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**Union Finance Minister, Shri Pranab Mukherjee's speech at Sri Venkateshwara Medical College at Tirupati**

"I am very glad to be here in Tirupati on the occasion of the inaugural of the Historic Arch at Sri Venkateshwara Medical College and Hospital. I had the privilege of laying the foundation stone of the Hospital in 2007 and I am happy to be a part of today's function. I am told that Sri Venkateshwara Medical College celebrated its Golden Jubilee last year and has produced 5000 doctors so far. Our needs are large; we need to travel further on this path, creating better health care facilities for people through well equipped medical institutions and good quality education.

The last decade saw the Indian economy grow at a fast pace. Between 2005 and 2008, the economy grew at about 9.5 per cent per annum. The global financial crisis brought the growth down to 6.8 per cent in 2008-09. This was followed by a strong recovery in the subsequent two years with the economy registering a GDP growth of over 8 per cent. In the current year, I must admit to some disappointment at the slowdown in our growth performance. In the first half of this year India grew at 7.3 per cent. Even with this figure India remains a growth leader in the world. We hope to recover some of the loss in growth momentum in the coming months. It is important that with higher growth, we were able to mobilize greater resources for the inclusive agenda which was the main theme of the Eleventh Plan that concludes this year, and continues to be the focus area for the Twelfth Plan. While we have achieved significant improvement in terms of economic indicators, our human development indicators, though improving over time, are still very low in international comparisons.

Our ability to deepen and broad-base the inclusion of the marginalized and vulnerable segments of our society in the economic mainstream, hinges crucially on sustaining high growth path and maintaining buoyancy in our resource mobilization. It is also important that more of this growth takes place in the backward areas of our country. There is already evidence that some of the slow growing states in the past have improved their performance in the recent years. This trend needs further reinforcement.

The focus of my recent Budgets has been to fund higher levels of resources for flagship programmes so that the critical objectives of the inclusive agenda under the Eleventh Plan are realized in full. Addressing the development challenge in India requires moving to higher levels of HDI in the States that are presently not doing well on HDI attainments and simultaneously strengthening economic indicators in those states that have so far lagged behind. Paradoxically there are certain States, which have done well on economic indicators particularly higher GDP growth rates and incomes, but have lower rank in terms of social indicators. It should be possible for these States to improve their HDI by focusing more on social indicators.

Eleventh Plan had envisaged that the public sector allocation for the health sector would be at least 2 per cent of the GDP, the actual expenditure was around 1 per cent and this has not changed significantly between the initial year of the plan and the terminal year. The total expenditure on health accounts for nearly 4.5 per cent of GDP and around four-fifths of this is accounted for by the private sector. Within private sector, out of pocket expenses of the individuals form the largest share.

The main thrust area of the Eleventh Five Year Plan was greater attention to health infrastructure and human resources particularly in the rural areas, to be achieved through the National Rural Health Mission. The country witnessed improved access to health infrastructure and human resources in the health sector at the grass-root level. Consequently the infant mortality rate declined from 58 in 2005 to 50 in 2009. There has been a reduction in total fertility rate from 2.9 in 2005 to 2.6 in 2009. Maternal mortality has also registered a significant decline. The Approach paper to the Twelfth Plan has rightly emphasized that the plan allocation for health the sector should be 2.5 to 3 percent of the GDP.

Greater attention is being paid to the secondary and tertiary health care. Under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), construction of 6 AIIMS like institutes and upgradation of 13 medical colleges has been initiated in Phase-I and bulk of the work relating to these will be completed by the time Eleventh Plan period comes to an end. Several government hospitals are also being upgraded.

A number of steps have been taken to address the existing unmet need of specialists and the prospective demand for faculty for the new medical colleges. Besides, the teacher-student ratio has been revised from 1:1 to 1:2. These steps, along with the up-gradation of Medical Colleges under the Pradhan Mantri Swasthya Suraksha Yojana, have increased the number of seats at post-graduate level from about 13,500 a year ago, to around 24,000 by the end of the Plan period.

The achievement of good human development outcomes, particularly those related to education and health is critically dependent on the development and empowerment of women and girls in the country. Gender Budgeting is an initiative which encompasses incorporating a gender perspective and sensitivity at all levels and stages of developmental planning and implementation, and is a means for translating gender commitments into budgetary commitments to meet women's specific needs.

Financial inclusion is another initiative which aims to provide facilities of formal financial system to the masses. It will enable banks to broaden their base by empowering the people who have been bypassed. It would provide the Indian banks with small savings and generate the demand for banking products and services. It is an effective tool to an inclusive development of the economy. However, out of 6 lakh habitations in the country, only 30,000 have a commercial branch comprising 5 per cent of the total. Thus, it is not possible to cover the entire population, and bring the benefits of financial services to the poor people without appropriate technological innovations. RBI has already allowed financial inclusion on Business Correspondence model, use of biometric smart card, telephone based hand held devices for small- ticket savings/loans particularly in areas where brick and mortar branches are not found economically feasible.

Thus the space between banks and traditional money lenders has been filled by self-help groups (SHGs) and micro finance institutions (MFIs). Both SHGs and MFIs are closely associated with the banking system. The credit flow to microfinance from the banking sector is higher than that from the MFIs. The SHG – Bank linkage model accounts for about 58 per cent of the outstanding loan portfolio; the Non-Banking Finance Companies (NBFCs) account for 34 per cent and balance 8 per cent is others including trusts/societies. In the Budget for 2011-12, I had announced a ‘Women’s SHG’s Development Fund” with a corpus of Rs.500 crore towards empowerment of women and promote their Self-Help Groups (SHGs).

The commitment of Government of India to the concerns of ordinary citizens in general and poor in particular is reflected in the approach adopted to create entitlements backed by legal statutes. Thus we have brought the Right to Information, Right to Education, and Right employment by way of the Mahatma Gandhi National Rural Employment Guarantee. The right to Food is in the process of being enacted. I am aware that Andhra Pradesh has taken a lead already in this regard by providing rice to the poor at Re1/kg.

I am also informed that about Rs.18 crore has been earmarked for Sri Venkateswara Medical College as a part of the initiative to create a super specialty hospital. Under the leadership of Shri Kiran Kumar Reddy, CM of Andhra Pradesh a number of initiatives at the State level have been taken and for women there is a new “Stree Shakti” – a bank with Rs.1000 crore capital that would finance women SHGs with interest at 3 per cent. In the times to come with greater availability of resources for priority areas, we could help accelerate the inclusive development in India.

Let me conclude by wishing you all the very best in all your endeavours."