

Speech for **Mr. Shailesh Vaidya**, IMC President, at the **30<sup>th</sup> Anniversary Lecture of CUTS** on the topic **Economic Governance in India**, held at IMC on 21<sup>st</sup> January 2014, at 6.00 p.m.

At the outset, I must congratulate **Mr. Pradeep Mehta, Secretary General, CUTS International**, for organizing this most timely lecture. On behalf of IMC, I welcome and thank **Mr. Rajiv Lall, Executive Chairman of IDFC Ltd. as well as all the other eminent speakers** who have kindly spared their valuable time to be with us today and address this distinguished gathering on the issue of **Economic Governance in India**. IMC is happy to support this event and I, as its President, am honoured to address it. In this day and age, the importance of enhancing economic governance in our country can hardly be overstated.

Let me begin by saying that our country has the unique opportunity of showing the rest of the developing world how open democratic societies can achieve high and inclusive growth leading to sustainable development. It is no coincidence that our Chamber's theme of the year is also **Sustainable Development**, which attempts to find a practical way to overcome India's deep rooted social and political fractures that thwart progress, and condemn hundreds of millions of people to enduring poverty and ignorance.

At the root of sustainable development lies high quality economic governance. It is unfortunate that our government has often complicated natural constraints with policies that discourage and delay investment in the economy. This has not only slowed innovation but also led to an exodus of skilled talent from the country. However, all this should not blind us to our country's plus points. In the world's

largest democracy, change often takes place slowly, and it may seem messy and chaotic. However, there is no doubt that India is changing. Our people are not shying away from their problems but zeroing in on the solutions, mostly within the parameters of the law. That's a welcome sign which needs encouragement.

Public private partnerships need to play a key role in providing the talent to build and run the new India – and they are not as complex as many think. However, it is unfortunate that they have not taken off to the desired extent in India. By embracing smart regulation we can leapfrog less productive traditional stages of development and benefit from best practices in almost all fields employed the world over. We have a unique demographic dividend which cannot be maximized unless industry, academia and the government work together and pool their best resources. In all this, an innovative use of technology will prove to be a game changer – transforming the prospects of India's least fortunate residents and, thus, ensuring that inclusive growth and sustainable development becomes a reality sooner than later.

The government spends tens of thousands of crores a year on subsidy programs involving food, fertilizer and petroleum. Even though in theory the poor are able to obtain inexpensive food at nearly half and million Fair Price Shops across the country, in reality these programs have leakages leading to anomalies in benefits reaching the intended beneficiaries. The failure of benefits reaching the intended targets has cost us adequate implementation of the National Rural Employment Guarantee Scheme, a programme aimed at providing each economically backward household in rural India with a certain amount of work in a year. Unless we are able to perk up economic governance in India considerably, all this will cost our society dearly.

The living standards of the majority of Indians can and must be enhanced. At the same time – and especially as the elections approach – our definition of progress is increasingly to make the rich poorer rather than the poor richer. This attitude must change. On the other hand, a rational long term sustainable strategy of development must find ways of enhancing the resource access of those at the bottom of the pyramid while checking the wasteful expenditure of those at the top. This strategy must then be broken down into specific sectors – for example, transport, energy, housing, energy, pollution control etc. – and implemented impartially across the economy. Any failure to do so on a priority basis will prove disastrous for the economy.

To sum up, globalization is crucial for the health of our economy, but it must be recognized for what it is – a double edged sword. We can imagine the world a decade from now and envision the skyline of major international cities lit up with the names of leading Indian brands. And we can also hope that all this is not achieved at the cost of the marginalized and vulnerable. If it is, it is not worth having. That is what our Chamber – the only one of its kind with which Mahatma Gandhi was ever associated – has always stood for and always believed in.

In conclusion, I would like to again thank Mr. Rajiv Lall and all the other eminent speakers for agreeing to address us on these vital issues, which impact the life of each and every one in the audience as well as every citizen of our great country. Thank you for giving me the opportunity to address this distinguished audience. I will end by congratulating Mr. Mehta on the 30<sup>th</sup> Anniversary of his organization, which is a leading voice pursuing social justice and economic equity in India.