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(Set up by Ministry of Commerce, Government of India)

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FROM THE PRESIDENT'S DESK ▶▶▶



My Dear fellow Exporters,

Despite a slowdown in the global economy, our exports are on course and we are set to reach close to our target for the current fiscal. However, constant efforts will be required so that there is no slackening in export growth.

In this backdrop Karnataka: Export Vision 2020 unveiled at the exporter's convention in Mangalore is ample assurance that we are on the right course. Indeed, it is a measure of the significance of the event that senior leaders from Government, bureaucracy and corporate sector attended.

Karnataka: Export Vision 2020 is yet another FIEO's initiative to identify areas to propel and accelerate growth at a much faster phase. FIEO is more than convinced that the FTP targets are not only achievable but can be exceeded if Indian exporters are provided with the minimum infrastructure and the bottlenecks are made a thing of the past.

The conclave was organized with the objective of discussion on the challenges ahead for realizing the desired 2020 targets, develop consensus within the State Governments to make exports a key focus and an important means of economic development, understanding the goals, bringing alignment in various Government Departments for combined efforts for promotion of industries and trade in Karnataka, and strategies for a long-term development plan for the State.

With the feedback from participants and stakeholders, FIEO will be able to draw up a roadmap to assist the state in coming up with a time-bound, result-oriented programme that will elevate the state as a role-model to all other states. FIEO will endeavour to organize similar events to spark more interest in other regions as well.

During April-January 2011-12, the country's export increased by 23.5% to \$242.8 billion. Imports grew by 29.4% to \$391.5 billion during the 10 months period. The trade deficit stood at \$148.7 billion for the period. This trade deficit may touch \$170 billion in view of crude prices moving northward and growing imports of gold and silver. I have been saying that the Central Government should look at ways and means for making exports competitive by reducing the cost of credit across the board for

export sector or providing interest subvention of over 3% to bring the export credit to close to 7%.

India is facing increasing pressure from the US and other Western countries to snap trade ties with Iran. However, we will have to weigh our options carefully as Iran is not just an important crude oil supplier but is also a prospective large export market.

In view of the importance of Iranian market for India, FIEO is leading a strong delegation of exporters to Iran from March 10 where it expects to boost opportunities. Iran is an emerging destination for Indian exports. During the last financial year, despite banking uncertainties, our exports went up by about 50 percent to touch \$2.71 billion.

Since food and pharma are non-sanctioned strengths while promoting business with Iran, our exporters from these sectors should take advantage of it. Once the rupee payment mechanism starts operations, we will be able to increase exports exponentially. We can easily increase exports to over \$5 billion by 2013-14. I hope the business delegation would be able to materialise new contracts during our visit.

Trade relations with yet another neighbouring country are on an upswing, following Commerce, Industry and Textile Minister Mr Anand Sharma's visit to Pakistan—a first by an Indian trade minister in 30 years.

Mr Sharma, along with businessmen and industry representatives, led the largest Indian trade delegation to Pakistan from February 11-15, 2012, during which he took part in a series of trade promotion events, including an India Show in Lahore.

An important outcome of the talks is that Pakistan has finally decided to give India most-favoured nation (MFN) status by December 2012. Pakistan will switch over to a negative list regime, which permits imports from India of all but about 650 items. This step will pave the way for Pakistan to import four-times many more items from India.

On a worrying note, the Prime Minister's Economic Advisory Council (PMEAC) headed by Dr C. Rangarajan has recommended diesel price deregulation. However, this is the wrong time to implement deregulation because currently there is little chance of cooling of crude prices in view of the political uncertainty in the Middle East. If prices are deregulated in such a scenario, it will push up inflation and add substantially to the cost burden of industry.

We have already suffered 13 policy hikes to curtail inflation which yielded no results except for killing growth with a decline in credit-offtake stalling expansion of industry and employment.



M. Rafeeqe Ahmed
PRESIDENT