

India: Opportunity and Challenge in a Globalizing World

By

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Thank you very much Chief Minister and let me thank you most sincerely for coming along here today. It is a privilege to meet you and to recognize for myself on this, one of my many visits to this great city, the contribution that you have made so often and so consistently during your period as Chief Minister. I think only of what you've done on air pollution, on the Metro, on what you've done on improving governance from the right to information and indeed even winning the bid to host the 2010 Commonwealth Games. So I have to say to you that I wish we had more people like you in the world and then we wouldn't have so many problems. So thank you very much for all you have done for this great city.

My purpose in having the opportunity to talk to you is not just because I feel I have to speak in India and have my colleagues find a location that we can invite a few friends, but because I wanted to share with you the thoughts that we have in our institution about some of the current global challenges that we face and in particular how they relate to India.

Indeed, when you talk about global challenges and you use the word 'global' it is impossible to think about it without thinking about India because India represents 1 billion of the 6 billion people on the planet. It is not a country like any other country with the possible exception of your neighbor China, which has another 1.2 billion. Together, you are just about 40% of our planet. So when we talk about the global challenges that we are facing, it's hugely important that we both understand the situation in this country. And as the World Bank seeks to establish a partnership that can be constructive and useful in terms of assisting your government in achieving the objectives which they have set because we look at things in the global context.

The context at the moment is one that of the 6 billion people on our planet, 5 billion of whom live in developing and transitional economies. That 5 billion has, I think you all know, only about 20% of the world's income and the 1 billion has 80% of the world's income. And this essential inequity between the two parts of the world, the rich countries and the developing countries, has confronted all of us, and has confronted the leaders of the world who came together in the year 2000 to think about what has happened in the past but more particularly what are the goals for the future.

They established very clear goals to which all 200 of them agreed in the year 2000 which were the so-called millennium development goals in which they said that the most important issue at that time is the issue of defeating poverty and the issue of making life better for a larger number of people. Indeed, as you know, they said by 2015 we must have halved the percentage of people living in poverty on our planet and they set other objectives in terms of reducing infant mortality, maternal mortality, getting all children in school, ensuring that women have equal rights, ensuring that young girls get into school by 2005, proportionally to young boys and doing it within a sustainable environment in which all of us can share a planet in which all of us can actually breathe and live.

And it didn't take them much time to establish these things. It took them a few days but for those who were there or read about it you would have heard exactly the same statement in different words made by just about every leader. One after the other they got up and in 6 minutes gave their future of their world which is just about what I've described and so there was great unanimity that if we were to have peace, if we're to have opportunity on the planet, then we needed to work towards these millennium goals.

I think they didn't particularly single out youth but it has become very clear since that time that all of us share the very important understanding that of the 6 billion people on our planet about half of them are under the age of 24 and indeed 1.8 billion of them, a third, are under the age of 14. We ourselves have reached out at the Bank because for years we ourselves discovered that we have been dealing with the questions of education and the questions of youth. But I think giving adequate attention to youth, literally talking to youth and finding out what are the issues as they may see it, as they see them, is important. And this morning I had a great opportunity of meeting with 12 or 15 of your young people as I do now in every country I go, to get their take on India and to get their take on the world and it was a take that is rather similar to the views of young people that I have met in other places.

The first thing that they confirmed is, as we were talking about the future, although they didn't put in these words, is the lesson that I learnt in Paris a few years ago when I was talking in a patronizing way to the young people about what are we going to do about their future, they said, "Mr. President, we want you to know that we are not the future, we are the now." I was put in my place and I've been very careful ever since, to understand that they are not only the now. They are the now but they are also the future because in the next 25 years we'll have two and a half billion more people on the planet and so quite a lot of these young people are coming along and all of us are faced with the issue of how they can be satisfied in terms of having opportunity. In terms of having jobs, in terms of confronting some of the real challenges they face today including AIDS which is a tenacious problem in so many countries and a tenacious problem that I say in this country too.

I have been saying this for 10 years and a few people have listened but it still is a problem and the young people feel it more acutely than

perhaps anybody. They said to me what I've heard in so many places : we need jobs, we need opportunity, we need help in fighting AIDS. The women need equal opportunity and they went on to say that this was really a 'two speed' nation. A nation in which the privileged and many of the people that live in the coastal areas and in the cities have a life which is moving along at a pretty hectic pace, at a pretty positive pace. These young people were saying 'how is it that we can help those less fortunate, those young people that are engaged in child labour, those young people who have no hope of going to school?' The young university students are saying, 'you know we are really keen to do this'. And some of the other people who we met are the NGOs that were addressing questions of AIDS and questions of inequality. They were remarkably saying 'how can we get together with the World Bank?' This message of trying to deal with the question of equity, deal with the question of inequality, to deal with the question of hope, to deal with the question of opportunity for young people is really at the core of all the things at the millennium development goals.

We are setting out to address this, so this partnership with young people, this need to listen to young people and this need to give hope to young people is not only something that is shared by youth around the world, but may I say, it is also the key to peace.

Because as we see in the Middle East, as we see in so many other places, where there is conflict, young people don't have hope, they have little resort other than doing things which in fact bring about instability.

In my last visit to Gaza, in my visits to Congo, in my visits in East Timor and in Kosovo and in Bosnia, in all the places you have conflict, if you go to the young people and they don't have opportunity and if they don't have hope, then there is no way that you can have peace. And indeed your Government understands it, you understand it but in my visit just now to meet your remarkable President, he told me that 600,000 villages and the 700 million people that live in those villages and the two speed India. And yet again in the same day I heard from not only the youth but from your eminent President the crucial importance of trying to bring about equity in a country which has transformed itself so significantly in recent years. And indeed that transformation has been enormous.

In my visit here first in 1957, madam CM, I made an enormous mistake. I had just finished competing internationally in a fencing competition and I was offered a film contract here as a hero in Bollywood movie and I was told that I'd get 200 rupees a month and I could rescue all the pretty women that I could find with my sword. Sadly I went to Harvard instead but I've often thought how great it would have been to stay here, madam minister, and I could have been a success if I had done that, instead of sinking down and becoming a civil servant as I have now.

But in this period of time since I was first here and indeed even recently since I took on the job in the Bank, I think you all know the remarkable progress that the country has made since 1957. Your GDP per capita has gone up from \$410 to \$540, trade has increased remarkably from 22% of GDP to 32% of GDP. You had poverty, when I first came here, in roughly half the country. Today, there is some argument about it, but its

probably somewhere around 26%. That was the number that was used by the President today. The birth rate's been cut from 6 to 3 because largely of education of women, empowerment of women and literacy has improved so much from 40 +% to more than 60% of the country. So the movements on the statistics is obviously going remarkably well in the last 7 or 8 years.

I think one would have to say that the Chinese experience has been even more dramatic than what you are doing, but it is so often said - in a very different way. You have a different democratic system, you have huge diversity inside the country. I've had the privilege here of traveling so much in the country and just getting a sense of what the diversity is. It's not just 600,000 similar villages, it's 600,000 curiously very different villages and I'm sure you would say 600,000 different opinions. I hate to think about the poor politicians in this country, where I understand incumbent governments in each election, four out of five get thrown out. I wonder how you run this country except you Chief Minister, who seem to be the choice of everybody.

This is a country of enormous diversity, enormous culture, enormous potential. But it is a two speed country in so many parts of the country and what I've found to be extraordinary is that in the fast speed how your country has projected itself in so many parts of the world and even within the last 10 years Infosys is an obvious example with now 25,000 employees in more than 26 places around the world. Tata Motors has linked up with Rover, some thing I would have never thought possible, but in fact you have joint ventures with Daewoo in Korea and China. Asian Paints has become a major international operation. Ranbaxy is now the largest generic drug manufacturer in the world. So this is not just any old country, this is a country which when it flexes its muscles has enormous internal potential and enormous external potential and the challenge that you face is not that you need to find people of competence, people of resources, people with education.

The challenge that you face in which we are certainly anxious to work with you, is how you can spread this enormous profusion of talent and direction to the vast body of people in the country and here what I must say is that in recent times we have had additional cause for optimism. I read last night, I should have read it earlier, but giving a speech sometimes focuses you on important things. I finally read the National Common Minimum Programme for the Government of India. I had pretended to the Indian colleagues that I had read it before but I have to tell you secretly that I read it last night. I've quoted it before but I had never read it. And I commend it because it is a fantastic document. It's a document which in a way encapsulates what is the objective of this country.

It talked first about promoting social harmony and enforcing the law without fear or favor and indeed the traditions of your Supreme Court and of the top levels of justice in this country are cherished jewels of the country. And hopefully it will be restored throughout the judicial system in this country. Its aim is to have the economy to grow at 7 or 8 % a year. There's reference to the well being of farmers, farm laborers and workers, a recognition upfront of the empowerment of women, politically, educationally, economically and legally, something that I have learnt is

absolutely at the essence of development. To provide equality of opportunity particularly in education and for the scheduled castes, tribes, other backward castes and the religious minorities and then finally of course I'm reading as it was put in this paper ' the creative energies that are entrepreneurs, scientists, businessmen, engineers and professionals and productive forces in this society.' And so here in this statement which was then added the most important words "and to do so in a corruption free, transparent and accountable way".

Here is a challenge to the country that has been taken up by the Government and which is a statement that is certainly better than anything that we could have written. But it is something that is now established under the government, the Prime Minister and his distinguished colleagues as a sort of plan, as a road map on which the country needs to proceed. So as I talk about the prospects for the future and the opportunities and challenges it is not for me really to add to the challenges that were set up by your own government. They went on as I think, you know, to deal with the sub- structure of this approach in terms of employment, agriculture, women and children, food, nutrition, strengthening the panchayat system, something which came with such hope in the early 90's, and which at least to an outsider, never fully achieved its potential, but which is now part of the program. Because what we have learnt in our work is that if you are trying to move a country of this size and scale forward, you cant just move it from the centre, you must work at a local level.

You must engage people in poverty not as an object of charity but as the asset on which you build a country and whether you do it through the panchayat level or other ways. Of this diversification, of this responsibility, of this acceptance of responsibility that this country has within its bases built on democratic action, built up the willingness to accept responsibility which needs to be engaged to its full potential and as was said in the paper, there is partnership available here : a partnership between the educated Indians, the entrepreneurs, between those who are in business and those 700 million people that are living in rural areas where so many of your poor people live. And also increasingly in peri-urban areas where your cities are growing in such a rapid pace and with the need to restore infrastructure, the need to prepare the bases for jobs and for opportunity within the urban areas as well as the rural areas.

So how do you describe the challenge to India? It's not like almost any other challenge, it's running a democratic society where as I've known so many Indian friends over so many years, getting them to agree on most things is quite difficult. There is a large variety of opinion, there is an individuality which is there in the country and there is a need to bring together the country in a recognition that it has the resources to deal with the question of poverty and to give opportunity to all. If there is the will and if there is the assumption of responsibility by everybody, by the people in government, by the people in business, by the people in civil society and by people in institutions like mine which can only help.

We are not government, we are not business, we are civil society , we are there to give experience and to give resources to the extent that they can be helpful. But even there, your country is endowed with resources and now substantial assets in your exchange accounts and indeed in what you have generated yourself and so as I come here now it is a very very different place than 10 years ago.

It is a more confident India. It is a India that is looking more outwards. You are looking to sign Free Trade Agreements and cooperation agreements with Singapore, with the Asian Countries, to think of China as a trading partner not as a political challenge, to resolve problems that you may have had or may not have had on Kashmir and on Pakistan. And as one thinks of the country it is in a remarkable period - in French you may say 'les opportunités de l'aube', the opportunity of dawn is coming. You have that feeling in this country. You have the feeling that you have the resources. You have the capacity. You've articulated the will but now you have to do it.

There's really nothing to hold this country back if the road map is followed and we at the World Bank feel enormously privileged to have the opportunity of working with you. I think you know we've done close to \$60 billion of projects here over the years. More than 400 of them -so we know quite a lot about India but we also know that when you really set your mind to do something you get it done and when you bureaucratize it, you talk to each other too long, you don't get it done. Now is the time to meet the challenge and indeed you have to because it's not just talking to yourself. You are a crucial part of stability in the world, you're a crucial part of the objectives that we need to find.

I just want to say one or two more other things. When I was at the summit in Evian 15 months ago of the G8 leaders, we had interestingly 10 or 12 other leaders from the developing countries that came there including Prime Minister Vajpayee. A fascinating moment took place when the President of Brazil President Lula came in he said to President Chirac, who was the host to president Bush and Tony Blair and the other G8 leaders, 'You know my mother would have been very proud of me being here in front of all you distinguished leaders of the G8.'

Then he said something very interesting, he said 'As I look around the room and I see Prime Minister Vajpayee and President Hu of China and President Mbeki from South Africa and President Obasanjo of Nigeria I sometimes think, indeed it just came to me while you are the G8, we represent 5 billion people and maybe next year we should invite you to come see us because we are the G8.' And of course he's right in terms of the projection forward. In another 25 years, all the two billion net growth, 97 percent of it goes to developing countries. Today the developing countries have \$7 trillion of the \$35 trillion global economy. In 2050, on our projections, that grows eight times to be 40 percent of the global economy and it will be 8 billion out of 9 billion people on the planet.

India is central to that issue, India is central to the question of global stability. India is not just a question for the Indians. It is a question for the planet whether it be in terms of your population, or the

environment, or stability in the region, or entrepreneurship, or creativity. This is a country on which the world depends and certainly our feeling is that we wish so much to work with you.

I now quote from Pandit Ji in something that he said in 1947 - I think it's very apt, he said, 'Long years ago we made a tryst with destiny and now the time comes when we shall redeem our pledge. At the stroke of the midnight hour when the world sleeps India will awake to life and freedom, a moment which comes but rarely in history, when we step out from the old to the new, when an age ends and when the soul of a nation long suppressed finds utterance.'

I think now is another such time and I wish you luck and we look forward to working with you. Thank you.