Mr. Paulo Casaca [President of the South Asian Democratic Forum],

Thank you very much for inviting me and my colleague. We are very grateful that your Forum, as part of its annual exercise of brainstorming, has chosen India as the focus this time. In your opening statement, you said that the election of our new Government under the leadership of Prime Minister Narendra Modi was the global game-changing event of 2014. I cannot agree with you more.

Mr. Geoffery Van Orden
[Chair of the European Parliament’s Delegation for Relations with India]

I have been listening with great attention to what you have said about our Prime Minister. It was very nice and kind. It was also interesting to note the way you sketched the situation in our neighborhood. Your strategic perspective brings a particular insight on these issues for which we are very grateful.

I am very happy to see so many distinguished professors who have come all the way from China, Heidelberg etc. I know that these universities have excellent professors. I have a great deal of regard and respect for all of you. There are also other distinguished intellectuals from other parts of Europe and the United States. I am also very happy that many Ambassadors are present here. It is very kind of you all to attend an event which is focused on my country. We are very deeply appreciative about it.

So, Paulo, let me start off with what you have said – “Game changing event”.
Ladies and Gentlemen,

I do not know how many of you still recall that in the last week of May 2014, which was soon after the results of the Indian general election were announced.

All major news magazines of the world, – and I, certainly have copies of Time, Newsweek and the Economist – every single one of them had a photograph of Prime Minister Modi on its cover. I am not sure how many cases are there of leaders outside the United States and maybe some parts of Europe who simultaneously find themselves for the right reasons on the cover of these magazines.

While I certainly believe that the election was a game changer, the world too agreed that it was. It was certainly game changing for my country.

We are one of the largest countries in the world with 1.2 billion people. We are the third largest economy in terms of Purchasing Power Parity placing us next to the United States and China and larger than any country in Europe.

Since, we constitute 16 % to 17 % of humankind, I do believe that what happens in India has an impact on the rest of the world. I have no doubt that my country is experiencing a huge sense of optimism, invigoration and a spirit described by the very well-known Indian economist who teaches at the Colombia University, Mr. Arvind Panagariya as “There is electricity in the country”.

During April and May 2014, we had elections in India. Some five hundred and fifty million people exercised their franchise. This incidentally is more than the entire electoral rolls of Europe and the United States put together. The result was, of course, unbelievable. But it was a fantastic one. The people of India know what democracy is and while they have invariably exercised a clear choice in the past too, this time they were, particularly, clear and one political party – The Bhartiya Janta Party – led by Prime Minister Modi, won an absolute majority in the Lower House of the Parliament. This was the first time that such a thing happened in 30 years.

In my personal opinion people took this decision for a number of simple reasons. Of course, the previous Government had been in power for ten years. But I think people took this view because we had been hit by a fact that over the last two or three years growth rates in India had come down to as low as four and a half
per cent. Now, I know that four and a half per cent is big by European standards but please note that we are a developing country. When we do less than 5 %, we barely meet the inflationary figures and our demographic expectations. So, it was a matter of great worry to us; worry of the people regarding lack of jobs. They, therefore, exercised a choice for the leadership of someone who had a proven track record in development over 13 years as the Chief Minister of Gujarat.

It is also important to note that people in India voted for the Bhartiya Janata Party in a pan-India manner. If you had seen the news channels in India or Indian magazines during the Indian General Elections, the map of the entire country was colored with that representing the BJP. Indeed, the BJP won all the seats in several States and the others, including the Congress Party, were not able to open their account at all. The people were, therefore, clear that they reposes their trust and confidence in the leadership of Prime Minister Modi.

Now, obviously, there are raised expectation, raised hopes and people are waiting to see action. They want a Government which governs. They do not want a Government in policy paralysis, hampered by the fact that it was in a coalition where often all of them did not think together. There were several issues which pulled them apart that made decision making at the level of the Government, a difficult task. Here is now a Government which has a clear majority. They can take decisions. They can fix what they want as their priorities. They can take things forward.

Over the last few years, India was also beset with the issue of corruption. A very large number of people in the previous Government found themselves finger pointed and several have found themselves inside the jails on various charges. There are court cases going on.

Prime Minister Modi came to power promising people a clean Government, a Government in which there will be no place for corruption; transparency would be promoted and decisions would be taken expeditiously.

Let me make a few broad points to you on the agenda. As I mentioned to you, we grow at the rate of an Australia a year. Young people are our resource -- what we call the demographic dividend. But it also means a huge amount of responsibility for us because you need to ensure that there is health, you need to ensure that there is education, that people are skilled and employable and then after all that there are jobs. It is because if it does not happen then let me assure you that for a country of our size it only means ‘societal turbulence’ and that is the
last thing that any developing economy and any developing society would like to see.

Therefore, the entire imperative of doing something on the economic front is boosting growth and boosting jobs. So, not just growth, but growth with jobs is obviously the center point of our Prime Minister’s efforts and indeed at the G20 Summit which will be meeting in the coming days, it will be India’s endeavor to highlight the need to ensure the same. Of course, leading countries wants to push for a growth oriented model and we are all for it. It is absolutely important. If you do not have growth, you will not be able to do so many things that you want to do. But for us, an equally critical issue is that growth must come with jobs and ‘jobs’ is a very critical element of our top needs.

So, our Prime Minister has embarked on a huge national initiative coupled with its institutional linkages on the “Make in India” campaign. It is a major effort to boost manufacturing in India because manufacturing is an economic activity that can ensure jobs, growth and economic well-being for a very large number of people.

Now, over the years in India, economic activity has moved away from agriculture, where it used to be concentrated, almost bypassing industry and has gone towards services. This is very good. We pride ourselves in what we have achieved. Our IT services and IT sector are second to none in the world. In fact, it is among the leading players in several areas. But the fact remains that we need to ensure that we have the abilities to provide jobs for our people in our own country. We also need to lessen our dependence on the services sector especially its pure international linkages because we have seen its negative side-effects since 2008. There have been international crises one after the other and even though the Indian economy has been somewhat insulated, it, certainly, has taken a brunt of the adverse consequences.

Prime Minister Modi has coupled his initiatives on the internal side as well by easing the way business is done in India, easing the rules and regulations, ending the inspector-led mentality which used to permeate the Indian bureaucracy, easing the way you make applications, etc., along with a great deal of other efforts. The principle among them is promotion of Foreign Direct Investment. For example, we have opened Foreign Direct Investment in the area of Railways to the full extent. It is 100% through the automatic route in Railway infrastructure; in defence industry which used to be a big ‘no-no’ area for FDI, now, up to 49 % has been allowed in terms of Foreign Direct Investment and in fact in some cases
through special permissions, the figures can go higher than that. The Government has also undertaken privatization initiatives through disinvestment in the stocks of public sector companies so that they get listed on the stock exchange that will lead to greater accountability, greater interplay with market forces, etc.

One of the main areas where we faced a large number of challenges for a long time was in the petroleum sector. For a long time, people said that our Government is not able to take a decision. We were not able to get away from the idea of administered prices for petroleum products. We were not able to set remunerative prices for procurement of gas from fields both onshore and offshore in India. This Government took the necessary decisions and removed subsidies on diesel and petrol and fixed the price for procurement of gas. This has led to the resolution of a long pending issue in the country.

Of course, we took the decision at a good time when global oil prices have been falling. The hallmark of a Government is to take advantage of the situations, take advantage of the right time, strike when the iron is hot and to ensure that you are able to do things which you need to do because otherwise you simply would be waiting for a particular day while the good times would be gone.

The net result of all this has been that in the last financial quarter, we saw that the rate of growth of the Indian economy jump to 5.7 % from 4.5 % in the same quarter last year. This jump is significant because it underscores the optimism in the Indian economy. Inflation is also now at its lowest in India in the last several years. The Indian Rupee which was somewhere around 70 rupees to a US dollar last year, is now in the range of about 61-62 rupee. We have also experienced huge amounts of inflows of foreign institutional investments. We have also started seeing signs of companies wanting to sign up and do manufacturing in India.

We are sitting in Belgium. Johnson & Johnson is a very big pharmaceutical company which is based here and in the United States. Just a few weeks back, they announced a USD 400 million investment project in Bangalore for building a new pharmaceuticals factory that will create huge number of jobs, etc., in India. So, there is a great deal of interest in the Indian economy now.

Now, Paulo, I know that my time is running out. So, let me focus on the area that is, particularly, important to all of us and is of great interest to us, Foreign Policy.
Prime Minister Modi came with a vision that India needed to grow and its economy needed to do better for ensuring a better life for its people. One of the critical requirements was action at the national and domestic level. The other critical requirement was to ensure that the international environment towards us was favourable. So, besides acting on removing obstacles to Foreign Direct Investment into India, he took necessary action in the area of Foreign Policy as well.

Geoffery, you had mentioned Pakistan. It is our neighboring country and we cannot ignore natural geography - it is a country with which we share a very long border. We also share civilizational links, culture, etc.

Prime Minister Modi, at his swearing-in ceremony had invited the Heads of States and Government from all the SAARC countries. All of them were there. Bangladesh was represented by its Speaker because the Prime Minister was away on a State Visit and we had the Prime Minister of Mauritius as well. It started off the process of saying that we want to engage with our neighbourhood. Then, our Prime Minister went to Nepal, being the first Prime Minister in 22 years to do so. He went to Bhutan. We had his visit to Japan. The Chinese President visited India. It was a very big visit involving a visit to Ahmedabad as well, which is the hometown of Prime Minister Modi.

On Pakistan; yes, we have several outstanding issues with them. We had firings by them at the Line of Control. Our Prime Minister has been very resolute - we are happy to extend a hand of friendship and talk but for that they need to desist from aggression. We want peace, amity and friendship. We want to try to take things forward. But it does not mean that we are not firm and resolute. Our Finance Minister, who was also Defence Minister till recently, had repeatedly made it clear that the associated cost would be unbearable if Pakistan carried on with such misadventures.

Prime Minister Modi undertook a major visit to the United States. Of course, he addressed the UN General Assembly but he also addressed a gathering of 20,000 people at the Madison Square Garden. Most of the assembled people were members of the Indian community but I must tell you that nearly 30 American Congressmen, Senators and Governors were also present at the Madison Square Garden to witness his address. This was remarkable since it was smack in the middle of the election time in America. Why were they there? They were there because they see him as somebody energizing India, energizing the large Indian community in the United States and energizing prospects of relationships
including, of course, business relationships with India. It was what everybody wanted to be part of.

Prime Minister Modi has since travelled to Myanmar. He is now on his way to the G20 Summit. We hope to see a much greater invigoration of our international linkages. In Australia we are expecting a replication of the programme of his visit to America. He is making a major speech at Sydney, addressing a large gathering in Melbourne and attending, of course, the G20 Summit.

What is the message that I wish to convey? The message that I wish to convey is exactly what Paulo said when we started off – we saw a game changing event with the election of Prime Minister Modi and his invigoration of India and a great deal of interest amongst the world in interacting with us.

We have an old relationship with Europe. It is our largest trading partner, largest FDI source, technology, human capital and we have a large diaspora here. This is a relationship which we cherish. It is a relationship which is extremely important for us and as I sit here in the European Parliament with the Chairman of the Delegation for Relations with India, we look forward to try to invigorate this relationship and impart a huge momentum to it.

We mark 10 years of our strategic partnership with the European Union this year. This year, there have been elections for the European Parliament. The President of the European Council is to take over on the 1st of December 2014. But action has already begun and we may see action even at the G20. In any case we are all working to invigorate the relationship and hopefully early next year we will be able to bring all these things together. I have no doubt that in the minds of Europeans, European leaders and Indian leaders, Europe is and will remain one of our most important and strategic partner. We have a vested interest to take forward this relationship forward.

So, Paulo with these words, I want to once again say a big thank you to you. I hope this Seminar will see a great discussion. You have outstanding people here from across the world and I look forward to seeing you all individually in different capacities whenever you are here in Brussels. I wish you an excellent brain storming and a great afternoon ahead.

Thank you.

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