



FEDERATION OF INDIAN EXPORT ORGANISATIONS

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

HEAD OFFICE

Niryat Bhawan
Rao Tula Ram Marg, Opp. Army Hospital R & R
New Delhi-110057
Phone: 011-26150101 - 04, 46042222
Fax: 011-26148194
E-mail: fieo@nda.vsnl.net.in; fieo@airtelmail.in
Website: www.fieo.org

REGIONAL OFFICES

Northern Region
Niryat Bhawan
Rao Tula Ram Marg, Opp. Army Hospital R & R
New Delhi-110057
Phone: 011-26150118, 46042222
Fax: 011-26148194
E-mail: fieo@nda.vsnl.net.in; fieonr@airtelmail.in

Kanpur Chapter

C/o Merchant Chamber of Uttar Pradesh
14/76, Civil Lines, Kanpur-208001
Ph: 0512-3014855, 09235401118
Telefax: 0512-3014824
E-mail: fieokanpur@yahoo.co.in;
fieokanpur@fieo.org

Western Region

Vinmar Hous, Plot No.A-41, Road No. 2,
MIDC, Andheri(East), Mumbai-400 093
Ph: 022-40572222,
Fax: 022-28392334
E-mail: fieowr@vsnl.com; fieowr@fieo.org

Ahmedabad Chapter

408/A, Akshar Complex, Shivranjani Cross
Road, Vastrapur, Ahmedabad - 380015
Ph: 09998063322 / 09974040606
Fax: 079-40050406
Email: fieoahd@fieo.org; fieoahd@airtelmail.in

Southern Region

Spencer Plaza, Unit No. 706, 7th Floor,
769, Anna Salai, Chennai-600 002
Ph: 044-28497766, 28497755, 27497777
Fax: 91-44-28496666
E-mail: fieosr@fieo.org; fieosouth@airtelmail.in

Karnataka Chapter

VITC Building, 1st Floor, Kasturba Road,
Bangalore-560001
Ph: 080-22864854; Fax: 91-80-22864855;
E-mail: fieobl@dataone.in

Andhra Pradesh Chapter

Shakar Bhawan, 5/10/174,
Fateh Maidan Road, Hyderabad-500 004
Ph: 040-23210380; Fax: 91-40-23210381
E-mail: fieoap@fieo.org

Eastern Region

Express Tower, 6th Floor,
42-A, Shakespeare sarani, Kolkata-700071
Ph: 033-40084890/99; Fax:33-22805781
E-mail: fieoer@airtelmail.in

Orissa Chapter

Ashoka Market Complex, Second Floor,
Station Square, Bhubaneswar-751 009,
Ph: 0674-2536674 Telefax: 674-2536675
E-mail: fieobbsr@fieo.org

Northeast Chapter

Upland Road, Laitumkhrach, Shillong 793003
Email: milanryan@gmail.com;
fieonortheast@fieo.org
Mob:0364-2504810

FROM THE PRESIDENT'S DESK ▶▶▶



My Dear fellow Exporters,

First of all, let me wish you and your families a happy new year and continued success in all your efforts. I also take this opportunity to express my sincere thanks for your support during my tenure as President in 2011.

It has been my privilege to serve this Federation as President for the fourth term, and it has been my constant effort to raise our share of global trade and ensure a hassle free business environment for our fellow exporters.

During my tenure I tried my best to take up issues of exporters – may be concerning direct taxation; indirect taxation; banking or infrastructural or trade policy related – with the Government at highest level, and I am happy to say that those were given due consideration and many of them were considered favourably. I convey my sincere thanks to the Government.

At the very start of the year, I announced that exports will cross \$225 billion in 2010-11 as against the Government's target of \$200 billion. The upward trend in exports will further be strengthened in the next few years and I told the media that Indian exports would reach \$500 billion by 2014-15 when the Commerce Ministry set a target of \$400 billion. Other issues highlighted were that the units exporting more than 75% of their production may be given income tax benefits; need of full convertibility of the Indian rupee which will help in curbing high volatility in the exchange rate.

On 11.1.11, I attended Pre-Budget Meeting called by the Finance Minister along with captains of trade and industry, where a number of issues affecting the export sector were raised, and a memorandum was also submitted. I brought to the notice of the Hon'ble Finance Minister various fiscal and non fiscal matters which are impinging on export competitiveness and need to be addressed to boost and facilitate exports.

The sharp fluctuation in the exchange rate has not really benefitted the export sector. On the contrary, cost of inputs, freight, fuel, have gone up with hike in import. The rupee depreciation might have helped a few exporters fetch better margin but it has not helped lift export volumes. The weak rupee on the other hand is hurting the manufacturing sector. This is also blunting the RBI's strategy to contain inflation. Competitive manufacturing is the key to export growth, Government should ensure that high volatility in exchange rate is curbed and rupee move freely within a narrow band.

With the rise in Interest Rates, I appealed to Finance Minister, Commerce Minister and Governor RBI to provide Interest Subvention of 2% to exporters. The same was agreed with retrospective date of 1.4.2011. DEPB Scheme was extended for another three months until 30th September, 2011 and the transition from DEPB to All Industry Rate of Duty Drawback has been smooth and painless. By and large exporters are happy with the New Duty Drawback Rates for 2011-12. Revenue Department and Commerce Ministry also announced substantial reforms and simplification in Fiscal Policy and Trade Policy to reduce transaction cost and hassles.

I argued against License and Quota System in various commodities like Cotton, Yarn and suggested to regulate the same either through export duty or minimum export price so that restriction is imposed in a simple and transparent manner. The non-availability of PCFC was a major complaint of the exporters. With high volatility in the exchange rate, banks were reluctant to offer the dollar denominated credit as the rate of interest was too

low. I agreed with the Reserve Bank of India to increase the interest rates by 1.5% but ensure enough PCFC to exporters.

Meanwhile, I appeal to the RBI to follow the trend being practiced by central banks around the world and reverse the tight monetary policy. Brazil's monetary authority reduced its benchmark interest rate by half a percentage point to 11%, the third consecutive cut since August when the rate was 12.5%. The Australian central bank, too, cut interest rates by a quarter percentage point to 4.25%, its second cut in two months. In view of this I again appeal to RBI to reduce interest rates for the MSME export sector to 7%; bringing the sector under the priority window, besides arranging for a pool of low cost foreign currency loan to enable exports from the sector.

On the Doha Development Agenda, Mr Anand Sharma, Commerce, Industry and Textiles Minister, has continued his intensive consultations, both with developing and developed countries, to evolve a common position. He has stated that India views WTO as an institution which ensures a level playing field in global trade flows and creates a paradigm of equitable and inclusive growth. While speaking at the meeting of the G33 countries (a coalition of agricultural economies, coordinated by Indonesia) he urged for ushering in much delayed changes in the current agricultural trading regime which negatively impact the livelihood concerns of billions of subsistence farmers in the developing world.

Mr Sharma articulated India's strong commitment to the issues affecting the least developed countries, and the small and vulnerable economies, that have hitherto remained marginalized from the global trading regime. Minister Sharma was of the view that the smaller and poorer nations cannot be left behind and thus it was incumbent upon all member states to accord highest priority to the concerns of the least developed countries.

It is a matter of great pride for all of us that despite the difficult economic situation in our traditional markets, the country's exports registered a robust annual growth of 37.5 per cent to \$245.9 billion in 2010-11 while the trade deficit fell to \$104.8 billion, further corroborating the forecast made by FIEO. This may not have yielded the desired results had it not been exporters entrepreneur skill coupled with risk taking capability. It was also India's economic integration with the rest of the world that has resulted in such exponential growth in exports. I compliment my exporter colleagues and thank the Government's diversification strategy supported by regional trading agreements. The high growth achieved in 2010-11 prompted the Government to revise the target for 2013-14 from \$450 billion to \$500 billion.

However, looking at the emerging challenges at the global level coupled with constraints of domestic economy achieving compound annual growth rate of 26.7% to achieve \$312 billion by 2011-12 is not an easy task particularly when the sword of Damocles is hanging on exporters' head. The decline in exports in October 2011, with the surge in imports is in contrast to the figure in the last month, adding that this is the prime reason for growth in the trade deficit which has reached \$93.7 billion and may cross \$150 billion for the current fiscal. My forecast that exports will dip in the third and fourth quarters, and may touch \$280 billion by the end of this fiscal is becoming true. I therefore urge the Government to reduce the cost of credit for industry in general and exporters in particular so that competitive rates may push exports.

FIEO continues to help Indian exporters forge links with their overseas counterparts by leading business delegations and by organizing/participating in overseas exhibitions to virtually all parts of the world, and also in highlighting exporters' concerns before the concerned authorities through many of its flagship events.

I am confident that our Minister of Commerce & Industry and Textiles and Minister of State for Commerce will lend all support by taking up the cause of our member exporters with the Finance Minister and Prime Minister so we can increase our export growth.

I also record my thanks to all Members of Managing Committee, Exporters and staff of FIEO for their all out support.

While I am relinquishing my charge as President ,FIEO ,I am always available to support the cause of exports for which I am un- relentlessly working for over four decades and which is closest to my heart.

I wish my successor all the best and hope he follows in my footstep to take the organisation to higher glory.



Ramu S. Deora
PRESIDENT