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Transcript

U.S.-INDIA ECONOMIC TIES: READY FOR TAKEOFF?

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Good morning, Secretary Pritzker, Ambassador Burns, distinguished audience. It gives me immense pleasure to be here, and I feel greatly honored that I have this opportunity to speak about what's happening in India and how the vision of both dynamic leaders from India and the United States, Prime Minister Modi and President Obama, is really picking up a certain momentum in building and reinforcing greater strength to the India-United States relationship. Secretary Pritzker made a very elaborate and a comprehensive... I suppose she's covered most of the areas in which this strategic commercial dialogue is actually working, and I commend Secretary Pritzker for her dynamic role in this commercial dialogue. In that sense, last September, when she had visited along with Secretary Kerry she has really put in a lot of effort to keep the momentum up.

And today, when we are here to talk... the greater details for the first time when we're meeting, most details have already been worked out, so actually between September and today, there's been a lot of action, and that's thanks to the energy which Secretary Pritzker has been putting in. India, today, stands out in the global economy on various counts. We were just talking, before coming in here... the global demand, global economy, and the global prospects of looking at what could happen in the next few months require a lot of light and positive energy. The depression in demand, global demand, is showing on all our economies. Notwithstanding, I still say India stands out – to borrow a phrase from my finance minister – as a shining star, because if you look at some of the parameters, we are still going to have between 7% to 7.5% growth, and that, for an economy which still has a lot of challenges, is sustaining a certain momentum within the Indian economy, in spite of the global demand being [unclear].

I'm just flagging up a few indicators with which you may be seeing as to why I place India as a shining star and why I place India as a place where the next investments and interest in economic buoyancy should be focusing on. If the economy is going to be growing anywhere between 7% to 7.5% of the GDP, our currency stands out, again, if you look at it, in the way in which it has been standing up to the fluctuations in the currency market. And if I were only to compare it with the Brazilian currency, or with the ruble, Russian ruble, I would still say the Indian rupee holds very firm. And that speaks for the strength in the economy, the inherent strength in the Indian economy, and that's where although it's not a completely free currency—the market doesn't fix it in every sense—without taking a pot-shot at a very strong neighbor, I would still say it's not happened the way you want us to hit the floor.

And together with it, our stock markets have also behaved very responsibly. They've not crashed or they've not boomed, it's not a run for the bear or a run for the bull. It's always been very balanced, although you always wonder what it going to happen tomorrow. But that's the beauty of the stock market, you always want to speculate, and you can keep guessing. So whether it's the currency or whether it's the stock, I think India normally gives you a stable picture, a picture where you would want it to move faster, move more speedily, but I think in this world, where you've seen the heat being generated in the stock markets, the currencies seem to be flying off and coming back, I think India offers a certain sense of stability, which I think today's economies long to have. And I'm happy to say the Indian economy's fundamentals are so strong that investors, notwithstanding bankruptcy laws and other difficulties which are because of an archaic system which we've just ignored for some time, notwithstanding all that, India still is an inviting investors domain, and I would want every investor to look at it afresh, from these points of view.

India also has a very young population. 65 percent of its total population, which is about, let's say, 750 million, are well before the age... well under the age of 35, and interestingly we have a very high number of postgraduates in science and maths, and nearly 12 million of our citizens are engineers and doctors or scientists, and it's growing to be a knowledge bank of the world. We are creating enough numbers of graduates—in science, technology, engineering and mathematics—that anywhere in the world, in the next decade, you would have for every six experts, at least one Indian who's qualified to be there because he comes from that knowledge economy. You also have a growing, and a very real, middle class which has such purchasing power, which asks for the best from anywhere in the world.

So the market which is available in India is not just a market where you can throw goods and say, yes, it can absorb anything. It's a very discerning market. As much as it has a lot of cheaper, bulk goods being imported, it's also a market which looks for quality products and it has the purchasing power for it. So I think even if you look at it from the point of view of a market where you can come and invest and produce, it's also a market which can draw a lot of goods from all over the world which are of a certain quality, and therefore investors are welcome, but those who are looking for a market will have to look for ensuring, first of all, that they're talking about quality goods, which is what the Indian middle class and upper-middle class are looking for.

So in a world where depression, in terms of not... demand not rising, here's a market which is waiting for goods, quality goods; here is a market which is an investor's best place to come and invest, because there is also a captive market, and also the best place to produce because you have qualified, trained, young personnel who can keep your production costs very low, but yet reach out to the world because you'll still be competitive producing there. For all this, the infrastructure and also the other [unclear], which we've faced all these years and decades, are being addressed by the current government. I'll only very quickly capture one fundamental change which has happened, which I'm sure my colleague, who's also in town today dealing with the energy sector, Piyush Goyal, will be able to elaborate in great detail.

But I will say this: for a country prior to May 2004... 2014, which was known for power shortages, within a year and a half, today India has an energy surplus. We have altered the system of production, ensured that those capacities which are lying dormant have all been, you know, shaken up, distribution of coal—which is not the best of sources for producing energy, but at least because we quickly had to do something and we have quite a lot of reserves of coal—we have done such adjustments that within a year and a half, today, there's enough energy in the country that we're only having difficulties in terms of the distribution network. The grid's capacities are all being... now being pepped up, so that soon that hurdle will also be crossed.

In that, both the public investments, in terms of roads and highways and seaports, more seaport related activities and so on, public investment will increase. But, let me also say, the private investments, if I were to only take the data for private investment in infrastructure alone... you know, India's government, buy [?] five-year terms of planning, the current one will end in 2017; by the time 2017 is upon us, the private sector's participation in infrastructure-related investment will be up to 50 percent, so in a way it is not just public spending. I'm taking the example of infrastructure, but that reflects in many other sectors too. The private sector participation which, two plans prior to the prior one, was only up to 20 percent, and then it rose to about 38 percent. But now, before 2017, it will be about 50 percent. In other words, India's private sectors investments are being made far safer and far more productive. That, for the Indian investor himself, investing in long-term projects such as

infrastructure, is becoming attractive, and I'm sure, therefore, that'll be something of an indicator for investors from abroad to consider investing in infrastructure or long-term project.

Secretary Pritzker rightly referred to a bill which is in parliament which is on settling commercial disputes fairly quickly, by creating benches within the high court which have original jurisdictions. And a high court is a place which is the topmost court for the province, so in states, the high courts are the ones which have the topmost authority, and it is only after the high court settles a matter for appeal would you come to the Supreme Court, and that's the topmost of appeal courts. So if this bill gets passed, and I don't see why there should be a difficulty, issues related to commercial disputes will all be quickly settled, and predictably in the sense you'll know what is the course of time, what is the kind of litigation process which will have to be adopted.

So there are several such steps being taken by the current government, we've legislative or administrative executed [?]. More importantly, there's been quite a lot of reference to India's ranking in the ease of doing business. I must say, the department in my ministry has worked very hard with the World Bank, and whilst we shall be ranked along with many other countries, as was before, ranked 149 out of 189 is not a great deal, it's actually something which we've been very worried about. We've done a lot of... we've made a lot of effort to improve our position, and I will only take this example to tell you how we've gone into great detail and... not just sit in Delhi and take a decision, but gone into great detail to work with the states, because ultimately you may plan in Delhi, but action happens in the states.

So we've worked with the states to say there are several such steps which you need to take, at your level, to clear the air so that investors, or anyone who wants to do business, is going to feel a bit better than they do now. Ninety-eight such steps were identified, and by June 30th of this year, most states complied with it and ensured that they removed the hurdles, or diluted the existing rigour and made it possible. They were ranked, by World Bank, from among... within in the Indian states, and the rankings are out in the open, only last week it was released. So if we are preparing ourselves to be ranked better among countries, we've started doing that at home. Charity begins at home, and we've done that and shown that within a year we've corrected our ways within India.

So with all this said, and with the political will which Prime Minister Modi has been showing in pushing India to be a better economy—which is what it is in terms of comparison with many such comparable economies—but also for the red tape for which it had come to be known for shall no longer be what it will be what it will be known for, and we have ensured that the steps being taken, with the political will of the prime minister, will only make India a better place for all the investors, or for, you know, those who are interested in economic activity, to be looking at. Without taking more of my... your time in giving my initial opening statements, I think it's been a great morning in interacting with all of you. I'm sure there'll be question-and-answer sessions, but I'm here to assure you, through the strategic and commercial dialogue, and also the trade policy forum—for which, again, I will be coming in October to work together with the Secretary of Women [?]
—India and the United States' relationship is only going to be better. And in that, the CEO forum, particularly because now it is part of this whole strategic commercial dialogue, has a very big role to play, and I look forward to working with them in the near future, for initiating several such steps which are required in bettering India-U.S. ties. Thank you very much.