

**83rd Annual General Meeting of FICCI
1st March, 2011 at New Delhi**

Address by Mr. Mukesh Ambani, Chairman and Managing Director, Reliance Industries Limited

Hon'ble Minister of Commerce and Industry- Anand Sharmaji,

Mr. Rajan Mittal,

Dr. Amit Mitra,

Ladies and Gentlemen.

It is a great honour to be here this afternoon, to address this pre-eminent gathering of leaders drawn from a wide spectrum.

FICCI represents a great nationalist tradition.

It symbolizes an inspiring partnership forged during the struggle for India's independence.

I regard it a privilege to speak from this venerable platform.

It is made venerable especially because FICCI's birth was blessed by none other than Mahatma Gandhi.

It is amazing how Mahatma Gandhi built an incredible bond among all sections of our people.

He brought together the landless farmers of Champaran, the textile workers of Kanpur and Ahmedabad and the business leaders of Mumbai.

And wove their aspirations for a common cause.

And it is this unprecedented unity that won India her independence.

I am particularly honoured by the presence of Minister Shri Anand Sharma today.

All of you know him very well.

But let me mention one of his achievements, which is worth recalling from this FICCI platform.

As a student and youth leader, and also as a parliamentarian, he made an active contribution to the fight against apartheid in South Africa.

Sir, Indians are delighted and fortunate to have a thought leader like you not only in guiding one of the most important portfolios of the country but also getting India the stature it deserves on all international forums.

INDIA - A GLORIOUS FUTURE BECKONS

Friends,

Today, I am going to talk about 'Shaping the Future of India'.

On the surface, my address is a quest.

On a more profound level, my address is a dream.

It reflects an irrepressible ambition.

To take India, Indian enterprises and the Indian economy to the top of the global ladder.

I am sure that many of you share a similar aspiration.

One sixth of humanity lives in India.

Every Indian wants to live a better life.

In this age of rising aspirations and instant communication, there can be no peace if a billion plus people are discontented, deprived, unhappy and therefore, angry.

Consequently, India needs to follow a unique developmental model to achieve equitable economic success.

Not only for her own sake, but also for the benefit of the whole world.

Friends,

The future is always unknown.

It is a world we have no glimpse of.

But when we reach there, we are constantly amazed at our own dual thinking of the yesteryears.

Those of us who were born in the second half of the last century are extremely privileged.

This period has seen extraordinary economic and technological growth.

A period where science fiction has become a reality.

But with all these privileges, comes great responsibility.

Responsibility for the future generations and the future of the planet.

Our civilization has been advanced through centuries by influences like the traveling trader and the roving explorer.

Similarly, armed conquests, colonization, and missionary enterprises have also been factors in the spread of culture.

But these were all secondary to the trading relationships.

Relationships which were accelerated by the rapidly developing art and science of industry, commerce and trade.

And that is why it is so important for all of us to get business right.

Business in itself is the policy setter.

Business is the ideology of the New World order.

We now have to see business in the wider context of human progress-both material and social.

Business will have to act as trustees for shareholders.

It will have to care for the society by the virtue of the license given to it by the society.

Businesses should be measured on social returns together with financial returns.

The primary responsibility of business then is the betterment of society- always!

PURPOSE OF BUSINESS

Growth, governance, empowerment, transparency, compliance are all equally relevant and applicable to businesses - not just to Government.

To me, the purpose of business is growth, welfare and enrichment of the nation at large.

By creating jobs and generating wealth.

And for that, businesses need to constantly innovate and expand-or else it will stagnate and wither away.

The last two decades have shown that the Indian entrepreneurs are not just as good, but in many respects better than their peers in the world.

And, this fact has been recognized widely in the world.

The entire country is proud of that.

THE TWO INDIAS

Friends,

The subject of Governance, Growth and Empowerment is understood differently by different people of India.

This is because there are two narratives of India in this context.

Two clear and different story lines each arousing separate sets of emotions.

One narrative lauds the Indian Success Story.

It romanticizes our democratic traditions.

It exults in the successes of the service sector and the emerging class of global leaders and entrepreneurs.

It sings praises about our young and vibrant demography.

It glorifies the large pool of skilled and educated English speaking working class.

This is the narrative about 'India Rising' or 'India Emerging'.

However, along with it runs another narrative, like a counterpoint.

The accent here is on the element of 'miracle' in India's recent successes.

The focus shifts to weak governance lost amidst a maze of regulation.

This narrative imagines the growth engine as a heartless mechanical monster that scatters millions behind.

Not even allowing them the privilege of being spectators to this miracle of growth.

In despair, it positions India amongst the Least Developing Countries in terms of Human Development Index and social indicators.

I find it fascinating that both these narratives, by themselves, represent two complete self contained narratives.

So difficult to argue against.

Both grounded in bits of realism.

Both describing India amazingly and accurately.

Each is emboldened by its own set of numbers, statistics and hard headed analysis.

The First India

The first narrative describes a view of India from the stratosphere.

Capturing its remarkable transition through statistics.

From a 300 billion USD economy in 1990, India's economy has crossed 1.3 trillion USD.

A fourfold growth in 20 years.

On PPP terms, the rise of the Indian GDP reflects an even more remarkable 500% growth.

The next 40 years could see even more explosive growth.

Several estimates are projecting that our GDP would range between 30 to 40 trillion USD by 2050.

In the coming years, India would become the fastest growing economy in the world.

And then, somewhere along this ballistic trajectory, we would have become the 3rd largest real economy in the world.

The world stands fascinated as more numbers enumerate the emergence of an Indian market.

A market in which rich households have increased from less than one million, 10 years ago, to nearly four million at present.

Add to that another 25 million or more middle-income houses and the market size exceeds the population of most major economies of the world.

India boasts of saving rates of over 25%.

Less than 1 % of our population uses credit cards for transactions.

Consumer loans are at just about 10% of total loan disbursements.

All these represent an under leveraged consumer class, offering tremendous opportunities for volumes and value.

The Second India

Let me come to the counterpoint to this narrative.

India's share of world GDP has risen from 2.8% in 1990 to 5% now.

But at the same time its population base has expanded by over 40%

The growth is not just spread over a far larger base but has also not been symmetric across all sections and regions of the country.

In spite of all the numbers, we are far from realizing the true potential of this nation as an economic force.

The Great Indian Story then veers to another set of facts and figures.

It reflects our dismal physical infrastructure.

Our miniscule per capita energy consumption.

The non-existent distribution.

And problems of last mile access.

These collectively feature in our per capita GDP of just over \$1000.

This is lower than that of some of our neighbours, and a third of China's.

Despite the growth in GDP numbers, we house 40% of the world's poor.

This is the story of millions of Indians whose sustenance depends on family members employed in the informal, unorganized or agricultural sectors.

Most of them reside in either urban slums or villages.

They have limited or no access to sanitation, energy, water, health cover and 'relevant' education.

It is also the story of the ones left behind.

The service sector tells a similar story.

The IT and ITES sectors' successes are oases in a desert.

They offer employment to just over 15 million of our work force.

That is actually the number of jobs India will need to create every year for the next ten years to absorb the 200 million youth.

Much of this job creation would have to be through green field industrialization.

Through infrastructure creation and through the rejuvenation of agriculture.

It would have to be through the upgrading of the rural economy which can engage people in productive employment.

The India story is unsustainable without discovering policies and practical means of including these millions in the mainstream of our progress.

Social schemes and welfare programmes represent important signals.

They are safety nets that are eventually palliatives, but not the cure.

All through the successes of the last two decades, the health and education sectors are in crying need of radical reforms.

We must embrace:

- Standards
- Technology
- Disciplined delivery systems and
- Modern regulatory systems

HEALTH

Our health outlay today is at 1% of the GDP.

It will need to go up at least 5 times if we are to keep our young healthy.

Health spending in India is already getting skewed.

Given our demographics, the accent cannot be limited to sustaining the diseases of the affluent and managing the old.

Our demographic dividend, the youth and the young, are largely unprotected and uncared for.

We will need to radically transform healthcare delivery to all our people.

We have the opportunity to build a standards-led, market determined but government supported and regulated, health care delivery system that is one of the most efficient in the world.

We must build a healthcare system that is responsive and affordable.

A healthcare system that can be a model for the entire world.

EDUCATION

Now let us take a look at our education sector.

At a modest \$ 1000 dollars per year per person for higher education, India represents a 200 billion dollar demand by 2020.

We have grossly under-performed both in expanding access and improving the quality of education.

In a fast moving world, we have not managed to make our education system contemporary .

A system which will not just address the 'future of our children' but also the 'children of our future.'

These children need to be taught to think freely and boldly.

To make mistakes and learn fast.

To believe that every mind is innovative and has the capacity of making a big impact.

We need to create the necessary education infrastructure and an environment of learning and innovation that will steer us through.

We should create Universities as Academic centres of excellence which will feature in the top 100 in the world.

Achieving this will be one of the cornerstones of a New India that we will need to build.

The Right to Education Bill and the Innovation University Bill are great steps in this direction.

The Finance Minister in the budget yesterday made greater allocations towards education and skills development.

This is a real concrete step in building a strong India.

Friends,

In their point and counterpoint that the two narratives together make - lie a harmony that loudly and clearly sings of the Great Indian Opportunity.

The Opportunity to seize the day and invest in our people.

Let us look at two more sectors- Agriculture and Manufacturing.

It was heartening to hear our Finance Minister recognize the two narratives and spot specific opportunities in these two sectors.

Food and Agriculture

Friends,

India has about 13 percent of the world's arable land.

It has a wide range of agro climatic conditions.

But Indian agriculture is still languishing in the low end of the agronomy value chain.

It is a victim of the low-investment, low-yield, inefficient water use and shocking levels of waste of farm produce.

This situation must change.

Indian agriculture will require the use of modern farming methods and plant biotechnology.

It will require new water-saving micro-irrigation practices.

I refuse to accept that the Indian farmer is deficient in any way, when compared to others.

In fact, he is very hard working.

He has convincingly demonstrated the ability to adopt and practice modern farming technologies.

India can produce value added food, medicinal plants, aromatic oils and biomaterials for the global markets.

In the next ten years there is an opportunity to add 500 billion USD year on year in this sector.

This is true empowerment.

This is real power in the hands of our people.

For that, businesses will have to get more involved in rural India.

They need to understand the nuances and the challenges of rural India.

India has to transform its agriculture into a productive enterprise to propel itself into becoming a global economic power.

This requires a united effort by farmers, scientists and businessmen similar to our freedom movement.

We are encouraged by the steps taken by Finance Minister Shri Pranab Mukherjee in yesterday's budget.

We warmly welcome his addressing systemic issues around high food inflation by focusing on farm productivity and investments in cold chain storage and warehousing.

He needs to be commended for thinking of a longer-term solution, apart from being true to the resolve of creating a new India in her rural hinterlands.

Manufacturing

Now let's turn to manufacturing.

India is richly endowed with natural resources and human capital.

There is a significant opportunity for consolidating these advantages initially and later progressing to value added products.

There are industries that are shifting from unidimensional manufacturing to developing complex engineered systems.

These industries can leverage on the information technology skill sets in India.

Manufacturing will be redefined by technology.

The Indian manufacturing industry has to carefully target the export markets.

It needs to focus on scale, technology and customer needs.

It needs to improve efficiency across the supply chain.

Development of export market necessitates a synergistic partnership between industry, government and labour.

It requires a commitment to the consumers - to assure them the best quality at affordable prices.

The Finance Minister in the budget presentation yesterday clearly articulated his intent of increasing the share of manufacturing from one-sixth to a quarter of GDP in ten years.

His faith in the manufacturing sector to create sustainable jobs gives us renewed strength.

INDIA'S RIGHT TO WIN

Ladies and Gentlemen,

I strongly believe that India has earned its Right to Win.

This Right has come to us through a painful yet fascinating past.

Through a present that is full of energy, enterprise and hope.

The solutions that we will have to deploy to meet the future challenges in India will have to be fundamentally different.

In fact, these are not just normal challenges.

In my mind, these are Grand Challenges that require Grand Solutions.

Mere policy reforms to incrementally affect the status quo will be meaningless to grab this opportunity.

We will need disruptive policies, like the one which changed the future of India in 1991.

The disruptive industrial policy that allowed India to compete with the rest of the world.

Thus removing the shackles and freeing up India and the Indian minds.

Such disruptive policies will have to be in sync with the businesses of the future that we all have to passionately drive.

We will have to harness the creative capabilities of the billion plus innovative minds.

Most of these are young minds-full of energy and aspirations.

We will have to find new and radically different development models.

Models that leverage the power of high technology to achieve this bold vision.

We will have to rely on our 'Soft Power' to show us the way.

Soft power of a nation is anchored around plurality, tolerance, culture and heritage.

It is these soft powers that will help India emerge as a super power by conquering the hearts!

Ladies and Gentlemen,

I believe we have the ability as well as the means to convert the adversities into opportunities.

Seen in this light, every issue thrown up by the second narrative can and does represent an opportunity for the first.

Let us dedicate ourselves to make the first narrative, the only Indian narrative!

Let us create self-sustaining, exponentially growing and widely caring enterprises that create ubiquitous wealth.

We will have to create real assets that stand the test of time and continually generate value for every citizen of the country.

We will have to move from a model of Corporate Social Responsibility to a model of Continuous Social Business- through enterprise and entrepreneurship.

For that, we will have to create world class institutions with a soul.

We will have to craft newer revolutions- faster and more impacting.

Because that is what we need- that is what India needs!

Let us then work together to imagine an India where the stories told by the numbers can indeed translate into a story of people.

A story of transformation and growth into the future and beyond.

Because, even as these two narratives seem to be poles apart, for me they unfailingly describe the same.

A Great Nation, which is a Work in Progress.

An Experiment on an unprecedented scale.

So unprecedented and so huge that it cannot afford to fail.

The two narratives describe our trajectory of hope, expectations and aspirations.

For me, this duality in perceiving India is neither irresolvable nor in conflict with what we experience as a nation.

For me it only denotes the complexity.

Of all the stakeholders navigating together to combat all adversities and remove the social frailties that wait to ambush us.

CONCLUSION

Ladies and Gentlemen,

I believe that the cure lies in thinking of a Convergent Future for the two Divergent Indias.

Yes, the nation is at the crossroads.

India needs a bold new vision and a feasible action plan in shaping its future to be a global economic superpower.

A vision and an action plan that is regenerative.

That revives, renews and revs up the country.

For that, we will have to find creative and sustainable ways to connect the two Indias.

We will have to create new partnership models that have a sole intention of 'People First'.

These partnerships will have to be built on the foundations of trust and compassion.

Partnerships that leverage the power of a billion plus Indian minds.

People of the First India will have to hold hands of those of the Second India.

The two India's will have to connect seamlessly to achieve our vision of One India.

One India that is truly and holistically developed.

One India that is built on the strong foundations of the ability and industry of its citizens.

One India that exemplifies the true spirit of its people living towards a common goal of higher existence.

One India that we all will proudly call- 'Our India'!

Thank you!