

**Press Information Bureau
Government of India**

**TEXT OF THE SPEECH OF THE SECRETARY (EXPENDITURE)
DELIVERED AT THE INAUGURATION OF CROSS REGIONAL INTERNATIONAL
CONFERENCE ON “INCREASING FINANCIAL OUTREACH OF THE YOUTH
POPULATION, 2014-POSTAL SAVINGS BANK FORUM AND 90TH ANNIVERSARY
OF WORLD THRIFT (SAVINGS) DAY**

New Delhi, October 28, 2014
Kartika 6, 1936

Following is the Text of the Speech delivered by Shri R.P. Watal, Secretary (Expenditure) here today at the Inauguration of Cross Regional International Conference organized by Ministry of Finance and World Savings Bank Institute from 28th to 30th October, 2014

“On this occasion of Cross Regional International Conference, I welcome participants from various countries, officials of World Saving Bank Institute and other officials from Government.

It is matter of pleasure that the Cross Regional International Conference is being organized in India. As a nation our significant population is young and youth will continue to represent a large proportion of our citizenry in near future. Considering such demographic profile of India, the subject matter and deliberations of the Conference with focus on ‘*Increasing the Financial outreach in youth*’ will be of significant value to us.

I note with satisfaction that the conference is well represented by eminent experts in this field and people having vast experience in running saving programme in their region. Your inputs and shared experiences will provide further momentum to savings movement.

India as a society is driven by the ethos of savings for our future generations and acquiring knowledge. There is a verse in one of our classical and one of the oldest languages Sanskrit;

क्षणश। साधयेत च विद्यामर्थं कणशश्चैव :

क्षणे नष्टे कुतो विद्या।। धनम् कुतो तेनष् कणे ,

The verse implies that knowledge and wealth can only be acquired gradually by investing time and sustained savings, respectively. If one does not invest time, knowledge cannot be acquired and unless one saves, wealth cannot be built. Not

surprising, it is common place in India to set aside a sum as first charge from the income for saving for future generations and educating them.

With such rich tradition, India has always been a partner in the international effort to promote savings. Since 1924, when India was one of the signatory to the International Savings Congress, we have been unsparing in our efforts to inculcate the habit of thrift and savings have often helped us in tiding over difficult economic situation.

While promoting savings it has to be realized that Government acts as the custodian of the pooled savings of some very under privileged sections. It is the responsibility of the Government to ensure that such household savings are completely secure, earn a good return to the investor and the money is available to the investor at the time of his or her requirements . Further this pooled wealth is channelized for the purpose of creating durable assets in the country.

To address these challenges, the first regulatory framework in India dates back nearly 130 years with the enactment of Government Savings Bank Act. In the post colonial period, Constitution enjoined upon the State moral responsibility to bring in economic equality and provide avenues for economic prosperity to all its citizens. Savings is one vehicle to usher in economic prosperity.

Responding to the responsibility placed by the constitution Government expanded the legal framework for small savings instrument to meet the enhanced requirement. To mobilize savings through Savings certificates, Government enacted a Savings Certificate Act in 1959 and to provide a social safety net to those working in the un- organized sector a Public Provident Fund Act was brought in 1968.

All the instruments and schemes to channelize small savings were made fully secure by the Government and carry the implicit guarantee of the Government. These instruments provide easy access and have features to provide liquidity to the saver. There are significant tax incentives extended by the Government to those making investments.

Contribution of domestic savings in National Development has been remarkable. India is 'one' among the countries having a high rate of domestic saving, which is at present to the tune of 30% of its GDP. The domestic financial savings rate which had declined during last few years has again shown recovery and with propagation of the programmes to encourage people to save more, we expected to attain a higher savings rate. The Government as a policy is committed to revitalize and strengthen the network which promoted savings among the masses.

India has taken various measures to encourage savings in the recent past. "Jan Dhan Yojana" of financially including those who are left unbanked is a major step in this direction. Further, Government has significantly expanded the bouquet of small savings scheme. A special scheme for the Girl Child will be shortly announced by the Government to address the gender imbalance. Similarly, a scheme with insurance cover

to the under privileged is being worked out. Similarly schemes are being reintroduced and expanded to increase the flow of savings towards productive purposes. Recently, we have increased the tax incentive on investment made from small savings by 50%.

Children and young people are the future economic actors whose financial decisions, as prospective family heads, employees and community contributors, will impact, ultimately, on the stability of world economies. They need to be prepared to take on this role and responsibility. In order to be effective they need to start dealing with financial matters as early and young as possible. This needs support from both their family and their schools. Thus it is up to all of us to enable the systematic and structural platforms for extending opportunities to the young people. It also involves the creation of social and cultural environment and legal and regulatory framework to facilitate the financial engagement of children and youth.

India has one of the highest ratios of young people who are below the age group of 35 years. It is expected that nearly 2/3rd our population will be young in coming decades. Similar situation is faced by other developing nations as well. This is the greatest strength of the India economy of today. The relationship between youth and formal financial service providers needs strengthening. This can be done by traditional means as well as with the use of technological means at various levels since today's youth is more familiar with technology. The same can attract them towards the financial products. I am sure, this WSBI Cross Regional Conference will address the issues of meeting this challenge and working out strategy to motivate the young to open and use their accounts.

India is committed to revitalize the small savings for the benefit of small savers and sustaining economic development. The cooperation between Government agencies like National Saving Institute, Department of Posts and Banks with the International organizations like World savings Banks Institution, is a welcome step in this direction and I expect that this Conference will be helpful in formulation of new strategies based on the experiences of the esteemed delegates who have come all the way to India and in turn, they will also get enriched by the experiences of India in mobilization of resources and promotion of savings.

Financial inclusion is one of the most potent weapons to fight against poverty. I would thus like to emphasize that such cooperation should not end with this conference but must continue so that strategies for financially including those who are not a part of process are constantly built and recalibrated . Further, the massive challenge of financial engaging the youth is adequately met. With these words, I wish the conference all the success."
