



**EEPC Northern Region Export Excellence Award
June 14, 2008**

Address by EEPC Chairman, Shri Rakesh Shah

It is with immense pride to welcome you all to the Export Excellence Award Ceremony of the Northern Region of the Council for 2005-06. Let me take this opportunity to thank the Regional Chairman of EEPC, Shri Ralhan for inviting me to this event.

May I also take the opportunity to join our Regional Chairman in welcoming Shri Manoranjan Kalia, the Hon'ble Minister of Industries & Commerce, Government of Punjab. Sir, we are, indeed, grateful for your gracious presence in our midst this evening and I do believe that our members are keen to listen to your words of wisdom and receive the Award from you.

A hearty welcome to Shri Harish Rai Dhanda, Chief Parliamentary Secretary, Government of Punjab and Shri V K Janjua, Secretary & Director, Industries & Commerce, Government of Punjab for their distinguished presence this evening. We are, indeed, thankful for your support to the Council and your presence today is an immense source of encouragement for all our members.

A warm welcome to Shri S K Dhanda, who is a former Chairman of EEPC and has recently been appointed as the Vice Chairman of Medium Industries Development Board of Punjab. This is, indeed, a prestigious position and my congratulations to Shri Dhanda for this commendable achievement.

Friends, as Chairman of EEPC, this is my first visit to Ludhiana, even though I am in close touch with many of the distinguished member exporters from this city and the State of Punjab. In the year 2005-06, for which the Excellence Award will

be conferred today, the Northern Region of the country had a share of 27% of India's total engineering exports, which is about half a percentage lower than what was achieved in 2006-07 and nearly 1 to 1.5 per cent higher than either in 2004-05 or in 2007-08. Today's ceremony is a small effort by EEPC to recognize the contribution made by our members of this region.

Ladies and Gentlemen, I swell in pride when I see our member exporters receiving the Awards. At the same time, my best wishes are always with those of our gallant members who missed the Award for that particular year. Their contribution in the national export effort is no less and needs to be recognized all around. Today's occasion is no different. Those of my fellow members, who have missed the Award this year, should not feel disheartened, for all of you have set an example that is worth emulating.

As the great hero of American liberty, William Penn, so famously said and I quote ***“to have striven, to have made the effort, to have been true to certain ideals, this alone is worth the struggle”***.

Unquote.

Friends, since the beginning of the last fiscal year, April 2007, exporters are in the midst of a process of continuous struggle. It seems that the world at large is upset with the progress made by the Indian engineering exporting community, especially those belonging to the small and medium scale sector. Regional Chairman, Shri S C Ralhan has competently addressed some of these issues that require no further elaboration. The only comment I would make is that a combination of rupee appreciation, sharp escalation in engineering raw materials prices and hikes in overseas freight costs that began last year, continue to plague us this year. Yes, it is true that the exchange rate has reversed since April 2008, but this has now created another set of problems given that many exporters have hedged at rates which are much less than the depreciation in the Rupee.

The point that I would like to draw your attention to, is how quickly the Council responded to the problems of our members during these trying times. Your Council was the first organization which made in depth presentation to the Ministry of Commerce & Industry on the issues affecting our member exporters. Not only did we bring the problems to the notice of our policy makers, we also presented a whole range of options that could be used by the Government to provide relief to the exporters. We were then joined by other trade bodies and chambers of commerce and through our joint efforts, a series of steps were taken by the Government to reduce the excessive negative forces operating on the exporting community. These measures, included, among others, enhancement of DEPB and Duty Drawback benefits, introduction of an interest subvention scheme for packing credit, allowance of interest being paid on short term deposits in EEFC accounts, imposition of export duty on certain iron & steel products and more importantly, refunding of service tax at the post production exports stage.

Today, 16 services are covered under the refund scheme, though the Council is requesting the Government to replace it with an exemption scheme as that would reduce transaction costs for the exporting community. Similarly, to ensure that engineering raw materials are available at competitive prices, the Council is currently engaged in the process of preparing a policy paper on a National Raw Materials Policy for the Small and Medium Scale sector.

The State of Punjab has emerged as one of the most vibrant regions of our country. The Green Revolution “revolutionized” Punjab and led to India’s self-sufficiency in food grains till recent times. What is, however, less publicized is the State’s contribution in the engineering sector, especially in those sectors which are extremely employment intensive. Critical engineering sectors such as hand tools, bicycle and parts, sewing machines, machine tools, pipes, medical instruments, and tractors have thrived in this state and created a brand image in over sixty countries around the world. It is estimated that nearly 70% India’s total production of these items is from this State.

It is these very sectors, which took a severe hit as the domestic economic environment turned adverse last fiscal. Some of the problems faced by these segments of industry require not only short term hand holding, but also certain export promotional benefits for them to bounce back in the global arena, particularly, at a time when their competitors from countries like China benefit from a large number of support measures from their Governments. Accordingly, the Council made a series of representation on the different segments of the engineering industry in Punjab, which are extremely employment intensive, such as hand tools, bicycle and parts, etc on which there is a dire need to introduce policy support measures to enable our exporters to meet the challenges emerging from their Chinese counterparts.

The Government responded partially to our request and today, Hand Tools exports from India has been included in the list of Focus Products and I do hope that similar benefits will also accrue to the bicycle and parts industry in the days ahead.

I do believe that it is about time that Exporters are given the recognition that is their due. We have seen in recent times that domestic manufacturing and exports are not receiving the kind of attention of our policy makers and more effort is spent on attracting speculative global capital. This cannot be a sustainable policy since real foreign exchange earnings, which will bring considerable economic clout for the country, is possible only through exports and certainly not via fund managers investing in Indian stock markets as and when it pleases them!

EEPC has always had a core objective: to serve its members to the best of its ability. In this endeavor we have received remarkable support, advice and constructive criticism from our members. In order to meet the challenges of our times, we are increasingly responding to the needs of our members practically with a zero lead time. We have upgraded our information disseminating services and are today providing value added services to our members on-line. We are venturing into newer areas to enable our members' access valuable trade and policy information as well as trying to provide them opportunities to meet global buyers, suppliers, technology providers both in the real and virtual arena!

We organize and participate in general as well as specific engineering exhibitions both in India and abroad that enable our members to market their products worldwide.

In this regard, the Indian Engineering Exhibition or the Council's trademark "INDEE" Exhibition that were held in Johannesburg in October 2007 and in St. Petersburg in March 2008 were resounding success for our members and we hope to repeat such spectacular shows this year with two INDEE's: in Malaysia in September and in Shanghai, China in the month of November. I do hope that our members from the Northern Region will join us in making these two events a grand success.

I must also mention two other aspects of the Council's work. The first is our website, which we are continuously improving and updating to enable our members to access more timely information. Using information technology for the benefit of our members is a special initiative and we hope to continue to upgrade our services in the near future.

The second is our much improved monthly magazine, *Indian Engineering Exports* or *ie2* which now contains a wealth of information for our members. I do hope that all of you are benefiting from these activities of the Council.

Engineering exports in 2007-08 was to the tune of USD 31 billion which was 20% of India's total exports. This makes engineering the largest contributor to the foreign exchange basket of the country. We are also moving in the services sector through the Engineering Process Outsourcing (EPO) route. This is a fast growing segment of the Indian engineering industry and it is estimated that the Indian EPO market has the potential to assume a size of USD 25 billion to USD 30 billion by the year 2015

Sir, Punjab has much going for it despite the problems that both Shri Ralhan and I have enumerated. What is, however, clear is that while foreign trade policy is primarily in the domain of the Central Government, the exporter essentially works in an environment that is largely influenced by State Government policies. This is one area where the Council feels is not being done enough by the various State Governments.

VAT refund for exporters continues to be a problem area in many States. Fortunately, Punjab is one of the few States, where VAT refund is not a problem and where exporters are requesting for an exemption system. I lend my support to this demand and if Punjab can show the way, it will be possible for exporters in other States to request their Governments to emulate the Punjab model.

Way back in 1955, when EEPC was born, India's engineering exports were a mere USD 10 million. In a little over 50 years, our exports have jumped over 3000 times. This is no mean achievement and the contribution of our members from the Northern Region including Punjab in this remarkable feat is virtually impossible to describe in mere words. There is, however, no room for complacency and we should continuously over-reach ourselves to ensure that our products become the epithet for quality, excellence and an incredible India!

At a time when Euro 2008 has captured our imagination, one is reminded of the famous words of Michael Jordon,

“talent wins games, but teamwork and intelligence wins championships”.

EEPC believes in creating champions and today we acknowledge the hard work of our Champions for the year 2005-06.

Thank you.