

Speech of Prime Minister Shri Atal Bihari Vajpayee at the Inauguration of the Platinum Jubilee Celebrations of FICCI

December 13, 2002, New Delhi

Shri Rajendra Lodha; Dr. K. K. Birla and Dr. Charat Ram; Other dignitaries on the dais; Distinguished guests, ladies, and gentlemen,

Congratulations FICCI, on turning 75. And I'll add: Jeevem Sharadah Shatam! May you live a hundred more years and well beyond.

Yes, FICCI has indeed come a long way. It has been a proud and eventful journey. You were born with the spirit of nationalism during the Freedom Movement. You were born with the blessings of Mahatma Gandhi. Not many institutions can claim such distinguished origins.

Whatever be the changes that take place in the global and domestic scenarios from time to time, the flame of nationalism in business and economy, as in all other spheres of national life, must always burn bright. I do hope that its light will continue to guide FICCI in its onward journey, as it has in the past.

Friends, this forum gives me an opportunity to share my thoughts with you on some important issues regarding our economic growth, and the overall context in which this growth is taking place.

I would like to share with you my conviction that, despite all the odds, the nation is on the move, the economy is on the move and that we are going in the right direction. I would also like to share my confidence with you that India will move faster, and that the Indian economy will do better, much better, in the time to come.

This conviction and confidence is rooted in objective reality.

Take, for example, the fact that there is now complete political stability in the country. Stability is the crucial, if intangible pre-

condition for the success of all governmental and non-governmental measures for economic and social development.

Ours is the first coalition government at the Centre, which will complete its five-year term. Indeed, in just three months from now, the NDA Government will have completed five years in office -- if you count from March 19, 1998, the day we began our first innings. We have demonstrated that coalition governments at the Centre can be stable, can work well, and can take the nation forward.

You have also seen how we conducted free and fair polls in Jammu & Kashmir, braving all the odds. Gujarat, too, has voted yesterday, without any violent incidents and with a big voter turnout.

These are not merely our achievements. These are the achievements of Indian democracy. They show the growing resilience of our democratic system. This augurs well for the long-term outlook for the Indian economy.

Not only India's democracy, but India's economy too has become more resilient. In spite of several adverse developments -- both internal and external -- our economy has demonstrated its inherent strength by emerging as one of the fastest growing economies in the world. In fact, over the past two decades, India's GDP growth rate has been higher than that of any democracy over a similar time period, Japan excepted.

All of us know some recent adverse developments, but it helps to recapitulate. After fourteen successive good monsoons, we had scanty rainfall during the current year. This has somewhat affected growth prospects in agriculture.

Besides, we were forced to deploy our troops on the borders to send a strong message to our western neighbour. The message was, and it continues to be, clear and simple: that we are determined to end cross-border terrorism and to protect the unity and integrity of India, whatever it takes.

Indeed, today is the first anniversary of the terrorist attack on our Parliament, which forced us to take that decision.

And I can tell you that the message is working. We'll make sure that it works.

Besides these developments, which resulted in a partial slowdown in the domestic economy, we must also take note of the overall global economic downturn. Global recovery has been much slower than expected, thereby creating difficulties for several developing economies, including India.

Our economy has successfully weathered all these difficulties. In the past, limited rainfall, and outbreak of drought-like conditions, would inevitably lead to pressure on prices. It hasn't happened this year.

Inflation has been low, balance of payments strong, the country has abundant food stocks, the manufacturing sector has strongly revived, export growth has been heartening, and our forex reserves of more than 13 months import cover are matched by very few countries, developed or developing.

All of you are also aware that, in spite of many impediments, our Government has not wavered from its commitment to economic reforms ♦ be it on the legislative front or on the implementation front.

You have seen how we are trying to carry everyone along ♦ through dialogue and consultations, through depoliticising developmental issues, and through a constant effort to expand the area of consensus on economic reforms. In a democracy, this process cannot be bypassed.

I am happy that Shri Lodha referred to some of our initiatives and achievements.

For example, three years ago, I announced the National Highway Development Project at an AGM of FICCI. Today, its rapid implementation is there for all to see. Upon its time-bound completion, the NHDP will have revolutionised the road and transport infrastructure in our country. It is already

generating daily employment for 2.5 lakh construction workers and 10,000 supervisors; the indirect employment it has created is several times greater.

The NHDP has proved to be a highly instructive model of public-private partnership, enabling the raising of substantial funds from non-budgetary sources. I want to assure you that by following this model, we shall replicate its success in many other critical areas of physical and social infrastructure, such as railways, power, urban and rural infrastructure, health, education, tourism, etc. We are developing the appropriate model contracts in these sectors, and once the models are validated, public-private-partnerships will be the standard mode of implementation of the 10th Plan projects and schemes.


What the NHDP has also shown is that India can now think big, and can also implement big.

We have proved this in other areas, too.

In the first 50 years after Independence, only one crore and eighty-six lakh telephone connections were sanctioned. In the past four years alone, two crore and eighty-two lakh telephone connections have been provided.

Or look at the silent revolution taking place in housing construction. HUDCO sanctioned about Rs. 11,000 crore for housing construction in 30 years from 1970 to 1999. In contrast, in the last three years alone, the sanctioned amount has exceeded this figure.

These are not merely the Government's achievements. These are your achievements, these are our economy's achievements, these are India's achievements.

Captains of Industry  and friends from the media who are present here, today I make an appeal to all of you. Let us talk about the good things happening in the economy with pride, joy and self-confidence. Let us not have only negative news and negative comments hog the headlines. It doesn't help anybody. It only spreads cynicism and pessimism, which are

malignant viruses that weaken our national energy, dissipate our resolve, and undermine our sense of purpose.

Let us not let trivial issues, petty rivalries and old habits of ♦managing the system♦ through unethical practices vitiate the business and political environment and damage the interface between business and the Government.

In saying that we focus more on the positive side of what is happening in the country, I do not in the least wish to suggest that we should overlook the shortcomings in the system.

No, these must be brought to light, as our friends from the media do persistently. Otherwise, how can shortcomings be set right?

There must be criticism, too, where criticism is due. Otherwise, how can accountability be fixed? Yet, such criticism should always be expressed in a constructive spirit.

Let me confess that I am myself as dissatisfied as any of you over the slow progress in several areas.

The persisting problems in fiscal consolidation at the Centre and in States worry me. The slow implementation of power sector reforms worries me. The slow progress in labour reforms worries me. The pace of our infrastructure investments worries me. We need to move rapidly in these areas.

I am also deeply concerned that the systems, procedures, rules and regulations in the Government have still not been sufficiently reformed to serve the needs of rapid economic growth. We may have done away with the License-Permit-Quota Raj, but the Inspector Raj still survives. Many entrepreneurs ♦ especially those in the small and medium-scale sectors ♦ are routinely harassed and humiliated under this Inspector Raj. This must end.

I am told that we can increase the GDP growth rate by at least a couple of percentage points without any additional financial

investments, but by carrying out necessary governance reforms at various levels.

In this context, I am happy to inform you that we have recently taken an important initiative. A committee was set up under Shri V. Govindrajan, Secretary, IPP, to analyse the reasons for time and cost overruns of public sector projects, and the regulatory impediments to investment by the private and public sectors at the Central, State and local government levels.

The Committee was helped by industry associations and professional management consultants. It has made wide-ranging recommendations for re-engineering the project cycle for public investments, both for physical and social sector development, to ensure greater professionalisation of the identification, preparation, approval and post-evaluation stages of the cycle. It has also detailed a process for re-engineering all relevant regulatory systems at the Central, State and local government levels, to ensure transparency, unambiguous decision rules, minimizing documentation, and ensuring accountability. The process would require that the best global practices are taken on board, and the revised processes are embodied in e-governance systems.

The Committee's recommendations, which are now under implementation, will have a profound effect on the execution of physical and social infrastructure projects, and transform the character of business-government interface.

In addition, the Finance Minister has initiated, in his own silent but determined way, several other efforts at making the tax system more business-friendly, investor-friendly, and friendly towards the honest tax-payer. We need your support for the success of these initiatives.

Friends, my vision, and my mission, is to make our democratic system more and more development-oriented. This is the basic purpose of economic and governance reforms. At the same time, we also have to further democratize our development. The fruits of development must reach the poor

and the underprivileged. The gap between the haves and have-nots, as also the gap between the developed and under-developed regions, must be bridged. The economy must produce more, create more productive employment opportunities and help our people lead better lives.

This is the basic expectation from economic reforms. The more this expectation is met, the more enthusiastically will our people support the agenda of reforms. And the more vigorously we implement this agenda, the more surely will we be able to meet our people's expectations.

Let this Virtuous Cycle of Reforms-Driven Development guide the activities of both the Government and Indian Business.

With these words, I inaugurate the Platinum Jubilee Celebrations of FICCI and wish it all success in its future endeavours.

Thank you.