



INDEE-INDONESIA, 2009

Press Meet by Chairman, EEPC India, Mr. Aman Chadha

Jakarta, Indonesia- November 30, 2009 at 11.00 hrs

Good Morning, Ladies and Gentlemen,

It is, indeed, my proud privilege to welcome you to the Press Meet on behalf of EEPC India. Let me begin by giving you a brief introduction of our organization. EEPC India is the largest trade and investment promotion organization under the Indian Ministry of Commerce and Industry catering to primarily to the engineering industry.

Let me begin by sharing with you some thoughts on the Indian economy. The Indian economy has been witnessing a phenomenal growth since the last decade. The country is still holding its ground in the midst of the current global financial crisis. The growth in real Gross Domestic Product (GDP) at factor cost stood at 6.7 per cent in 2008-09. While the sector-wise growth of GDP in agriculture, forestry and fishing was at 1.6 per cent in 2008-09, industry witnessed growth to 3.9 per cent of the GDP in 2008-09. Further, the World Bank has projected an 8 per cent growth for India in 2010, which will make it the fastest-growing economy for the first time; overtaking China's expected 7.7 per cent growth.

A number of leading indicators, such as increase in hiring, freight movement at major ports and encouraging data from a number of key manufacturing segments, such as steel and cement, indicate that the downturn has bottomed out and highlight the Indian economy's resilience. Recent indicators from leading indices, such as Nomura's Composite Leading Index (CLI), UBS' Lead Economic Indicator (LEI) and ABN Amro' Purchasing Managers' Index (PMI), too bear out this optimism in the Indian economy.

Industrial output as measured by the index of industrial production (IIP) clocked an annual growth rate of 6.8 per cent in July 2009, according to the Central Statistical Organisation. Significantly, among the major economies in the Asia-Pacific region, India's private domestic consumption as share of GDP, at 57 per cent in 2008, was the highest, according to an analysis by the McKinsey Global Institute. Meanwhile, foreign institutional investors (FIIs) turned net buyers in the Indian market in 2009. FIIs inflows into the Indian equity markets have touched US\$ 10 billion in the April to September period of 2009-10.

Foreign direct investments (FDI) into India went up from US\$ 25.1 billion in 2007 to US\$ 46.5 billion in 2008, achieving a 85.1 per cent growth in FDI flows, the highest across countries, according to a recent study by the United Nations Conference on Trade & Development (UNCTAD). According to the Asian Development Bank's (ADB) 'Asia Capital Markets Monitor' report, the Indian equity market has emerged as the third biggest after China and Hong Kong in the emerging Asian region, with a market capitalization of nearly US\$ 600 billion.

Coming now to the engineering sector to which I belong. India's engineering industry is an extremely diverse industry accounting for about 12% of our GDP and employs nearly 29% of total employment of our organized sector. With regard to the foreign trade sector, engineering exports accounts for 21.8% of India's total exports while engineering imports account for 20.5% of India's total imports. Further, it accounts for 29.9 per cent share of total investment and 62.8 per cent share in foreign collaborations.

Thus, India has a well-developed and diversified industrial machinery/ capital base capable of manufacturing the entire range of industrial machinery. The industry has also managed to successfully develop advanced manufacturing technology over the years. Among the developing countries, India is a major exporter of heavy and light engineering goods, producing a wide range of items. The bulk of capital goods required for power projects, fertilizer, cement, steel and petrochemical plants and mining equipment are made in India. The country also makes construction machinery,

equipment for irrigation projects, diesel engines, tractors, transport vehicles, cotton textile and sugar mill machinery.

Ladies and Gentlemen, it is this diversity of our engineering that we wish to bring before your engineering industry at INDEE, Indonesia 2009. INDEE, which is an acronym for Indian Engineering Industry is a trademark EEPC India exhibition that we hold in different parts of the world. INDEE Indonesia 2009 will our 22nd such exhibition around the world and the second such exhibition in Indonesia in recent times. We come to Indonesia after four years. In March, 2005, we organized this trademark exhibition, and it was then called “Indiatech” at the Balai Sidang Jakarta Convention Centre in this city. That exhibition was in many ways an eye opener as it provided an opportunity for engineering companies among our countries to share our experiences and co-operate in order to enhance bilateral trade and investment. This is also borne by the subsequent bilateral trade in engineering goods between our two countries. For instance, engineering exports from India to Indonesia increased from US\$ 279.68 million in 2004-05 to US\$ 554.3 million in 2008-09, while engineering imports from Indonesia increased from US\$ 102.5 million in 2004-05 to US\$ 200 million in 2008-09.

We have deliberately chosen to organize INDEE Indonesia 2009 in association with Manufacturing Indonesia 2009, which is the most important show for manufacturing, machinery, equipment, materials and services. Further, India is a Partner Country at the prestigious show with support from the Indonesian Chamber of Commerce and Industry (KADIN); Department of Industry, Republic of Indonesia; ASIMPI, the Indonesian Machine Tool Industries Association; ASPEP- Association of Metalwork and Machinery and similar other industry associations.

As all of you are aware, India and ASEAN have signed a Free Trade Agreement, which will become operation from January 1, 2010. Thus, the timing of this exhibition is extremely apt and we hope that our businesses will be able to take the benefit of the FTA.

At INDEE Indonesia 2009, we have 125 Indian engineering companies participating with us, mostly belonging to the dynamic small and medium scale sector of our country. As

you will see at the exhibition, practically all the companies that we have brought here belong mostly to the small and medium scale sector. These companies are in the global trading arena some years now and have benefitted immensely from the trade liberalization that Indian began in 1991. The critical feature of our exhibition is the general high level of technical excellence of our companies and their keenness to build a long term future with engineering industry of this region.

As partners of our bilateral relation I also seek your support in covering our exhibition and would request to project the dynamic possibilities that exist in partnering with our companies.

With these preliminary words, may I end here by requesting you all to come and visit INDEE Indonesia 2009 on December 2nd?

Thank you.

