



INDIA

Subhash Chandra Garg, Alternate Governor

Chair of the Board of Governors of ADB, His Excellency, Mr Aiyaz Sayed-Khaiyum;
Distinguished Governors,
President Nakao and ADB Board of Directors,
Heads of Delegations,
Ladies and Gentlemen;

I am extremely delighted to be here today in this beautiful city of Nadi. India and Fiji share a deep historical tie which dates back to 1879, and since then, several hundred thousand people of Indian origin have made Fiji their home. I thank the Government of Fiji for extending such a warm hospitality to us and making our stay truly memorable.

Amidst the continued global uncertainty, Asia retains the hope of a bright future. In our view, a more long term structural view needs to be taken rather than responding to short term uncertainties and risks presently seen. It is the emerging market and developing economies where consumption is rising and more investment can and should be made. On the other hand, owing to several factors, advanced economies are seeing stagnant consumption and they have much larger savings pools in pensions, insurance and sovereign wealth funds than their investment requirement are. If we can, with ADB assisting, ensure flow of funds from advanced economies to the emerging market and developing economies, we would succeed in not only keeping global growth sustained high but also make significant dent on poverty and infrastructure services debt.

Asia must continue to be the growth engine of the world aided and helped by the right policy advice and funding support from ADB. This will require careful fine-tuning of both public and private sector financing. Private financing has to be carefully shepherded to the right sectors like manufacturing, services and new digital economy industries with active support of equity financing from ADB and other multilateral agencies. Private investment in more difficult sectors like infrastructure and human capital improvement, however, will not flow unless these projects are sufficiently derisked for private sector with both direct investment as well as provision of guarantees and other structured support. In this respect, we don't think the recommendation of EPG to do away with direct funding by MDBs and replace these by derisking instruments is right. In these areas, MDBs would have to be fully engaged and should enhance their direct support.

Indian economy has witnessed a robust growth of 7.5% on an average in last five years, and has emerged as the fastest growing major economy in the world. This momentum in growth has been combined with our efforts in containing inflation to an average 4.6%, and reducing the fiscal deficit to 3.4% in 2018-19. India has managed to contain the Debt to GDP ratio at 46.5% in year 2017-18. At the same time, public investments, development initiatives and poverty alleviation programs have been further expanded.

India has undertaken several structural reforms in the recent past. We have introduced Goods and Services Tax (GST), which seeks to integrate the diverse federal structure into a common market and to consolidate seventeen different taxes and their cascading effects. It has also led to an increased tax base and added more than 5.5 million businesses. Banking Reforms and Insolvency and Bankruptcy Code (IBC) was our other path breaking initiative, which has ushered in a resolution-friendly mechanism to tackle the stressed assets. Banking sector reforms are underway with recapitalization and consolidation of smaller public sector banks. These reforms, coupled with a stable and predictable regulatory regime, has enabled India to attract \$239 billion worth Foreign Direct Investment (FDI) during the last 5 years.

India's national priorities are well aligned with the Sustainable Development Goals. Our "Swachh Bharat Mission" has facilitated a massive behavioral change ecosystem, leading to 98% rural sanitation coverage. As many as 545,000 villages have been declared "Open Defecation Free". Last year, India also embarked upon world's largest healthcare programme, Ayushman Bharat, to provide free medical hospitalization coverage to nearly 500 million people. Already close to 1 million patients have benefited through medical treatment which otherwise would have cost them \$428.26 million. Almost 60 million households have been provided with free LPG connections securing the health of women household.

As part of our social protection programmes, we have initiated a structured income support targeted at 120 million poor farmer families. To provide pension coverage to millions of workers in the informal businesses in India, the Government has initiated comprehensive social security coverage for 420 million workers in the unorganised sector to assure them a monthly pension starting at the age of 60 years. To promote financial inclusion, nearly 340 million Jan Dhan bank accounts have been opened in the last five years. Our biometric identification initiative, AADHAAR, has got universal recognition.

Ladies and Gentlemen, last year, we adopted the "Strategy 2030" for ADB, which becomes our guiding philosophy for the next ten years. Even though the Asia and the Pacific region has witnessed a steady growth in the recent past despite global uncertainties, yet pervasive poverty remains a stumbling block in our collective endeavor to achieve the Sustainable Development Goals. The urgency to recognize that economic growth has to be inclusive, sustainable and climate resilient was never greater. Reducing income gaps across the region and minimizing inequalities within countries will be extremely important, and I am happy to note that this has been identified as a key operational priority under the new corporate strategy of ADB. While the strategy to mobilize and allocate relatively cheaper sources of finance among the Developing Member Countries (DMCs) has to be based on parameters acceptable to all, such a strategy must not lose sight of regional spread of poverty.

Asia's demographic dividend represented in its younger population enjoins upon us to create adequate job opportunities for the teeming millions. At the same time, our strategy must evolve to equip our youth with adequate skills in order to enhance their employability and address the concerns arising out of disruptive technologies and their impact on livelihoods.

While ADB should continue helping the member countries harness their growth potential by providing larger financial resources, it must expand its private sector operations across the region. By investing more through equity and infrastructure trusts, ADB can play a meaningful role in development of private sector initiatives.

For the last 52 years, ADB has helped the DMCs in building infrastructure and reducing extreme poverty. It's high time it helped them strengthen their human capital and develop social safety nets. Therefore, we urge the ADB management to expand its social sector engagements in countries like India, while at the same time, continuing with the focus on making cities smart, providing 24x7 water and power supply, enhancing connectivity, and mitigating the risk of climate change. Our regional cooperation initiatives must aim to integrate the countries of the region with the global value chains.

Ladies and Gentlemen, innovation in financing will be the key to success of our long term growth strategy. I commend the Bank for introducing new lending instruments, such as Project Readiness Financing (PRF) facility, which would go a long way in strengthening the institutional capacity of our implementing agencies. While we are fully committed to the environmental and social safeguards, we would expect that policy prescriptions of the Bank are increasingly rooted in the ground realities and do not deter the developmental aspirations of the borrowing countries.

Policy based loans have to be leveraged to usher in financial sector reforms, and bring in greater domestic resource mobilization. Therefore, we must ensure that our program loans are affordable, and act as an incentive for policy and regulatory reforms.

To conclude, ADB has played a pivotal role in helping member countries change their developmental landscape all these years. However, in order to realise the goals of shared prosperity in Asia and the Pacific and meet the Sustainable Development Goals on poverty and hunger by 2030; ADB will require to continue providing affordable financing to its borrowing members, offer lending instruments which are innovative, and expand equity financing to private sector. It must also remain fully engaged in funding of infrastructure and human development projects by funding directly and structuring projects appropriately and guide them as a key knowledge partner in their developmental journey.

THANK YOU.