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„India at 60 - Domestic Reforms to Global Responsibility“

Konrad Adenauer is a name that invokes memories of an era that has few parallels in modern history. A war-ravaged and defeated nation had decided to return to the path of democracy and peace. The German people – at that time, of course, it was only those who lived in what was described as West Germany – were prepared to embrace a vision that would lead their country on the path of reconstruction towards democracy, prosperity, goodwill and peace. It required a home-grown leader to rally the people around this vision – and they found such a leader in Konrad Adenauer. He laid the foundation of modern Germany. Although unification happened many years later, it cannot be gainsaid that it is the undoubted success of the Federal Republic of Germany's political and economic model that triggered the process of unification. I salute the memory of Konrad Adenauer. United Germany – a prosperous nation that is at the heart of Europe's resurgence – will, I believe, remain as an enduring tribute to his work and life.

2. It is an honour and a privilege to be invited to address this distinguished audience under the auspices of the Konrad Adenauer Stiftung. This foundation has a long and eventful history. Along with the other political foundations, the Konrad Adenauer Stiftung has promoted diversity of

opinion and helped steer the polity in a democratic direction.

3. The 1950s was a period of hope and aspiration. In Europe, the countries looked forward to a period of peace and reconstruction. In India, and in other countries emerging from the yoke of colonialism, the overpowering urge was to get rid of poverty and redeem the pledges made to the people. In the process, mistakes were made. Opportunities were lost. Yet some promises were redeemed and some progress was made. As far as India is concerned, our greatest achievement has been the preservation of democracy: wars, famine, extreme poverty, exogenous shocks, political instability or constitutional crisis have not been able to shake the foundations on which India stands.

4. India – that is free and democratic India – is 60. The idea of India, however, is many thousand years old. The Indian civilisation is 5000 years old. Extant literature is 3000 years old. We carry the burden of an old civilisation; we also carry the aspirations of a young nation.

5. I believe that you are quite familiar with India's early experiments with a socialist model as well as our recent experience in liberalisation and economic reforms. The

19. September 2007

www.kas.de

first four decades after independence turned out to be a period of mixed results. There were some successes on the economic front. The green revolution gave us a measure of self-sufficiency in food. We developed a highly diversified industrial base. The financial sector expanded rapidly and penetrated into most parts of the country. However, the economy recorded insipid rates of growth. In the first 30 years, GDP grew at an average of about 3.5 per cent per annum. There was an improvement in the eighties to an average of 5.6 per cent per annum. When even moderate growth became unsustainable and there was a threat of collapse, India made a decisive shift in 1991. In the nine years ending 1999-2000 the average growth rate of GDP was 5.8 per cent a year. After a temporary setback, the average growth during the last four years, 2003-04 to 2006-07, has increased to an impressive 8.6 percent. 2006-07, in particular, was a splendid year. GDP grew at 9.4 per cent. The rate of industrial growth reached 10.9 per cent. And the services sector maintained its robust performance and achieved a growth rate of 11.0 per cent.

6. The upsurge in economic growth has been accompanied by a marked increase in the rate of savings and investment in the economy. Gross domestic capital formation as a proportion of GDP increased to 33.8 per cent in 2005-06 and is estimated to have increased further in 2006-07. Given the thrift habits of the Indian people, and the growing size of the work force, both savings and investment rates are expected to show further improvements in the years to come. The demographic pro-

file of India is working in our favour and the size of our working-age population exceeds – and will continue until 2030 or 2035 to exceed -- the number of dependent persons. The objective conditions give us the confidence that we would be able to sustain the high growth rate in the medium term.

7. The challenge lies in adopting and implementing a set of policies that will make our economy more productive and more competitive.

8. The domestic challenge is to make growth more inclusive. Fully 26 per cent of the population of India lives in poverty. A large number of people have limited or no access to education or healthcare. Basic services such as drinking water, sanitation, electricity, road connectivity and housing are not available to large sections of the people. A high rate of growth of GDP would have little meaning to the poor and the disadvantaged unless there is a visible improvement in their living and working conditions. Hence the emphasis on 'inclusive growth' and the effort to devise programmes and plans that address the felt needs of the poor. The social and economic agenda that we have adopted is ambitious and extends to matters like guaranteed wage employment, affirmative action in education and government employment, political empowerment, right to information, and the expansion of public services including the provision of public goods.

9. The external or global challenge is to integrate the Indian economy with the global economy and remain competitive. We recognise that the world is an unequal – and sometimes cruel – place. We do not

19. September 2007

www.kas.de

seek charity. We seek an open, rule-based system of world trade; we seek open markets; we seek knowledge and technology; and we stress that new forms of exploitation are as pernicious as colonialism that was buried many decades ago. On our part, we are willing to assume our share of responsibility, consistent with our need and our capacity, to make the world a better and safer place.

10. India, within years of its birth, accepted responsibilities that other countries of the world or international bodies placed on its shoulders. India was a peacemaker; India was a peacekeeper in many troubled areas; India was a mediator. India cautioned the countries against dividing the world into two warring camps and, therefore, advocated non-alignment and the five principles to end the cold war. India, at 60, recognises that the world, after the cold war has ended, is a very different place. New challenges have emerged, including issues such as energy security, environment and climate change, proliferation of weapons of mass destruction, cyber crime, and international terrorism. Let me assure you that India, today, is a more confident nation and will play its part in global affairs.

11. May I take a few minutes to outline India's approach to issues concerning energy security, environment and climate change. We are an energy deficient country. The Indian people are energy deprived. In 2006-07, we produced 662.52 billion units of energy from all sources for a population of over a billion people. We have to explore every option available to us to produce or procure energy. While we are pro-

foundly concerned about environmental degradation and climate change, we cannot accept a situation that will deny to our people, forever, the fruits of development. Energy is the sine qua non of development, and the three well known sources are thermal, hydro-electric and nuclear. It is our intention to develop these sources in a manner that is consistent with preserving and protecting the environment. The India-US agreement on civil nuclear cooperation is also premised on the understanding that India needs to source every form of power.

12. At Heiligendamm, the Prime Minister of India had offered that India's per capita CHG emissions would not exceed the per capita CHG emissions of the developed countries. We are happy to note that Chancellor Angela Merkel, while speaking in Japan, proposed the principle of convergence of CHG emissions per capita of developed and developing countries as a basis for arriving at an agreement, under the aegis of the United Nations, on a new framework for addressing climate change. We welcome Chancellor Merkel's statement, and India is ready to work together with Germany and other forward-looking countries to find pragmatic solutions to preserve and protect the environment.

13. Every country in the world has its own strengths. Every country, in relation to others, has its comparative advantages. While building on its strengths and advantages, every country has a shared responsibility towards stability of the global economy. Maintaining fiscal prudence and discipline, de-risking financial transactions, containing inflation, ensuring orderly capital

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19. September 2007

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flows, and augmenting production of essential goods especially food grains and food articles are among the responsibilities that each country owes to the other countries of the world. India's record, in this respect, is impeccable, and we shall constantly strive to do better.

14. Global institutions have become important instruments in forging a consensus among countries that are at different stages of development. The United Nations and other UN bodies, the WTO, the World Bank and the IMF must reflect the realities of our time. 'Developed' and 'developing' are no longer exclusive or mutually antagonistic categories. The developing countries of the world – especially the fast-growing emerging economies – must come forward to assume greater responsibility in the management of these global institutions. On their part, the developed countries must signal to the world that they acknowledge that these institutions are not intended to preserve the old order and are indeed driven by the desire to usher in fair and equitable global systems.

15. Germany and India share many values and goals: freedom, democracy, rule of law, respect for human rights, global peace, economic prosperity, desire to build a knowledge society, protection of the right to property especially intellectual property, and the protection and preservation of the environment. These goals and values -- and a nation's commitment to them -- are not confined within its boundaries. True adherence to these goals and values will mean that we accept our share of responsibility on

the global stage. At 60 India is poised to do so. So is, I believe, Germany.

16. Ladies and Gentlemen, may I conclude by saying this: there is much work to be done, and let Germany and India do that work together.

17. I thank you for your courtesy and kindness.