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Mr. Chancellor, Mr. Vice-Chancellor, Members of the faculty, Graduates of the Year, Students of the University and Distinguished Guests,

1. I am very grateful to the Chancellor and the Vice-Chancellor for inviting me to address the 31st annual convocation of this university.
2. Maharashtra is a land of great saints, scholars, soldiers, statesmen and entrepreneurs. It is, therefore, not surprising that Maharashtra today is one of the most dynamic states of India, poised for a Big leap forward in social and economic development in years to come. I am happy to learn that Sliivaji University, though, established only 32 years ago, has imbibed the spirit of dynamism which characterises Maharashtra and that it takes pride in describing itself as a performing university.
3. I congratulate all those students who have earned their degrees and diplomas after successful completion of their studies. The convocation is an occasion for joy as it signifies the completion of an important phase in the life of a young person. It is also an occasion for reflection and firm resolve to face the challenges of the future with confidence and determination.
4. It is inevitable that on an occasion like this, graduates will be thinking about their career prospects. I therefore propose to use this occasion to talk about the opportunities and challenges that, the evolving Indian economy and polity offer to our youth
5. My major theme is that the Indian economy is now poised for rapid expansion and that our youngmen and young women can look forward to a rapid increase in productive and gainful employment opportunities. The future is, however, not predetermined. Much would depend on our nation's willingness and ability to exploit the immense latent development potential of our economy and to seize the immense opportunities that are now on the horizon. This will require a strong will power, sustained hardwork and utmost dedication to make the future happen.
6. India has made significant economic and social progress since independence. Nevertheless, the overall pace of progress has fallen far short of the expectations of our people and the objective potential of our economy.
7. Nearly 40 per cent of our people still live below the austerely defined poverty

line of the Planning Commission. Our national literacy rate is no higher than 53 per cent; the female literacy rate is as low as 39 per cent. Even now, of every 1000 children born in India, nearly 80 die before they reach the age of one year. Progressive degradation of land and water resources threatens the livelihood of millions of farmers living on the edges of subsistence. Our urban areas are unable to cope with the growing pressure of population and large sections of people do not enjoy access to such basic amenities as safe drinking water and sanitation.

8. The more I think about these problems the more I am convinced that meaningful solutions can be found only if the Indian economy can somehow manage to grow at a much faster pace than in the past. We need a minimum growth of 6 to 7 per cent per annum if we are to make a significant dent on the problem of chronic poverty within a decade. Indeed, we should have the national ambition to aspire for a much higher growth rate than 6-7 per cent, I have mentioned just now. But accelerated growth, though a necessary condition, is not a sufficient condition for the outcome I have in mind. Additionally, we have to ensure that the pattern of growth is sufficiently employment oriented, that growth is broad based and regionally well distributed, that it is environment friendly 'and therefore sustainable, that it reduces and does not increase the income and wealth gap between rural and urban areas and that it enhances the state's ability to pay adequate attention to the satisfaction of such basic human needs as education, health, safe drinking water and the I establishment of credible social safety nets to protect the more vulnerable sections of our population during the phase of transition, tasks which cannot be taken care of by the market forces.
9. India has a fairly high domestic savings rate equal to about 24 per cent, of our national income. However, it generates a much lower growth rate than many other developing countries. It is partly because in the past, our regulatory mechanisms, particularly industrial licensing and rigid quantitative import controls, stifled competition. Thus Indian enterprises did not have an adequate incentive to reduce cost, improve quality and to eliminate waste and inefficiency in the process of production.
10. An excessively large proportion of investible resources was locked up in capital intensive public sector enterprises, many of which did not yield an adequate rate of return and some had indeed to be subsidised by the budget. As a result, Government's ability to expand outlays on agriculture, rural

development, education and health came under increasing strain with the passage of time.

11. Excessive protection of industry, through high import tariffs and quantitative import controls, constituted a powerful discrimination against agriculture; and coupled with industrial licensing, it fostered a bias in favour of greater capital intensity rather than labour oriented activities. As a result, agricultural output as well as employment did not increase as fast as it ought to have done.
12. Our development pattern was not only highly capital intensive but also energy intensive. In addition, large scale subsidies were built into the pricing structures of such scarce commodities as energy and water for irrigation. As a result, we evolved a pattern of development which even at an early stage was insufficiently sensitive to the imperatives of environment protection.
13. Because of inadequate emphasis on education, particularly of girls, and on primary health care, we have not been able to bring about a significant reduction in the rate of population growth.
14. Finally, although self reliance has been a major objective of development planning since its inception, because of strong bias built into our policies against exports, we were not able to reduce significantly the large gap between imports and exports, which had to be filled by large doses of external aid.
15. The economic reforms introduced by our Government under the leadership of Prime Minister Shri P. V. Narasimha Rao seek to reorient our economic policies with the objective of placing our economy on a high growth, employment oriented and self reliant path. The reform agenda seeks to deal comprehensively with the issues I have mentioned a moment ago.
16. Three years is too short a period to attempt a firm assessment. Clearly, the accumulated problems of the past cannot be fully resolved in a short period of three years. However, a sound beginning has been made and the initial results are certainly encouraging.
17. The grave economic crisis of 1991 has been overcome. The economy is now poised for an acceleration of the growth process. Industrial production and investment are expected to register a sharp increase this year.
18. The Indian capital market is now well placed to mobilise an increasing flow of domestic and foreign savings for increased capital formation.
19. Trade policy reforms have led to an impressive increase in our exports, particularly agricultural exports. At the same time, due to the exchange rate

adjustments, despite import liberalisation and reduction of import duties, the country has not been flooded with imports. The balance of payments has improved dramatically and our foreign exchange reserves now exceed \$ 1.9 billion, an all time record.

20. The acute shortage of foreign exchange which has been a formidable constraint on India's development since the 1950s now seems to be a thing of the past. As a result, we have been able to remove a host of import and exchange controls which had stifled efficiency and growth in the past. The rupee is now strong and is convertible for all current transactions.
21. Import and exchange control liberalisation has greatly reduced the profitability of smuggling and illegal Hawala transactions.
22. The phased opening of the Indian economy has given Indian industry an incentive to update its technology, management and marketing skills so as to become internationally competitive. A large number of Indian enterprises are now engaged in industrial restructuring so as to enhance their productivity and competitiveness.
23. The new policies have sought to improve considerably agriculture's terms of trade vis-a-vis industry. They have added very considerably to the profitability of agricultural exports and agro processing activities as a whole.
24. Wide ranging tax reforms have improved the buoyancy of the tax system in a regime of moderate tax rates; they have increased the incentive for saving and risk taking while curbing the incentive for tax evasion and generation of black money.
25. Financial sector reforms designed to improve the efficiency of our banking system are beginning to show positive results. Interest rates have been reduced to encourage investment.
26. In due course of time, the fiscal restructuring and public sector reforms now being attempted should enable Government to increase its outlays for agriculture, rural development and social services like education and health.
27. Inflation rate has come down to a single digit but it is still too high and we have to make determined efforts to reduce it to no more than 4-5 per cent per annum. Even then our record in control of inflation is better than most other developing countries. Infact India's adjustment-cum-structural reform programme is in many ways unique in so far as we have avoided the creation

of large scale unemployment and high rates of inflation which have often been associated with reforms in many other countries.

28. We have devised important social safety nets to protect the more vulnerable sections of population during the stage of transition. At the same time, new employment opportunities are being created in agro processing, industry and trade. The industrial projects approved by the Government between July 1991 and June 1994 when fully implemented will expand employment in manufacturing by approximately 3.2 million people.
29. It is not my intention to suggest that our task has been completed. As lot of effort will be needed to ensure that our economy can grow approximately 6-7 per cent or more per annum in the second half of the 1990s, we have still a large unfinished agenda.
30. The fiscal balance is still fragile. The Governments both at the centre,-and in the states need to adopt more enrgetic measures to reduce the losses of public enterprises and to contain the burden of subsidies by targeting them to really deserving persons. There is still inadequate recognition of the need to charge economic prices for such economic services as electricity, transport and water for irrigation.
31. Agricultural research, extension and the credit system need major restructuring, focussing more sharply on the problems of dry land agriculture, environmental sustainability and the needs of small and marginal farmers.
32. The delivery systems for the provision of basic social services such as education, health and sanitation need considerable improvement.
33. The current management of infrastructure consisting of 'energy, transport and communications is far too inadequate to cope with the challenges of a dynamic economy'
34. In Planning the ' future course of action, we have to recognise that we live in an increasingly inter-dependent world and that India can play its rightful role in the comity of nations only if it has a strong internationally competitive economy.
35. We must also appreciate that scientific and technological knowledge is now growing at an unprecedented pace and it has today emerged as a major determinant of the power and wealth of nations. Our production processes and the organisation of our research and development activities must be so arranged as to enable us to leap frog in the race for progress. Our science and

technology policies need reorientation so as to assist us in the drive for international competitiveness. At the same time, the growing stock of human knowledge must be effectively used to deal with the problems of rural areas, small enterprises and also basic social problems of poverty, ill health and control of population.

36. If we are to address all these problems, we will need additional financial and administrative resources. But far more important is the task of drawing up viable strategies and programmes of action. There are clearly no ready made golden rules for success which we can import from abroad. Development cannot be imported more so in a country of India's size and diversity. We have to pool the vast human resources of our people to devise effective policy instruments suited to the needs of our people. I therefore suggest that our universities should take a lead in promoting action oriented inter-disciplinary research focussing on key issues of national development.
37. I am convinced that India is on the threshold of unprecedented opportunities, provided we have the wisdom to recognise and seize them. There is immense reservoir of creativity, adventure and enterprise among our people. We have to create an economic and political environment in which this vast reservoir of creativity can be mobilised in our nation's war against poverty, ignorance and disease.
38. Our new economic policies are inspired by this noble vision. But an economy does not function in a political vacuum. We need a broad national consensus in support of a development agenda which can unite all our people, submerging differences of religion, caste and creed. Politics must become a purposeful vehicle for social change rather than a mere ticket for power. We need leaders whether in politics, business and academics who are deeply committed to the twin pursuit of excellence and social equity.
39. I firmly believe that ideas play an important role in shaping a nation's destiny. Our universities must therefore be pace setters in moulding the mind sets of our youth in support of a national agenda for sustained and equitable development, an agenda which seeks to empower our people and helps them to lead a life of dignity and self respect.

JAI HIND

