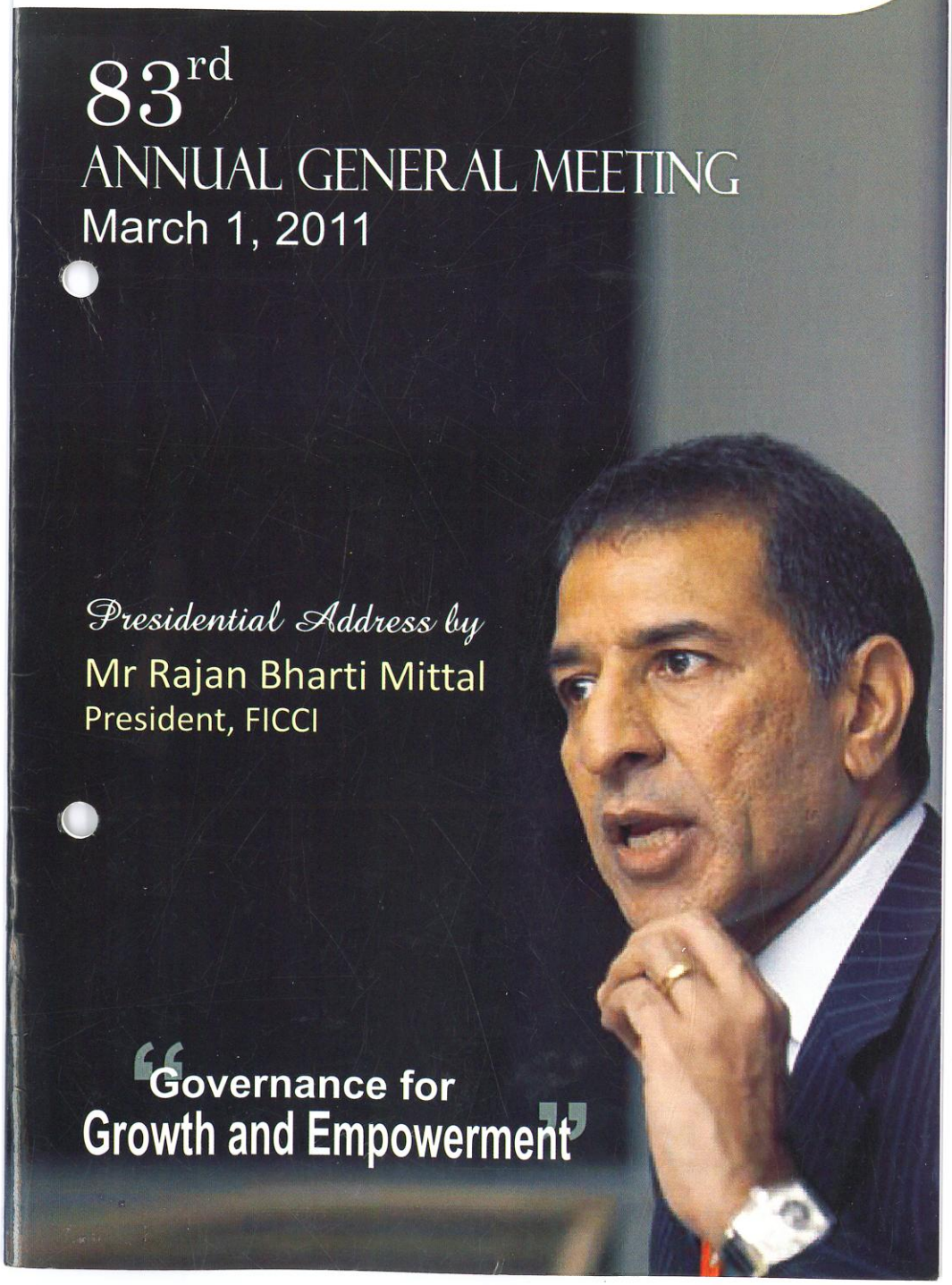
FICCI

83rd ANNUAL GENERAL MEETING

March 1, 2011



Presidential Address by

Mr Rajan Bharti Mittal

President, FICCI

"Governance for Growth and Empowerment"

Speech of

Mr. Rajan Bharti Mittal, President, FICCI

at the Inaugural Session of FICCI's

83rd Annual General Meeting

THEME: GOVERNANCE FOR GROWTH AND EMPOWERMENT

- Shri Pranab Mukherjee, Hon'ble Finance Minister of India
- Shri Harsh Mariwala, President - Elect, FICCI
- Members of the Diplomatic Core, Excellencies
- Senior Government Officials
- Presidents of CII and Assocham
- Members of the FICCI National Executive Committee
- Senior business leaders from across the country
- Friends from media
- Dr. Amit Mitra and other colleagues from FICCI

Ladies and gentlemen,

Introduction

A very good morning to all of you.

It is indeed a pleasure to welcome you all to the 83rd Annual General Meeting of the Federation of Indian Chambers of Commerce and Industry. On behalf of the FICCI National Executive Committee, I would like to express our deep gratitude to our Hon'ble Finance Minister, Shri Pranab Mukherjee, who is one of the most distinguished political leaders of our country. He has so kindly agreed to be with us today and address this august gathering.

Global economy, India's growth outlook, AGM theme

Friends, the 83rd AGM of FICCI is being held in the midst of some momentous developments taking place across the world. You will agree that these are indeed **turbulent times for the world - in economic and political terms.**

The **post colonial architecture in the Middle East is recasting itself** into new and uncertain moulds, raising concerns over oil prices and energy security, which are very vital to India's national interest. The **peripheral economies of Europe are melting. Recovery in the US is in sight but it is still very fragile. Concerns** are also being raised **over the outlook for the Chinese economy.**

In the midst of all this, we in India feel proud as **we are cruising along with a GDP growth of over 8.5 percent.** In fact next year we are set to touch the 9 percent mark as brought out in the recently released Economic Survey. And the world has recognized this feat with investors, corporations, bankers and political leaders converging on India in numbers never seen before.

We are confident that we will continue to grow at this rate given the resilience of the Indian economy and the dynamism of its entrepreneurs who every day are creating new paradigms of growth. We are confident of crossing the 8 per cent mark for years to come but the **question is are we satisfied with such a performance? And the answer is a clear and resounding no.**

FICCI would like to see double digit growth.

We have become more ambitious. Let me emphasize that double digit growth is necessary if India is to cement its place as one of the largest economies of the world by the middle of this century. Let me also add that a mere business as usual approach will not let us fulfill this dream. In order to become one of the largest economies of the world by 2050, we will need to churn what is known as the bottom of the pyramid - unleash the growing aspirations of the disadvantaged and channel that into vibrant growth.

Attaining double digit growth calls for a tectonic shift in the governance architecture of the country. There is no way we can break the double digit growth barrier unless we arm ourselves with a shield that has good governance written all over it.

Sir, you will agree that **good governance supports higher growth, leads to empowerment and includes the underprivileged. It is only through good governance that we can meet the objectives of inclusion and empowerment.**

It is because of this that we have carefully chosen the theme of this year's AGM as 'Governance for Growth and Empowerment'.

Challenges

I would like to compliment the Finance Minister for unveiling six far sighted steps for future growth.

- One, the most significant with a long term impact is your proposal for direct transfer of subsidies through the UID scheme.
- Two you have committed to maintain the momentum of disinvestments to the tune of Rs. 40,000 crores.
- Three, to reverse the flagging FDI inflows, you have promised to further liberalize FDI policy.
- Four, you have initiated the deepening and widening of the debt market to fund infrastructure projects.
- Five, we feel reassured by your commitment to present the GST bill during this session of the parliament.

Above all, you have not raised taxes in order to maintain the growth momentum.

Admittedly, there are some challenges for us to face collectively. Inflation is affecting all sections of society with the most severe impact on the aam aadmi. The second challenge relates to the external sector where imports are outpacing our exports leading to serious current account imbalances. The marked slowdown in FDI inflows is a cause of concern especially because it is flowing to other destinations.

Sir, you have laid out the vision of taking manufacturing from the current 16% of GDP to 25% - to achieve this, some crucial steps will have to be taken - flexibility of labour laws; ease of doing business; and allocation of natural resources including land.

Fundamental to India's stability is the need for food security. Here you have raised the availability of credit to agriculture by Rs. 1 lac crore - this is very encouraging, indeed. However, FICCi would like to see a focus on R&D in agriculture , extension services to the farmers and bridging of the end to end supply chain.

In order to make India the next manufacturing hub and to kick start the second green revolution, India needs infrastructure. To take India's growth story to the double digit trajectory, it is imperative for the government and corporations to work together and improve our physical and social infrastructure.

Concluding remarks

Ladies and gentlemen, even at the risk of using a cliché I will say that the coming decades will belong to India. A preview of things to come is the year gone by when within 6 months we played host to leaders of all the five permanent members of the United Nations Security Council. **The world is eagerly looking towards India.**

For us to capitalize on the potential that we have, there is a need to develop national synergies that would involve active cooperation between the government and business. **Our national goal of reaching the highest echelons of global power can be realized only when the government and business work together.**

Sir, may I conclude on a somewhat light hearted note - as you know, cricket is in the air. Just as India is looking at Sachin Tendulkar to bring smiles to our faces at the end of this World Cup, business is looking at you, Sir, to steer the Indian economy through the rough patches, carefully picking the opportunities that match our strengths and negotiating the challenges with the ease of a seasoned player.

As Sachin Tendulkar has succeeded in all phases of the evolution of cricket - from test matches to one day matches to T20 matches, you, Sir have been engaged in the dramatic evolution of India in all its multifarious phases. We look forward to continued success under your wise leadership.

Thank you. Jai Hind