

**ADDRESS BY THE PRESIDENT OF INDIA
ON THE OCCASION OF THE PRESENTATION CEREMONY OF
FIEO'S "NIRYAT SHREE" AND "NIRYAT BANDHU" AWARDS**

VIGYAN BHAWAN, NEW DELHI: OCTOBER 5, 2012

Ladies and Gentlemen,

It gives me immense pleasure to present the "Niryat Shree" and "Niryat Bandhu" Awards instituted by the Federation of Indian Export Organisations for outstanding performance in exports. I am sure that these awards would inspire other entrepreneurs in this important sector of the economy to contribute even more vigorously to the economic development of the country. I understand that apart from entrepreneurs, exporting companies, Public Sector Banks and the Export Promotion Council, which have rendered support services for the development of exports, have also been awarded. I congratulate all of them too.

2. Exports have a very important role to play in the economic growth of our country. The contribution that this sector makes to employment is of utmost importance to our vision of equitable and

inclusive growth. The export sector is also important as it is a medium to project India in overseas markets as a source of quality products. Exporters, therefore, must remember that their products encase not only the image of their company or their brand but also, more importantly, the image of India as a source of top quality products. We must, therefore, at all stages of the value chain imbibe the mantras of quality consciousness, professionalism in service delivery and complete transparency and fairness in our dealings with our trading partners.

3. India's external trade, that is, merchandise exports plus imports, as a proportion of the GDP has more than doubled, from less than 20 per cent at the turn of the last Century to around 45 per cent in recent years. The country's financial integration with the world has also been as rapid as its trade globalisation. As a broad measure of globalisation, the ratio of the total external transactions i.e. gross current account flows plus gross capital flows to the GDP has also more than doubled from under 50 per cent to nearly 120 per cent during the same period. Despite a considerable increase in domestic savings rate, there has been a significant increase in the

dependence of the economy on the inflow of foreign capital. It has contributed to the financial intermediation of resources in meeting the growing need for long-term and risk capital, as well as technology for the Indian industry.

4. It is a matter of satisfaction that India's exports registered a 5 fold increase in the last decade from US\$ 44.6 billion in 2000-01 to US\$251.1 billion in 2010-11. The compound annual growth rate (CAGR) of India's exports which was 8.2% in the 1990s increased to 19.5% during 2000-01 to 2008-09. India's share in global exports also increased from 0.7% in 2000 to 1.5% in 2010. Its ranking in the leading exporters improved from 31 in 2000 to 20 in 2010.

5. The period of high growth in India from 2003-04 to 2007-08 was accompanied by considerable diversification in its export basket and its export destinations with countries in Asia and Africa gaining ground relatively over USA and Europe. This diversification helped in maintaining a momentum in export growth in the period after the global financial crisis in 2008, even as the demand for

Indian exports in the developed countries was adversely impacted. After a growth of 13.7 per cent in 2008-09, export growth (in USD) was a negative -3.5 per cent in 2009-10 followed by a strong growth of over 40 per cent and over 21 per cent respectively in 2010-11 and 2011-12. However, notwithstanding its growing resilience, the experience in more recent months suggests that as India's globalisation deepens, it too cannot escape from the impact of developments abroad.

6. The creeping unfolding of the Euro zone crisis has impacted the economy through lower growth, falling business sentiments, declining capital inflows and exchange rate, stock market volatility and attendant implications for investor confidence. Moreover, the slowdown in external demand has led to significant deceleration in the growth of exports since November 2011, with export growth becoming negative in three of the first six months of the calendar 2012. Even as one awaits the recovery of demand in the developed economies India needs to maintain the focus of its trade policy on developing new export markets in the emerging and the

developing countries where growth prospects in the medium-term remain considerably better than in the developed countries.

7. In a globalised world the collective response of countries would need to be coordinated for bringing about an upturn in the growth prospects of the world economy and to address issues of transparency, accountability and regulation of financial markets. India has been a part of these efforts, working closely with the international community, to restore growth and to reform financial systems.

8. For sustaining domestic growth, the Government has been taking monetary and fiscal measures. Our financial systems are strong and several steps to considerably enhance liquidity in the market have been taken. Measures have also been put in place for export incentives and credit facilities. I believe Indian exporters have the necessary competitiveness and diversification to operate in a challenging global environment. I am confident about the prospects of the Indian economy, which continues to be one of the

fast growing economies of the world, and also that our export sector will be a part of this growth story.

9. To encourage our exporters, FIEO and other business organizations along with the Government could help in exploring new markets. In addition, we must focus on products of high export intensity which are currently having a low penetration in overseas markets. Suggestions from the Export Promotion Councils in this regard may be invited. An interactive and coordinated approach is particularly important in these times of global stress.

10. In conclusion, I once again congratulate all the award winners. I compliment Shri Anand Sharma, Commerce & Industry and Textiles Minister and his Ministries for their continuous efforts for the sustained development of the export potential of our economy. I am sure that the export sector will continue to contribute to the balanced economic and social development of our country. We must all work together to take India to newer heights. Working together, with innovation and dynamism, we can realize our collective destiny to be a great nation.

Thank You,
Jai Hind!