

**SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB MUKHERJEE  
AT THE GOLDEN JUBILEE CELEBRATIONS OF THE INDIAN  
INSTITUTE OF FOREIGN TRADE**

New Delhi: 02-05-2013

1. It gives me great pleasure to be here today for the Golden Jubilee Day celebrations of the Indian Institute of Foreign Trade (IIFT). This is an occasion to recognize the enormous intellectual contribution made by the Institute in foreign trade and international business.
2. I have fond memories of my association with the Institute during my two tenures as the Commerce Minister. During one of my visits to the Institute in 1994, I remember releasing a book, titled "*Trade in Services: The Uruguay Round and After*". I am told that this book continues to be an important reference for understanding the nuances of Trade in Services. As the Commerce Minister, I had the privilege to contribute to the negotiations that led to the formation of the World Trade Organization (WTO) in January, 1995.
3. The IIFT, since its inception in 1963, has been at the forefront of research and capacity building in international trade. This Institute has provided able support to the Government in

responding to the challenges faced by our trade and industry from the very beginning. The country's external sector was stressed on several occasions. In 1966, the foreign exchange position became unstable due to increased food imports necessitated by drought. The oil price shocks of 1973-74 and 1979-80 had similarly strained our foreign exchange reserves. In 1991, a host of factors like the Gulf crisis, fiscal imbalance, and weakening of international confidence led to a balance of payment problem. In July of that year, we had foreign exchange reserves enough to finance imports for only a fortnight. Crises of such proportions required deft handling that called for sound policy advice. Seminars, research projects, and other academic programmes conducted by IIFT have rendered valuable inputs to our policy makers for better understanding of the problems.

4. The setting up of the WTO marked an important event in international trade and investment. To facilitate greater understanding of the multilateral trade regime and to build expertise in the Government, a Centre for WTO Studies was established in IIFT in 1997-98. I am told that this Centre has been instrumental in assisting the Government to formulate our country's strategy in the WTO and other fora.

5. Ladies and Gentlemen, our approach to the external sector has been guided by our country's economic position. We have viewed exports as a means of employment generation and have given a thrust on employment intensive industry. To reduce dependence on imports, we have encouraged domestic manufacturing for inputs to export industry. To build export competitiveness, we have promoted technology up-gradation. We have pursued market diversification to evade the risk of global downturn. We have also encouraged exports from the North Eastern Region, which has a special place in our economy.
6. Experience of many economies has shown that reducing trade barriers increases the efficiency of resource use leading to higher growth. In the Union Budget for 1991-92, the maximum rate of import duty was reduced from 300 to 150 per cent. After progressive liberalization, the peak rate of customs duty for non-agricultural products today stands at only 10 per cent.
7. We have been following a policy of globalization as a strategy to achieve higher economic growth. The international trade to

GDP ratio, which was just 15 per cent in 1991-92, is now 44 per cent. Our export sector has done well. From US Dollar 17.9 billion in 1991-92, the value of exports has increased to US Dollar 300.6 billion in 2012-13. The compound average growth rate of our exports during 1991-92 to 2000-01 was 10.7 per cent. This has increased to 19.1 per cent during the period 2001-02 to 2012-13.

8. India is today the world's largest rice exporter and second largest wheat exporter. While we must be proud of our performance in commodity exports, there is a need to monitor and exercise caution. We must ensure the availability of enough food in the country at all times. Every citizen should have access to affordable food.
9. Higher export growth has contributed to an improved economic performance in the last decade. The average annual growth rate during the last 10 years was a healthy 7.9 per cent. The recovery of India's economy from the impact of the 2008 global crisis was much stronger than initially believed. During 2009-10 and 2010-11, India's economy grew by 8.6 per cent and 9.3 per cent respectively though the growth rates earlier estimated for

these years were much lower. The ongoing global financial crisis has decelerated our economic growth in the last two years. The GDP growth in 2012-13 has been estimated at a muted 5.0 per cent but I am confident that we will bounce back.

10. Ladies and Gentlemen, the increased integration of our economy with that of the world calls for managing our economy from the risk of any global financial crisis. We have diversified our export market, by focusing on countries in Asia, Africa and Latin America. These geographies accounted for two-third of our exports in 2012-13. The slowdown of the global economy has impacted our external sector. But due to the market diversification strategy, we have been able to mitigate the impact considerably.
  
11. A matter of concern is the current account deficit, which at 5.4 per cent of GDP during the period April to December, 2012 is very high. Though we have managed this deficit through capital flows, we have to increase our exports to bring it to a sustainable level. A strong revival of the global economy is expected in 2014. At a time when global demand is yet to firm up, there is a need to strengthen our export industry.

12. Our efforts have for long been to build the competitiveness of our export sector. To give greater thrust to export promotion, over 158 Special Economic Zones have been set up. The Export Promotion Capital Goods scheme has enabled exporters to import machinery and equipment for producing quality goods for export.
  
13. We have taken a proactive stance at forging trade and economic partnerships with several economies and trading blocs. Comprehensive Economic Partnership Agreements have been entered into with Singapore, South Korea, Japan and Malaysia. Such an agreement has recently been concluded with ASEAN. Similar agreements are being negotiated with India's prominent trading partners like the European Union.
  
14. Increased trade liberalization and economic cooperation will not count much unless they result in tangible benefits for our people. Hence, thrust should also be placed on meeting other objectives like employment generation and regional development. Our export sector should be able to drive the socio-economic development of our country.

15. Over the years, IIFT has broadened its academic framework by providing management education and PhD courses. Its endeavour should not only be to produce successful managers, business leaders and academic thinkers but also to prepare them as socially conscious citizens who have the capacity and willingness to respond and contribute to our society's needs.
  
16. I am confident that IIFT will continue to impart relevant training and undertake intellectually sound research in the area of foreign trade and international business. I wish the Institute all success for the future.

Thank you.

Jai Hind.

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