Nepal's exports fall

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Nepal's trade deficit widened by a whopping 37 percent and touched Rs 126.76 billion in the first quarter of 2012/13 as the country's exports plummeted to 11.9 percent, lowest in recent memory.

According to Trade and Export Promotion Center (TEPC), country's total exports during the quarter amounted to Rs 19.69 billion, a mere 11.9 percent of the total trade, whereas exports in the same period last year stood at 14.2 percent of the total trade.

Officials attributed the drop in share of exports to a sharp rise in the imports. "Imports continued to balloon because domestic industrial output shrank even as consumption remained strong, owing to substantial rise in remittance receipts," said a TEPC official.

TEPC data show, country's total imports during the quarter jumped to Rs 146.45 billion, widening its share in total trade to 88.1 percent compared to 85.8 percent in the same period last year.

Trade experts tagged the widening trade gap as an indication of worst trade performance by the economy.

"Current import-export ratio, which stands at 1:7.4, is a worse situation. It is simply not sustainable for any economy," Posh Raj Pandey, Executive Chairman of South Asia Watch for Trade, Economics and Environment (SAWTEE) told Republica.

Pandey said increasing consumption, propelled by swelling remittances, amid sluggish industrial production is the key factor leading to widening trade deficit.

"We are lacking in exportable surplus on the back of lingering political uncertainty and industrial unrest. Worse still, consumption level has also gone up significantly with the increase in the inflow of remittance, rather than stronger purchasing capacity of people," said Pandey.

TEPC data show, exports of woolen carpets and readymade garments, two major export items of the country, dropped by a whopping 24.8 percent and 30.7 percent during the period to Rs 1.29 billion and Rs 1.04 billion respectively.

Similarly, exports of Pashmina items also dropped by 17.5 percent to Rs 519.35 million.

Entrepreneurs attributed the fall in the exports of those products to the drop in demands at major markets like countries in the Euro zone.

However, exports of lentils, another leading export item, soared to Rs 1.06 billion. Nepal also exported yarns and textiles worth Rs 1.5 billion and Rs 1.37 billion respectively during the period.

On the imports front, Nepal imported petroleum products worth Rs 24.29 billion during the period, recording the growth of 32.1 percent over the imports in the same period last year. Import of iron-steel, the second largest import item, also surged by staggering 51.3 percent and touched Rs 16.44 billion.

Similarly, imports of gold and cereal rose by 30.9 percent and 104.7 percent respectively and stood at Rs 7.06 billion and Rs 3.68 billion respectively during the period.

Import of cereal, too, doubled during the period. With the increase in fertilizer subsidy, imports of the crucial farm inputs also rose by 24.9 percent to Rs 3.45 billion during the period.