



## EEPC ALL INDIA AWARD EXPORT EXCELLENCE AWARD 2006-07

### WELCOME ADDRESS BY SHRI RAKESH SHAH, CHAIRMAN, EEPC

It is my privilege to welcome Padma Vibhushan Shri Pranab Mukherjee at the Council's All India Export Excellence Award Presentation Ceremony for 2006-07. A special welcome to Shri Rajiv Kher our Joint Secretary in Ministry of Commerce and to our Former Chairman Shri G.D.Shah. A warm welcome to fellow members, dignitaries and members of the media.

Pranab Babu is a legend in his lifetime. Shri Rasheed Kidwai, the biographer of Shrimati Sonia Gandhi, says and I quote

*"Congress leaders regard Pranab Mukherjee as a living encyclopedia. He is an authority on all subjects from food processing to culture to diplomacy to social policies."* Unquote.

Indeed, on this occasion, the Council is honored to have in its midst a leader of the stature of Shri Pranab Mukherjee to present the Export Excellence Award to our members.

The month of August is replete with historical significance. For us, however, August represents the very essence of "Independent India". On August 8, 1942, the **Quit India Resolution** was passed at the Bombay session of the All India Congress Committee (AICC). Less than twenty four hours later on this day, in 1942, almost the entire Congress leadership, was put into confinement.

The 66 years of *Bharat Chhodo Andolan* and 61<sup>st</sup> first year of independence has another resonance for us in this premises. Six decades ago, the National Library was moved from Esplanade to this Belvedere Estate this month. In two days time, this country will pay tribute to the 100 years of martyrdom of Khudiram Bose. We should not forget Prafulla Chaki though, who took his life to evade arrest.

How would the revolutionaries have looked at India of today? If one compares the data from pre-independence India with the post-1947 data, it is clear that independence has been good for India. Despite Britain's declaration to educate the Indians, India's literacy in 1951 was a mere 17 per cent. In the next 10 years, it doubled. Thereafter the rise would reach a level of 65 per cent as at present.

The same is true for per capita income. From 1900 to 1947, India's national income grew at slightly less than 1 per cent per annum. Thereafter, it grew by 3.5 per cent through the 1950s and 1960s, to suddenly pick up in the late 1970s. From 1993 the economy was growing even faster. And over the last four years, the growth has been an astonishing 9 per cent.

Sir, on the occasion of celebrating the achievements of India's entire engineering community, I would, however, take the opportunity of your presence to raise before you certain issues on why the Indian economy still remains in a perpetual state of "present continuous" and despite much progress is yet to achieve its full potential. I wonder how long will India *continue to arrive in some distant future*; when will it emerge as a major power?

The World Bank's cross-country data on doing business in different nations for 2006 is a good example for me to clarify. Consider starting a new enterprise. To get all the requisite clearance will take five days in the US, six days in Singapore, 48 days in China and 71 days in India. To enforce a contract takes 69 days in Singapore, 241 days in China and 425 days in India.

Even if you can start a business and have contracts enforced, the real catch is in closing a business. The time taken to close an insolvent business is nine months in Singapore, two years in the US, 2.4 years in China and an epic 10 years in India. Sir, to improve requires changes not only in the law but also changes in institutions and the culture of governance, which essentially means changing mindsets.

As members of the exporting fraternity, particularly, in the SME sector, our interface is the most with the lower and middle level bureaucracy. This is where the transaction cost for the exporter is the most. Rules are framed by the Government with certain objectives in mind. The implementation by the bureaucracy at the lower levels, especially at the revenue end of the spectrum could make a good story teller win the *Bookers Prize!*

It would be a remiss on my part to say that things have not improved. They certainly have. But the dynamics of global business requires that our systems keep pace with world wide trends. The legendary US Supreme Court Justice Louis D. Brandeis once wrote that

*“Sunlight is the best of disinfectants.”*

Hon’ble Minister Sir, the Right to Information Act is a powerful ray of light that the UPA Government has empowered the people of India with. This ray of hope needs to be spread to other areas of governance to ensure greater accountability and efficiency.

Moreover, the dynamism of the Indian SMEs needs to be harnessed or otherwise we might soon find SMEs becoming a colonial relic. It is important to create conditions that enhance competition. So while the Competition Commission of India needs to have the necessary powers to investigate market failures, we also need a National Shipping Regulator to ensure that shipping liners are not a law unto themselves.

The SMEs belonging to the manufacturing segment of the Indian industry have faced the brunt of the counter-cyclical measures. SME exporters have been hit hard due to an appreciating Rupee last year and the sharp escalation in raw materials prices, high freight costs and now the monetary squeeze as a means to control prices. Steel prices have shot over 35% over a period of 11 months, while pig iron prices have increased by 40% in the last 10 months. The Government imposed export duty on certain steel items but while this has not stopped exports, availability of steel is turning out to be a major problem.

**Further, some of the export benefits that were introduced by the Government last year such as the Interest Subvention Scheme and the interest on EEFC accounts will now be rolled back, despite commitments to the contrary.**

Sir, in 1981, as India's Commerce Minister, and when my respected father had the honour of being EEPC Chairman, Sir, you had rescued the SME engineering sector by formulating the IPRS. It was on the back of IPRS that India's engineering exports developed the robustness that we are today so proud of, since it enabled Indian engineering companies to compete on a level playing field. I do realize that the WTO is a spoiler when it comes to such progressive measures. But, Sir, since you are at the helm of the maximum number of Inter-Ministerial Committee, I would request your intervention to kindly ensure that there is greater co-ordination between the economic ministries. Also when we export, we should export goods, not taxes.

India's engineering exports in 2006-07 was USD 26.49 billion growing by over 35%. Engineering exports contributed to around 21% of India's total exports and was the largest foreign exchange earner. Today's Award Winners are primarily responsible for this achievement. I must also acknowledge the contributions of those exporters who have not been selected this year. Their contribution in surpassing the export target in 2006-07 is no less.

From the USD 26 billion in 2006-07, engineering exports reached USD 33 billion in 2007-08, despite the problems on account of Rupee appreciation. In our view, however, this is more a reflection of the price factor and volume growth has been in the range of 7-8 percent only last year. The current year has seen the Rupee moving the other way and engineering exports grew by Engineering Exports grew by 23.98% in dollar terms to USD 8.7 billion in the first quarter of the current fiscal year over USD 7.04 billion in the same period in 2007-08.

The present conditions are fraught with diverse challenges. In order to meet these challenges that Council has been upgrading its level of interface with its members. Moreover, moving with the times, the Engineering Export Promotion Council has

rechristened its name to **EEPC India** and will have a new logo. Today, the new EEPC India logo will be launched by Shri Pranab Babu. EEPC India will now operate on a wider canvass and emerge as a Trade & Investment Promotion Council dedicated to the service of the Indian engineering industry.

Sir, it is said that time and tide wait for none. Today, India is on the threshold of greatness that is justifiably ours. We must not and cannot fail the test of time. For destiny is not a matter of chance. It is a matter of choice. It is not a thing to be waited for. Indeed, it is a thing to be achieved.

With these words, may I all welcome you all, once again, and thank Hon'ble Shri Pranab Mukherjee for his distinguished presence with us on this happy occasion.

Thank you.

