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**UNION FINANCE MINISTER , SHRI PRANAB MUKHERJEE'S SPEECH  
AT THE NINTH INDIA TODAY CHIEF MINISTER'S CONCLAVE**

New Delhi: Kartika 13, 1933  
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Following is the text of the speech of Union Finance Minister, Shri Pranab Mukherjee delivered, here today at the Ninth India Today Chief Minister's Conclave:

“It gives me great pleasure to be here for the Ninth India Today Chief Minister's Conclave. This event has become a landmark in the calendar of important brain-storming events in the country. I understand that this year you have had two sessions covering critical issues dealing with governance and development.

This event has become closely identified with the performance assessment of the state of Indian States on a number of well reasoned parameters. It gives this event certain glamour, some mystique and it may also be fuelling some exam like anticipation of good results, especially among some of my ministerial colleagues from different States who are here. This is no doubt good for garnering ‘media attention’ and as they say for the TRPs. I think it is also good for the health of Indian polity.

The India Today state of States Report has contributed to creating awareness among the public and the Indian polity alike on the importance of pursuing performance and results in the area of governance and development. The fact that the performance assessment of States is based on a dedicated survey lends some credibility to the process. I am sure it encourages the performers to consistently do better and for the others to redouble their efforts to do well in the future. Indeed, studies like the one undertaken for adjudicating these awards are contributing to the growing voter attention on better governance and performance of governments. It is a sign of maturing democracy and good for India's political economy.

Public recognition of efforts and the fruits of those efforts are vital for sustaining the dynamism of performance in any society. We all need our heroes and role models for retaining our motivation in public life. I welcome these awards.

I have been asked to speak on the theme of 'Growth with Equity'. As the Union Finance Minister it is an issue that is central to my work and something that I am constantly engaged with.

As we look back on the performance of our economy in the first decade of the present Century, despite some setbacks and several challenges, there is a sense of renewed confidence in our abilities. We have sustained high economic growth and are among the fastest expanding economies of the world. There is a belief of a better future that each one of us nurses. The possibility of realising the promise of our destiny as a developed nation is, perhaps for the first time in our modern history, well within our reach. However, it cannot happen on its own, we have to be proactive, alert and sensitive in responding to the evolving requirements of our context, domestic as well as international. In a globalised world, every situation that confronts us is more complex than the preceding one, be it inflation, or the issue of depressed investment sentiments in the economy or even the uncertainties of global developments. And that is where the policy challenges lie.

Following the reforms in the 1990s, the economy has evolved considerably, especially so in the last decade. Since 2003-04, there has been a further step-up in India's GDP growth with the economy moving to a higher trend growth path of 8.5 to 9 per cent per annum. More importantly, the experience shows that the economy has become remarkably resilient to both external and domestic shocks. It managed to moderate the decline in GDP growth during the global economic downturn precipitated by the financial crisis in the developed world and then recovered rapidly in 2010-11. It also took the monsoon failures in the preceding two years in its stride and is keeping up its growth momentum going despite significant uncertainties emanating from the Euro zone and weak global investment sentiments.

These developments make us confident about our future prospects. However, there are as many reasons that compel us to brace ourselves to the challenges that remain to be addressed in attaining our development goals.

It is evident that the fruits of growing prosperity are not being enjoyed equally by all our citizens. Though there has been a significant decline in the incidence of poverty at the national level in India, there are several concerns that take away the shine from this achievement. The magnitude of poverty continues to be unacceptably high on any count. India has the largest number of poor among all countries and it is home to one-fourth of the world's poor. There are many pockets in the country where poverty is endemic and persistent. Despite a significant improvement in the growth rates of the economy, particularly in the more recent years in some States that were lagging behind others, it may not have translated into a sharper reduction in poverty. Growth though visible has not been adequately inclusive, and perhaps even sufficiently widespread.

There are thus gaps in our development efforts and in our governance practices, in the public and the private domains, across sectors and in certain regions and population segments of the country. There are also constraints on our capacity to sustain the newfound momentum in the medium to the long-term. Moreover, development has to be holistic and approached in a comprehensive manner so as to include sustained improvement in living-standards, respect and protection of individual freedoms, access to affordable health-care, quality education, social empowerment, social security and environmental balance as the desired goals.

Ideally, the objectives of economic development, the reforms for sustaining high growth and ensuring that growth is equitable and inclusive in its impact, should go hand-in-hand. These objectives should be mutually reinforcing and an integral part of the development strategy. In reality that is not always the case, especially in India where structural factors like poverty, illiteracy, deprivation and lack of adequate connectivity have segmented our markets and our people. Some of us have been able to benefit from economic reforms, the liberalization of markets and the prosperity that has been ushered in the country in the past two decades. There are many others who are struggling to make a simple living, as they can barely participate as productive agents in the markets.

It is against this reality that we need to assess our approach to inclusive development and layout a framework for securing the future of our people and our nation in the present decade.

The notion of inclusive growth is much broader than the objective of poverty alleviation or for that matter growth with equity, as commonly understood. It encompasses economic and social mobility for all sections of the society, in particular for the disadvantaged segments of the population. Such population groups have to be brought into the economic and social mainstream and made active participants and legitimate beneficiaries of the development process.

The Twelfth Plan has to play a vital role in that process. The National Development Council has just endorsed the Approach Paper to the Plan with its overall theme of “Faster, Sustainable and More Inclusive Growth”. In short it captures the desired focus for the Plan. In pursuing this goal, The Centre and the States have to collectively build on the achievements of the Eleventh Five Year Plan and address the gaps that remain. We need to take forward the multi-prong strategy for inclusive growth to address the concerns on equity and inclusion. This calls for a renewed effort for:

- rapid growth for reducing poverty and creating employment opportunities;
- improving access to essential services in health and education especially for the poor;
- empowerment through education, skill development and training;
- creating adequate social safety nets, supplemented by fallback options of programmes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS); and
- bridging the infrastructure gap by doubling our investments in the sector over the levels attained in the Tenth Plan period.

National Rural Health Mission, Rashtriya Swasthya Bima Yojana, Sarva Siksha Abhiyan, and Bharat Nirman are the important programmes that operationalise this strategy. The Rashtriya Krishi Vikas Yojana was launched with a view to improve agriculture productivity and ensure food security. A strategy for taking the green revolution to the Eastern part of India has been outlined in the Union Budget speech 2010-11 and 2011-12 with schemes being launched to address some specific issues in the agrarian and rural economy. There has been good progress in directing investments to infrastructure with scaling-up of infrastructure investments to 7.1 per cent of GDP in the Tenth plan period.

An important element of the strategy for inclusive development is the creation of entitlements backed by legal guarantees on certain aspects of an individual's life that are vital for her well-being and inclusion in the economic and social mainstream of the society. Thus, in the past five years, the Government has worked towards realising an individual's right to information and her right to work. This has been followed-up with the enactment of the right to education in 2009-10. As the next step, the Government is working on the draft Food Security Bill which would represent a significant step in guaranteeing the right to food. The other aspect of the strategy relates to improving financial inclusion in the economy. Significant gains have been made on that count as well.

The success of this strategy rests on sustaining high growth over an extended period of time. In recent years, India has done well on that count, but it is imperative to maintain the momentum in the coming years. Growth of income is important in itself, but it is as important for the resources that it brings in. The past few years have seen significant buoyancy and improvement in the composition of our tax collections, aided by broad based growth and some reforms in tax administration and rationalisation of tax rates. This process has to be taken to its logical end with the implementation of the Direct Tax Code and the

Goods and Service Tax. The Centre is looking towards the States to take the necessary steps in moving forward on this critical element of reforms for realising the objective of growth with equity.

It is equally important that the available public resources are effectively used. We are acutely conscious that if these resources have to bear fruit, the issues of governance and service delivery have to be tackled in right earnest. Indeed, governance failures and corruption in the system affect the poor disproportionately. An inclusive development agenda cannot succeed without addressing these issues. Our initiative on providing unique identities to the people in collaboration with the State Governments and using the IT platform so created to improve public delivery of services is a step in that direct. Provision of identity will enhance the access of poor and marginalized to public services, financial services and enable efficient delivery of benefits directly to the targeted population. It is the key that would hopefully facilitate the marginalised to enter and benefit from the economic mainstream.

One of the defining features of the recent decades has been the gradual shift in global economic power from the developed to the emerging and developing countries. The global economic and financial architecture is transforming and the developing economies are contributing to this churning with their improved economic clout. This is a big change. Indeed, we are all witness to an emerging new world order, where there is a higher degree of interdependence amongst nations and, hopefully, there is also a more dynamic and equitable arrangement for global prosperity and decision making.

Let me conclude by saying that it is not sufficient to have good intentions and good policies. They have to be implemented and acted upon. That requires collective efforts of the Centre and the State Governments. All stakeholders have to come together to address the challenges that we face, or are likely to face in the coming years. It has worked thus far, and there is no reason why we should not succeed in our future endeavours. I take this opportunity to congratulate all award winners under different categories and the India Today Group for this wonderful initiative.”

**SS/GN**