

**SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB MUKHERJEE
ON THE OCCASION OF THE FIEO GOLDEN JUBILEE
AND PRESENTATION OF FIEO'S NIRYAT SHREE
AND NIRYAT BANDHU AWARDS**

Vigyan Bhavan, New Delhi: May 4, 2016

I am delighted to be here this evening on the occasion of the Golden Jubilee celebrations of the Federation of Indian Export Organizations (FIEO).

Ladies and Gentlemen:

2. India's GDP growth is 7.6 percent and as it is projected to be 7.7 and 7.9 percent in the coming years, we need not feel disadvantage because India is enjoying today the highest growth rate in the major economies of the world. Therefore, this growth momentum is definitely strong positive signals. Several another macro-economic parameters clearly demonstrate the strength of our economy. Such as food inflation is largely contained due to substantial supply management. Industrial sector, though under stress in the face of weak global and domestic demand, is showing some signs of recovery with a 2 percent growth in February this year. The government is firmly committed to healthy fiscal management. The fiscal deficit for 2015-16 was maintained at the budgeted level of 3.9 percent. By targeting 3.5 percent for 2016-17, we are on course to achieve fiscal consolidation. I am confident we would fully realize the growth potential of our economy. But what is more important is that the high growth should spread its benefit to all citizens. It is, therefore, imperative that our domestic business environment promotes sustainable, stable and inclusive growth which encompasses all sections of society.

3. The external sector is critical to the growth prospects of any globalizing economy like ours. The global economic slowdown - by bringing down global demand – has affected India’s exports. It is a matter of some concern that our exports have been continuously decreasing since December 2014. Indian merchandise exports, recorded at US Dollar 261 billion in 2015-16, constitute a decline of over 15 percent. The Indian service exports were comparatively better, perhaps because of a recovery in our traditional export markets such as the USA. While the export sector remained bleak, there was some comfort brought about by the falling commodity prices globally. With a dwindling import bill, it resulted in a healthy current account deficit of 1.4 percent of GDP in the first three quarters of 2015-16. Yet, we must be concerned with the volume of trade taking place as falling trade levels impact on the economy, industrial growth and employment levels. The volume of world trade is expected to remain sluggish in 2016, growing at 2.8 percent. In a scenario such as this, we need to devise cohesive strategies of retaining our market share first and then increasing it. In this context, the Government through its Foreign Trade Policy has initiated a number of measures to promote exports of goods and services.

Ladies and Gentlemen:

4. Globalization brings with it both opportunities and challenges. We must realign ourselves and our processes to the changing dynamics to seize the opportunities and address the challenges. The role of Government is to provide an enabling eco-system but it is for all of you to put your weight on the ground. Foreign Direct Investment (FDI) is an important indicator of the faith that

overseas investors repose in a country. It is, therefore, gratifying that FDI inflows into India increased to US Dollar 42 billion during April-February in 2015-16, an increase of 27.5 percent from the inflows in the corresponding period of the previous year. This trend especially in a climate of contracting worldwide investments is welcome. The Government stands firmly committed to an FDI policy and regime which is investor friendly and which promotes investment leading to increased manufacturing, job creation and economic growth. The reorientation of the FDI policy in 15 sectors, such as raising the foreign investment limit for some sectors, easing the conditions for others and putting many on the automatic route for approval is a correct step forward. I am hopeful it shall help attract higher FDI for our economy.

5. The global economy is finding it hard to restore pre-recession growth rates in the trade sector. The year 2015 is the fourth consecutive year when annual growth in world merchandise trade stayed below 3.0 percent. Asia had contributed more than any other region to the recovery of world trade after the financial crisis of 2008-09. However, the contribution of this region to world import volume growth declined last year as China and **some** other Asian economies slowed down. The exchange rate is an important factor in export competitiveness. In spite of rupee depreciation in 2015, there was no surge in Indian exports, as other currencies also depreciated against the dollar. Foreign producers whose exchange rates depreciated more became even more competitive than us.

Ladies and Gentlemen:

6. The export sector is dynamic and affected by changes in policy both at the domestic and international level. We, therefore, need to be innovative in our approach to capture markets with customized products in today's highly competitive world. Aggressive marketing, while important in itself, would need to be backed by impeccable quality control standards so as to create a sustainable demand for Indian products abroad. We need to focus on other important drivers of growth such as infrastructure, human capital, simplification of rules and regulations, and improved access to finance. The micro, small and medium enterprises sector of our economy is a major contributor to employment and exports. It is necessary to therefore have a focused approach in terms of procedures and banking solutions more suited to its unique needs.

7. Efficient logistics is crucial to competitive exports. Around 95 per cent of India's trade by volume and 68 per cent in terms of value are transported by sea. It is important for the exporting sector to have access to port facilities of international standards and better connectivity with the hinterland in order to reduce turnaround times. The Government has already initiated steps for promoting port led development through the Sagarmala Project and integrating these ports with Special Economic Zones, Industrial Parks, Warehouses, Logistics Parks and Transport Corridors. I am confident that we will see the full impact of these measures in the coming years.

8. In conclusion, I once again congratulate all the award winners. I am sure that the export sector will continue to contribute handsomely to the balanced

socio-economic development of our country. I take this opportunity to compliment Smt. Nirmala Sitharaman, Minister of State in the Ministry of Commerce and Industry, for her initiative in introducing a variety of measures for rejuvenating India's export sector. Continuous dialogue with stakeholders would definitely help the Government in aligning its policies to external ground realities. I am confident that working together, with innovation and dynamism, all of you will contribute to the making of a great nation that is India. FIEO has emerged as a strong institution in the past fifty years. I hope it will continue to serve the cause of the Indian exporting community with the same zeal and determination, dedication and commitment in future too. I once again wish all of you - the award winners, FIEO and the entire exporting community- the very best in your future endeavours.

Thank You.

Jai Hind.
