) are silently cheering the crash of the rupee to a lifetime low of ₹54.2 to a US dollar.

The sliding rupee has sent policymakers into a tizzy, but the situation could prove a blessing in disguise for SMEs, as their bane, cheap imports from China, would become 15-20% costlier.

"On one hand the falling rupee has provided succour to Indian manufacturers, who face competition from Chinese imports. It has also made Indian SME-dominated exports competitive vis-a-vis Asian competitors," Federation of Indian Micro & Small and Medium Enterprises (FISME) secretary-general Anil Bhardwaj told HT.

MANNA FROM HEAVEN

- Imports from China will be 15-20% costlier
- More than a million SMEs in auto-components, power & electrical equipment, building hardware, granite & ceramic tiles, articles of plastics, rubber, leather, garments, paper, glass, furniture and toys to benefit.
- Prices can be cut by 5-7% to compete internationally.
- Export revenues to be higher.

Manufacturing cost in India is higher due to infrastructure and other bottlenecks. The weakening rupee has provided the cushion that Indian SMEs needed to make them competitive. Entrepreneurs are optimistic that instead of buying Chinese or imported inputs, even big corporates would pre-

fer to buy from domestic manufacturers.

"Often we buy Chinese items to manufacture our products, due to its cheaper rates, but now we can go for domestic ones and expect the domestic market to grow," says Baburam Choudhary, a Jodhpur-based entrepreneur who makes healthcare equipment and tools.

"Since the dollar rate has increased, we can compete in the international market by reducing our prices by 5-7% or working on a thin margin and earn profit," said Bangalore-based Mohan Suresh, director, Techno-spark Industries.

The scenario is not without downsides. "Though export realisation will be higher (20% more in terms of money), the country needs to balance the inflationary pressure," cautioned chairman, National Small Industries Corporation, HP Kumar.