

FIFTH CONVOCATION ADDRESS

By

DR. MANMOHAN SINGH

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JAMIA HAMDARD

(Deemed University)

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ADDRESS

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Hon'ble Chancellor, Jamia Hamdard, Mr. Saiyid Hamid, Hon'ble Vice-Chancellor, Mr. Siraj Hussain, respected President, Hamdard National Foundation, Mr. Abdul Mueed, members of the Executive and Academic Councils, faculty members, recipients of degrees, dear students, ladies and gentlemen:

I am very grateful to Mr. Saiyid Hamid, the Chancellor and Mr. Siraj Hussain, the Vice-Chancellor of Jamia Hamdard for inviting me to address the annual Convocation. The Convocation day has a special significance in the life of students who, after diligent pursuit of their studies, have successfully earned their degrees and diplomas. It also represents the beginning of a new chapter in their life as they face the challenges of the future. I congratulate all those students who are the recipients of various degrees. I convey to them my best wishes for a very successful career hereafter.

I take this opportunity to pay my homage to Hakeem Abdul Hameed Sahib, the founder of this University. Hakeem Sahib was a great patriot who laid emphasis on the role of human knowledge for all-round development of our country, and of the Muslim community, in particular. Inspired by the holy Quranic teachings of public charity, he converted the Hamdard Dawakhana, a highly successful business enterprise, into a 'Wakf'. This University, which is the creation of Hamdard Wakf, is a fine living monument which will

remind our future generations the debt we owe to the vision and wisdom of Hakeem Abdul Hameed Sahib. His life and his work, and the ideas and ideals which were dear to his heart, will for ever remain a powerful source of inspiration as we grapple with the challenges and opportunities offered by the twenty-first century.

1. Our world in the new 21st century is marked by unprecedented changes. The stock of human knowledge is increasing at a phenomenal rate and this is leading to profound changes in economic, social and political affairs, all over the world. The revolutionary changes now taking place in the frontier areas of science and technology, like biotechnology, gene therapy, communication, transportation and informatics, are opening up new vistas of opportunities for improving the human condition, a prospect which was unthinkable even two decades back. These new developments in science and technology are also bringing about an integration of the world economy. Globalisation is a reality. It cannot be wished away. The task ahead is to make globalisation processes work for us rather than against our interests.

2. India's place in the evolving world economy will largely depend on our ability to seize the opportunities and to respond to the challenges thrown up by the globalisation of the new economic order. We need a new mindset in our country which accepts the inevitability of change and, indeed, celebrates it. Science and technology education has a major role to play in training our future entrepreneurs and managers so that they are well equipped to meet the challenges of change. India needs entrepreneurs and managers deeply committed to the pursuit of excellence and operating at the frontiers of scientific and technical knowledge. Above all, they must have a strong motivation to be the pace setters in accelerating the process of social and economic change and development. It is only through a wise and effective use of modern science and technology that we can create new job opportunities for productive work on a large enough scale to absorb our growing labour force.

3. The basic problem of our country is to get rid of the chronic poverty, ignorance and disease which still afflict millions of our people. The creation of new wealth and ensuring that the growth process is employment-oriented are central to this concern. We need to greatly accelerate the process of wealth-creation so as to deal effectively with the societal tensions and conflicts inherent in the body politic of a poor country like ours. It is in this context that I would like to give you a bird's eye view of our past developmental experience, the gains we made in the 90s after the launching of economic reforms in 1991, and the challenges that lie ahead in our quest for a more dynamic economy as we move into the new 21st century.

Economic development in India, reforms, and the tasks ahead:

4. Our country has made impressive all round progress since we achieved Independence in August 1947. We can take legitimate pride in the fact that this progress has been sustained in the framework of a democratic polity and an open society deeply committed to fundamental human rights and the rule of law. Our economic structure has been greatly diversified in the last fifty years.

5. Agricultural production in general, and food production in particular, have increased at a rate faster than the rate of population growth. The expansion of India's industrial base has enabled us to meet the bulk of our requirements of capital goods and industrial raw materials through domestic production. There has been a significant improvement in the nation's educational and health status as measured by school enrolment, literacy rate, and life expectancy at birth. The harsh edges of extreme poverty have been considerably softened. We have accumulated a vast reservoir of scientific, technological and managerial skills and this S&T and professional talent has played a key role in the economic development of post-Independent India.

6. Nevertheless, we have to recognise that the overall pace of social and economic development has fallen far short of the aspirations of our people and the potential of our economy. Our long term rate of economic growth compares unfavourably with China as well as many other countries of East and South East Asia. Our national income is much smaller than that of a small country like South Korea. In the harsh competitive world that we live in, power and influence of a country in world affairs are largely dependent on its economic strength. Thus, the persistence of past trends can only lead to a further marginalisation of India in the evolving global economy. Moreover, the pace and pattern of economic growth has not been vigorous enough to create enough new productive employment opportunities to absorb all the new entrants to the labour force and the inherited backlog of unemployment. As a result, there is an increasing feeling of unrest and alienation among large sections of our youth.

7. Even after more than fifty years of independence, we have not been able to universalize access to basic education for all our children. The primary health care facilities have not developed fast enough. The current rate of infant mortality of 70 per 1000 births is unacceptably high. These harsh realities, particularly the persistent low productivity of resource use in our economy, and persistence of mass poverty, are well known. And it was this realization which led to a considerable amount of rethinking in the 1980s, about our economic strategies. In particular, there was widespread national concern over the fact that despite a significant increase in savings and investment rates since the 1950s, there had been no perceptible improvement in the overall economic growth rate of the economy from 1950s to 1980s implying growing inefficiency in the use of national resources over time.

8. The grave economic crisis of 1991-92 accelerated this process of rethinking, and far-reaching changes were made in our economic policies during 1991-96 to align them with contemporary needs and current realities.

9. Despite many controversies associated with these changes, it is now generally recognised that the initial results on the whole have been very positive. In 1991, we were nearly bankrupt. We had to mortgage our gold abroad to raise even a small loan. Reforms have made India a strong and healthy economy. The country was able to overcome the grave economic crisis of 1991-92 with the least possible damage to the underlying rhythm of the growth processes and without any major social upheavals as witnessed elsewhere in the developing world. In the same manner, the East Asian crisis of 1997-98 also had only a marginal impact on our country.

10. A sound basis was laid for a sustained improvement in the country's development prospects. The country's aggregate growth rate, growth rate of agriculture and the balance of payments outcome during the Eighth Plan period (1992-93 to 1996-97) showed a distinct improvement over the plan targets. In 1995-96 the Indian economy was growing at an annual rate of over 7 per cent, industrial production was increasing at the rate of 12 per cent and exports were growing at the rate of 20 per cent in dollar value terms. Thereafter, the growth impulses have become weaker. However, comfortable foreign exchange reserves, food reserves and a low rate of inflation create new opportunities for a substantial improvement in our growth prospects and for a more effective attack on poverty and unemployment.

11. We have still a lot of unfinished agenda to get rid of the chronic poverty which still prevails in India. Nevertheless, I am convinced that an economic strategy which lays emphasis on strong and resurgent economic growth, faster development of agriculture, increased labour intensity of economic processes and higher investments in basic social services such as education and health should make a visible and favourable impact on poverty. Our economic policies have to be so designed as to maximize the gains that arise due to increased access to international markets and foreign investment and technology. At the

same time, care has to be taken so as to ensure that the opening up of the economy strengthens Indian enterprises and promotes self-reliance. This is the only viable approach to meeting the challenges of globalisation. The new Tenth Plan's target for achieving 8 per cent growth rate in GDP, in the context of the new global economy, is indeed a major challenge for the whole country for which all-round efforts are required to mobilise additional resources for productive investment and to improve the efficiency of resource use.

12. Modernisation of the Indian State, improving the processes of governance, and enhanced emphasis on transparency and accountability are crucial for the realisation of the ambitious development goals. There is need to redefine the role of the State. As far as possible, Government should get out of the business of industry and trade. However, the buzz word 'privatisation' should not detract our attention from the urgent task of upgrading our systems of public administration and improving public delivery systems for basic social services and infrastructure sectors. Public enterprises must lay utmost emphasis on efficiency and productivity. The issue in practice is not that of the size of the Government but one of its reorientation to meet the need for basic public goods which the State alone can meet.

13. We must also recognise that development cannot simply be imported from abroad. The bulk of resources for development has to be mobilized at home. We have to increase our domestic savings' rate to levels prevailing in the East Asian countries. Our financial system has to play a major role in increasing our savings' rate and for ensuring its efficient utilisation. Foreign investment at the margin can considerably enhance the effectiveness of domestic efforts, but it is no panacea for all our economic ills. We should welcome foreign investment, but also ensure that the increased flow of foreign investment and imports supplements our domestic resources and does not hurt our domestic enterprises. We have to evolve a policy

framework which rewards saving, risk taking and entrepreneurship. Above all, we have to harness modern science and technology to increase efficiency and lower costs in all sectors of our economy. We must learn from the experience of the developed countries in their use of modern science and technology for increasing all-round productivity.

14. In this context, special attention needs to be paid to the infrastructure sectors. Currently, the state of India's physical infrastructure consisting of energy, transport and communication systems has emerged as a major constraint on the pace of economic development. The public sector which has a major responsibility in these areas is unable to find adequate investible resources, both because of defective management structures and faulty pricing policies. At the same time, with the exception of telecommunications, we have been unable to attract private capital on a large scale because of ineffective regulatory systems and defective tariff policies. In recent years, some welcome initiatives have been taken to improve the telecommunication system and roads. However, electricity, railways, ports including air ports and irrigation systems, continue to be areas calling for new initiatives to expand capacity and improve the quality of service. Despite the general recognition of the problems that need to be tackled, the pace of reforms has been painfully slow.

15. We need to modernize our system of industrial relations and also build up credible social safety nets to protect the weak and vulnerable sections during the stage of transition to a more dynamic economy. Greater attention has to be paid to issues of corporate governance taking into account the interest of all the stakeholders-shareholders, workers, and consumers. The future sustainability of development will also be greatly influenced by our ability to protect India's environment and to control the degradation of land and water resources and pollution of air in urban areas. Thus, environmental concerns ought to be built into our development strategy. In this context, it is of particular

importance to ensure that the management of energy systems is such that it will enable us to meet the growing energy needs of our people while at the same time protecting our environment.

16. The achievement of these objectives will be possible only if we have a well designed programme of economic reforms whose rationale is well understood by the public at large and which is also efficiently implemented. The key objective, as stated above, should be to raise the overall growth rate of the economy to at least 8 per cent per annum on a sustainable basis. We need faster growth to create new job opportunities for our youth, and to generate additional tax revenues so as to enable the Government to spend more money on education, health and rural development programmes. All this will be possible if we integrate technological innovation in economic development at all levels.

Innovation – key requirement for competitiveness in the new global economy:

17. Competition is necessary for India's survival in the global economy. We must use science and technology to make the best use of our resources. In this context, innovation is the key for the production as well as processing of knowledge. Indeed, a nation's ability to convert knowledge into wealth, and social good through the process of innovation determines its competitiveness. The purpose of innovation is to create a new value for the individual, organization and society at large. New values could be in the form of breakthrough-products or services, new strategies, new processes and new methods for organization. In the past, with a few exceptions such as space and agricultural research, Indian industries and R&D institutes have not really excelled in the area of innovation. An insulated, over protected and over regulated domestic economy did not provide a supporting environment for introduction of innovations. However, the broad technology base and infrastructure for industrial

growth, low R&D costs and a vast pool of scientists/experts give India a unique opportunity to make up for the lost time and emerge as a major power house of the global economy.

18. Until the early 1990s, the Indian industry faced limited competition from within and outside the country. The emphasis was on import substitution at whatever cost. Considerations of quality or international competitiveness of our products received inadequate attention. The research agenda of our national research laboratories and academic institutions also did not lay adequate emphasis on these aspects. There was limited interaction between our R&D institutes and Indian industry to work together on joint projects to absorb, adapt and assimilate new-frontier technologies. There were few incentives or pressures to innovate. The protected market, centralized Government supported science and technology systems and administrative controls inhibiting changes made the industry-institute partnerships very weak. The science and technology agenda in the past was largely determined by Government agencies. The involvement of Indian industry was not very significant.

19. In the post-WTO environment, unless our industries are able to successfully compete in the global market, we will not be able to achieve economic security. While the twentieth century technologies are still powering the industrialized economies, the dawn of 21st century is beginning to see numerous innovations finding their place into real life application. These include, biotechnology, recycling technologies, nanotechnology, programmable assemblers and smart materials which have applications in a whole range of new products. We are slowly heading towards an era of intelligent products, which will have ability to minimise the faults or defects.

20. Without world class technologies, the profit margins of a large number of industries would shrink, if not disappear. This message has been well received by Indian industry and

suitable corrective measures are being taken by our industries to face global challenges. While opting to remain technology buyers, many have begun to realize the importance of upgrading the acquired technology and a few have also begun to develop their own core strengths in technologies. Industries and R&D laboratories and institutions are now networking on an increasing scale in the quest for developing world-class technologies. Indian organizations have slowly started realizing the fact that R&D is indispensable for survival. This augurs well for the more effective utilization of our scientific and technological talent.

The way ahead:

21. India indeed has some inherent advantages in the area of science and technology. India has a vast resource pool of multidisciplinary talent, coupled with some world-class educational institutions. Apart from high quality manpower in the country, India is also very cost effective. Indian scientists and technologists can be hired at much lower cost than scientists and technologists in Europe and the U.S.A. Besides, India has a good legal and administrative infrastructure, and a democratic, liberal and stable polity. India provides excellent opportunities for global companies to locate their R&D laboratories catering to their world wide requirements. In order to make India a preferred base for the location of global R&D effort, we need to shed our old fashioned attitudes to the enforcement of intellectual property rights.

22. Government-business interaction needs re-engineering by freeing it from the shackles of the past mind-set. The Government's promotional and regulatory role ought to be characterised by efficiency, objectivity, stability and speed. The provision of high quality physical infrastructure at reasonable cost is absolutely essential. No less important is the role of an efficient social infrastructure laying emphasis on the quality of education and health care. For all this to

happen, we have to give up the attitude of 'Chalta Hai'. A firm commitment to the pursuit of both excellence and social equity must inform all our processes for the management of the economy. Like the Chinese, we should use the WTO as an opportunity to upgrade our administrative skills, technology and production processes and ensure that India emerges as a major economic power-house of the world economy as well as a just society.

23. This represents both a great challenge and a great opportunity. All of us have to work hard to recapture the high spirit of idealism, dedication and patriotism which inspired our freedom struggle. There is no time to fritter away our nation's energy for the pursuit of a divisive partisan agenda which uses religion and caste as a tool for political mobilisation. It is only then that we can hope to bring to a successful conclusion India's struggle against poverty, ignorance and disease. Our entrepreneurs and managers, scientists, technologists, and professionals have to lead this process of social and economic transformation so that India can become a front ranking economy in the world in the next twenty years. The task ahead is to mobilize our vast human resources and scientific talent to make the future happen. I am confident that the graduating class of your University are going to be active participants in the struggle for nation building. I wish them all success in this noble endeavour.

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