President’s Message

Friends, I welcome all of you to this 55th Annual General Meeting of the Federation and thank you for your continued trust, confidence and support. I would like to thank and compliment the exporters’ fraternity for continuing with their business in this difficult time of Covid-19. The Covid-19 has affected global trade very badly and most of the emerging economies are struggling to boost their economy as well as exports. The Covid-19 has taught us a lesson that time has now come to be self-reliant and start focussing on Make in India to ensure reliability of supply chain.

Friends, due to Covid-19, most of us have felt a strong sense of disruption in our work and social lives. The world is collectively trying to understand what will happen next? Due to the disruption caused by Covid-19, we have already experienced more digital transformation in the last few months than we have seen in the last many years. While many businesses are suffering from closures and quarantines, some segments of our economy are actually innovating and are growing. These areas include telecom, Internet, supply chains, pharmaceuticals, and healthcare to name a few. We can see that the world’s requirement for digital technology and digital transformation is only accelerating. We hope our exports will also grow in months to come.

Friends, I have great pleasure to share with you an update on the overall performance of this premier institution for the year 2019-20. We are happy to see the remarkable work done by the employees for uplifting the image of this prestigious organization under able guidance of the DG & CEO Dr Ajay Sahai. I assure you that this momentum will continue to add further glitter to the gold. However, Covid-19 pandemic may temporarily hit the Federation financially, which is spreading by leaps and bounds. But FIEO is having deep relationships with its members and well poised to take the lead in providing best services to members to help them to recover and rebound on to their growth and transformation journey. I, on my own and on behalf of the members of the Managing Committee, would like to compliment the employees of the Federation and would expect that they will continue to extend their best services to the exporting community in their efforts to increase exports.

The goods exports in the financial year 2019-20 showed a little decline of 4.78% to US$ 314 billion as compared to last fiscal of US$ 331 billion. The spread of Covid-19 across the globe has not only pulled down the world sentiment to its lowest but has also affected the global supply chain and brought economies in recessionary conditions. Global economies are facing the worst crisis since the global depression of the 1930s. The nominal negative growth is on the expected lines as exporters were not able to export during the 2nd half of March due to lockdown besides cancellations and delay of shipments. 29 out of the 30 major product groups were in negative territory during March 2020 except for iron-ore. Similar trend was also observed in the annual figures of 30 major product groups, where 22 out of the 30 major product groups
were in the negative territory. However, imports of USD 31.16 billion with a very high double digits decline of 28.72 percent during the month of March, 2020 and an annual dip of 9.12 percent has come as relief both on the trade balance and current account deficit front. With crude prices moving southwards more comfort is expected in imports during next few months.

Friends, the new scheme of Remission of Duties or Taxes on Export Products (RoDTEP) will completely replace the MEIS with the expectation that it will more or less adequately incentivize the exporters than the existing schemes. The new scheme looks attractive as it will neutralize all duties and levies suffered by the export products. Further, fully electronic refund module for quick and automated refund of ITC will also help the exporting community in speedy and timely refund of GST thereby mitigate working capital requirements. The announcement on the revised Priority Sector Lending norms for export credit to release an additional Rs.36,000 crore to Rs.68,000 crore along with an active monitoring by an inter-ministerial working group, in the Department of Commerce, using dashboard will also help in keeping track of the overall export financing for the sector. The reducing turnaround time at ports and airports through the digitization process has further saved transaction cost and time. Online System for exporters to obtain Certificates of Origin has further expected to improve ease of doing business.

A delegation led by my predecessor including DG & CEO, Regional Chairman (WR) and other leading exporters from Madhya Pradesh met the Hon’ble Chief Minister Mr Kamal Nath in Bhopal on 4th April, 2019 and discussed with him various issues related to exports from the state. We also shared with him the feedback received from exporters of the State during an exporters’ meet held a day before at Indore.

Friends, the Federation, in a bid to further boost exports to Latin American Countries and project India, as a fast emerging economy in Asia and an attractive source of high-end manufactured goods, organized the participation of Indian companies in 25th International Construction and Architecture Trade Show (Feicon Batimat) held at Sao Paulo in Brazil from April 9-12, 2019. The Indian Pavilion was inaugurated by Mr Anil Kumar Chaudhary, Acting Consul General, Consulate General of India, Sao Paulo.

After my taking over as the President of the Federation, I along with DG & CEO, few members of the board and top exporters held a series of meetings with former Union Commerce & Industry Minister, Ministers of State for Commerce & Industry, Revenue Secretary, Commerce Secretary, DPIIT Secretary, CEO of Niti Aayog and Chairman, CBIC and discussed important issues and challenges related to exports and suggested them measures to boost exports.

Friends, an interactive session was held on formulating the New Foreign Trade Policy with Mr Alok Chaturvedi, DGFT and Secretary to the Government of India at Mumbai on July 26, 2019 with about 200 leading exporters. FIEO suggested that the New FTP should be comprehensive and include all the aspects of exports and very clearly specify the timeframe in which any permits, incentives or refunds due to the exporters would be granted. The need to strengthen our manufacturing base to produce export competitive products was also stressed upon.

Bharat Ratna Dr Pranab Mukherjee, Hon’ble Former President of India attended the FIEO (Eastern Region) Export Excellence Award function held at Kolkata as the Chief Guest and gave away the awards to all outstanding performers and stakeholders in the field of exports. Speaking at the award function, Dr Mukherji said that trade war between the two economic giants USA and China does give India a favourable situation
to increase its export growth, but any sustainable increase would come from the inherent strength of the economy and not from external factors.

Sensing the opportunity to gain from the US-China trade war, the Ministry of Commerce and Industry organised a meeting in association with FIEO with the stakeholders at New Delhi. The meeting was aimed at devising strategy and drawing sectoral plans to increase India’s market share in the two countries. Responding to the observations made by the stakeholders, Mr Piyush Goyal, Hon’ble Commerce & Industry Minister said that the government is ready to provide necessary facilitation to exporters and manufacturers but the days of subsidies are getting over. He informed that MEIS would be withdrawn and replaced by a WTO compatible Scheme like RoSCTL which is already operational for apparel and made ups.

Friends, FIEO welcomed the much-needed booster for the exports sector announced by the Hon’ble Union Finance Minister, Ms Nirmala Sitharaman. Slew of new measures announced for the exports sector were in the form of incentives and expeditious refund of taxes, easy export finance, export facilitation, specific support for engineering and handicrafts, etc. The steep reduction in the Corporate Tax Rate to 22% for domestic companies and 15% for new companies aimed to attract the much needed investment both through the FDI route and from the domestic sources.

The Hon’ble Union Minister for Commerce and Industry, Mr Piyush Goyal chaired a meeting of the Board of Trade (BoT) and held a day-long deliberation on September 12, 2019, with the industry and agriculture ministers and officials of various States, FIEO, industry representatives, Export Promotion Councils and officers of the economic and infrastructure ministries of the central government for identifying and addressing issues aimed at boosting exports and improving competitiveness of domestic manufacturing. I and our DG & CEO represented FIEO at the meeting. During my intervention at the meeting, I raised issues related to transparency in categorizing ‘risky’ exporters by Customs, Online ITC refund, declining export credit, requirement of collaterals and inverted duty structure. A special presentation on augmenting exports amidst rising global challenges was also made by the DG & CEO who depicted the global trade and economic scenario besides highlighting issues of credit, indirect & direct taxes, promoting manufacturing, diversification strategy, untapped export potential, foreign trade policy and services strategy.

An Interactive Session of Indian exporters with the representative of Japan India Industry Promotion Association (JIIPA), Japan External Trade Organisation (JETRO) and leading Japanese companies based in India was organised at New Delhi on October 18, 2019 to provide further fillip to India-Japan trade. During the session, an online platform on India-Japan Business Group was launched to promote interaction between business communities of both the countries. After the session, FIEO signed an MoU with JIIPA paving the way for greater cooperation and interaction between the two premier institutions.

FIEO facilitated the country’s participation in 2nd China International Import Expo (CIIE) as the chief architect of Indian pavilion in Shanghai with the support from the Ministry of Commerce & Industry, Embassy in Beijing and Consulate General office in Shanghai. Other associates supporting FIEO’s initiative were Ministry of Tourism, APEDA, MPEDA, Spices Board, SEPC, Pharmexcil, Chemexcil, Gems & Jewellery EPC, Invest India, ICC and State of Karnataka. Invited as one of the Guest of Honour countries at the expo, India made a strong pitch for export of its pharma, IT and agricultural products, among others. Indian business delegation was headed by the Commerce Secretary Dr Anup Wadhawan who was accompanied by other senior government officials from the Ministry of Commerce. CIIE was inaugurated by the Chinese President Mr Xi Jinping. On his visit to India pavilion, I greeted him and presented a copy of ‘FIEO News’ magazine carrying his photograph.
with our Prime Minister Mr Narendra Modi on the cover. I also took him around India pavilion and during my brief interaction shared a few words on how the two countries can take bilateral trade to USD 100 billion. I also presented him with a replica of the Statue of Unity. President Xi was quite impressed and left the pavilion after a warm handshake with me.

Friends, the Federation, in its continued endeavor to promote trade and commerce, especially exports from the country, also organized the participation of Indian companies in 11th International Apparel and Textile Fair (IATF) 2019, Dubai; Canton Fair 2019 (Phase-III), Guangzhou, China; Toyama General Manufacturing Industry Trade Fair 2019, Toyama, Japan; 2nd India Medical Tourism Destination Exhibition Conference (IMTD), Addis Ababa, Ethiopia; 5th edition of Intex South Asia, Colombo, Sri Lanka and a Business Delegation to Jeddah, Riyadh and Dammam in Saudi Arabia.

FIEO organised the 2nd LOGIX INDIA 2019, the Mega Logistics meet in New Delhi in December, 2019. It was concluded with yet another great fan following and roaring success, offering huge opportunities for both Indian and Global players. The 3-day mega event saw well over 3500 business to business meetings along with parallel sessions on different issues, challenges and above all opportunities with regard to the logistics sector across India and the world. More than 120 logistics companies and their delegates from 26 countries participated at this mega event and exchanged business prospects and opportunities to make Indian logistics sector global. Besides these, FIEO also signed MoUs with CAMFA, Cambodia and NAFL, UAE to further promote commerce and trade. FIEO has made all efforts to create an efficient logistics eco-system for India. LOGIX INDIA has enabled effective international trade logistics and helped to provide efficient and cost-effective flow of goods on which other commercial sectors depend upon. The 3rd Logix India 2020 was also launched during the concluding session which will also be held in December, 2020.

In Pre-Budget consultation of the Hon’ble Finance Minister Ms Nirmala Sitharaman with the leaders of the trade, industry and service sectors of the economy on December 17, 2019 at New Delhi. FIEO suggested a list of 10 things to do for putting exports once again on high growth trajectory which included formulating double tax deduction scheme for MSMEs, creating export development fund, capacity building in healthcare, focusing transport services, providing GST refund against sale to foreign tourists, ensuring ease of investment, providing tax deductions on product development and R&D, propelling industrial production, giving inland freight subsidy to exporters from the landlocked states, and reducing income tax for non-corporate business entities.

In a five-hour marathon meeting held at New Delhi, the Hon’ble Commerce and Industry Minister, Mr Piyush Goyal sought inputs from the representatives of FIEO, EPCs and Commodity Boards for the upcoming Foreign Trade Policy and their views on steps that may be taken to boost India’s exports. The meeting was also attended by Hon’ble Minister of State for Commerce & Industry Mr Som Parkash and Commerce Secretary Dr Anup Wadhwani, besides a host of other senior government officials. FIEO suggested that the New FTP should take into account the profile of our exports as well as global import trends as there is a need to increase India’s share in high technology exports, sooner than later.

The Union Budget and the Economic Survey have laid down a roadmap for bringing back India’s exports on a high growth trajectory. Structural changes envisaged in agriculture, horticulture and pisciculture, through 16 Action Points, will make India a major player in the global trade in agriculture and allied sectors. The focus on standards and quality will facilitate exports of quality products from India fetching better unit value realisation and enabling Indian manufacturers to meet the technical standards to overcome barriers erected
by many of our trading partners while also stemming cheap quality imports to protect domestic industry. Announcement on ‘one-district one-product’ scheme can be a game-changer for exports. Also, the new scheme for electronic sectors, including mobile, semiconductors and electronic equipment will pave the way for increasing export of electronic products from the country, particularly mobile devices in which substantial domestic capabilities have already been created. With the scheme, India can tap large markets of mobile handsets in the Middle-East, South Asia and Africa. Further, the NIRVIK scheme will ease the lending process and enhance availability of credit to exporters. Besides, various initiatives to improve infrastructure, including the proposed announcement of the New Logistics Policy, will help exports as infrastructure bottlenecks affect the supply side.

FIEO organised an Interactive Session with H E Dr Mohammad Javad Zarif, Hon’ble Minister of Foreign Affairs of the Republic of Iran, on ‘India-Iran Trade’ in Mumbai on January 16, 2020. Addressing the session, Dr Zarif expressed hope that India will soon start buying Iranian oil and suggested a more developed system of barter. He informed that Iran is planning to open a branch of Pasargad Bank in Mumbai and similarly UCO Bank is also in the process of opening a branch in Tehran which will ease business transactions between both the countries.

I, along with the DG & CEO and my other colleague in the FIEO Managing Committee, called upon the Hon’ble Finance Minister Ms Nirmala Sitharaman at her office in New Delhi on February 19, 2020 and apprised her of the key issues and challenges faced by the exports sector. During our meeting, key demands put forward for her consideration included extension of interest equalization scheme for another five years covering all exporters, expansion of the scope of Sabka Vishwas (Legacy Dispute Resolution) scheme to include disputes related to Customs duty and all duty neutralisation schemes, exemption of export remittance from sub-section 1H of the Income Tax Act, reduction in income-tax rate for partnership firms in line with corporates, and a cap on income tax on dividends at 20%. Further, to address liquidity concerns of exporters, we asked for introduction of e-wallet, refund of ITC on exempted goods exported by merchant exporters, provision of claiming cess payment with IGST and exempting a few items from ocean freight. FIEO officials also requested the Finance Minister to create separate provisions for the export sector in the budget.

At a grand ceremony held in Mumbai on February 14, 2020 on the eve of FIEO’s Western Region Exports Excellence Awards, the chief guest Mr Nitin Gadkari, Hon’ble Union Minister for Road Transport & Highways and MSME gave away 4th and 5th sets of awards to 50 exporters under different categories for their outstanding export performance. Mr Gadkari, while congratulating the winners, thanked them for their valuable contribution to the national economy, saying “Exporters are not only wealth creators but are also employment generators for the country.”

FIEO organised a Banking Conclave under the Chairmanship of Chairman, State Bank of India on 20th February, 2020. An Interactive Session with the Commerce Secretary at Jaipur was also organised.

Friends, as an apex export promotion organisation and as the voice of the exporting community, FIEO is at the forefront of raising various challenges faced by the exports sector. We are constantly in touch with all the agencies and stakeholders to understand their concerns to make the process of exports/imports seamless. As President FIEO, I am in constant touch with the policy makers at the highest level from the Prime Minister’s Office to the Finance Ministry and Commerce & Industry Minister to flag your concerns, as well as other ministries/agencies. Subsequent to the outbreak of Covid-19, FIEO interacted on a number of issues and suggestions with the Government. We are happy that many of our suggestions have been accepted and
enacted by the Government. Some of them are being examined and we are hopeful of their early resolution. Besides, few of them are being aggressively pursued by us. Also, we are continuously having a series of meetings with all stakeholders within the Government including Department of Revenue, Department of Commerce, DGFT, CBIC, State Governments and their various departments, port and airport authorities and other organisations/agencies to help the exporting community and the overall trade during such torrid times to help you to bounce back. FIEO has also created various electronic platforms for continuous interactions with you all through updates and also by putting the emergency contact details of officials and “Updates on Covid-19” on FIEO website, Niryat Mitra App, social media platforms besides conducting various interactive sessions to tackle all your queries/issues related to exports and imports. The Federation has started online issuance of Certificate of Origin, both preferential and non-preferential.

Friends, it is my privilege and honor to lead this prestigious Federation. I am confident that our Hon’ble Commerce & Industry Minister Shri Piyush Goyal will provide us with all necessary support by taking up the cause of exporters with the Hon’ble Finance Minister Mrs Nirmala Sitharaman and the Hon’ble Prime Minister Shri Narendra Modi so that we can enhance our export growth and meet the export target set by the Government to make India a US$ 5 trillion economy by 2025/2026.

Sharad Kumar Saraf
President, FIEO