

**Union Finance Minister's Address**  
**to**  
**First Business Session of ADB Annual Meeting**  
**Manila, May 4, 2012**

I am delighted to be here in Manila to attend the 45th Annual Meeting of the Asian Development Bank. I would like to convey my gratitude to the Government of the Philippines, for their gracious hospitality and the excellent arrangements made for this meeting. As India will be hosting the next Annual Meeting of ADB in New Delhi, let me take this opportunity to invite all of you to New Delhi for the 46<sup>th</sup> Annual meeting next year which will have as its theme "Development through Empowerment".

2. India and Philippines are large Asian democracies that over the years have come closer due to increased economic exchange. There has been accelerated growth in the fields of trade, investment, travel, tourism, climate change and also in other areas. India values its close friendship and cooperation with the Philippines. It is, therefore, a pleasure to be attending this meeting being held under your leadership.

3. Recent international economic trends show some welcome developments, though uncertainty and risks in the global economy remain. In 2011, developing Asia grew at an average rate of 7.2 per cent. To sustain our economic growth, we need to keep our focus on the development agenda, make sure that our growth is environmentally sustainable, find new and renewable technologies to fuel our growth and invest in education and skill development. Infrastructure development is particularly important for sustaining growth. By generating new growth opportunities, Asia can play an increasingly vital role as a growth driver for the world economy.

4. Despite the adverse international environment, we in India have managed to maintain a GDP growth rate of 6.9 per cent in the fiscal year 2011-12. The bulk of India's GDP is domestic demand driven. Our high savings rate drives much of our investment rates of 35-37 per cent of GDP. India's External Commercial Borrowings Policy has been successful in maintaining external debt at sustainable levels. Our banking sector is robust. The regulatory environment and practices in our financial sector have stood the test of time.

5. For the current fiscal year, we have set our objective to focus on recovering our pre-crisis growth momentum, create conditions for rapid revival of high growth in private investment and address supply bottlenecks in agriculture, energy and transport sectors. I am confident that the strong fundamentals of our economy will help us return to a sustained growth path of 8 to 10 per cent per annum in the coming years.

6. We have been pursuing an inclusive development strategy. The theme of our Twelfth Five Year Plan, covering the period 2012 to 2017 is "faster, sustainable and more inclusive growth". We have adopted a multi-faceted approach, which involves creating jobs and raising incomes, in sectors like agriculture and more broadly through rural development, which accounts for more than one-half of our people's livelihood opportunities. We have also adopted a new National Manufacturing Policy. The goal is to raise the share of manufacturing in the GDP to about 25 per cent and create 100 million new jobs over the next ten years. Infrastructure development with a projected investment of 1 trillion USD during the Twelfth Plan period, with half of it coming from the private sector, is crucial for meeting these objectives.

7. The second element of our strategy is to improve the skill-sets of our younger generation, so that we can reap the demographic dividend that is available to us and sustain our growth momentum. The third element of our strategy involves improving the access of targeted population groups to social safety nets. We are implementing a novel rural employment guarantee scheme which provides off-season jobs based on a community-driven approach. It has already benefited millions of poor households, while creating much needed community assets.

8. In our exciting and challenging development journey, ADB has been a valued partner. ADB has aligned its programme and business practices with our evolving development priorities. Beginning with energy, transport and urban sectors, ADB has diversified its portfolio in India to include agriculture, 'khadi reform' involving the handloom and handicraft sector, water management and renewable energy sectors. It has expanded its engagement in low income regions of the country and is making meaningful interventions for capacity building. With the help of the ADB, the Government has successfully pioneered a number of development innovations across the country, which have contributed to the adoption of a new 'Finance Plus' approach for our engagement with all Multilateral Development Banks (MDBs). We intend to take this engagement forward with the ADB in the years ahead.

9. Development of infrastructure remains critical for the growth of many Asian economies. ADB should continue to catalyze investments in infrastructure, given the large and growing needs, for example, for roads, electricity, water supply and sanitation. Infrastructure development would increasingly require, besides funding, innovative institutional arrangements and knowledge-sharing, which could be facilitated by the ADB.

10. Urbanization presents a common challenge for all of us. Many of our cities are already saturated and deficit in civic amenities is becoming grave. There is a need to encourage sharing of experience in areas such as urban water supply and sanitation, waste management, urban planning and transport. ADB needs to step up its investment support in this important sector.

11. Meeting the energy needs of the growing Asian region is a huge challenge. We need to utilize all available sources of energy including renewable resources in an efficient and sustainable manner to create energy security. This calls for increased investments in research and development and sharing of best practices in which, we believe, ADB can play an important role.

12. In an increasingly globalizing world, regional cooperation is both a necessity and an opportunity. Transportation, trade facilitation, information and communication, energy, tourism and knowledge sharing on development experiences are obvious areas for regional cooperation. ADB needs to actively support member countries advance regional cooperation. We are happy to note that the South Asia Sub-Regional Economic Cooperation (SASEC) programme of the ADB has gained momentum in last one year and would call upon the ADB to continue to support the initiative.

13. For developing new sources of growth within Asia, deepening of South-South ties is vital. Policy makers will need to remove barriers to trade and investment within the developing South. ADB should take up South-South cooperation as a priority and become a vehicle for countries to share their experience in inclusive growth and poverty alleviation.

14. ADB is a crucial development partner for the countries of the Asia and the Pacific. To live up to the expectations of its multiple and diverse stakeholders and remain relevant, it must continuously reinvent itself, respond flexibly and effectively to the changing requirements of the member-countries. On our part, I assure ADB of our fullest cooperation in achieving our shared vision.

Thank you