

**SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB
MUKHERJEE INAUGURATION OF THE CENTENARY
CELEBRATIONS OF THE FEDERATION OF KARNATAKA
CHAMBERS OF COMMERCE AND INDUSTRY (FKCCI)**

Bengaluru, Karnataka: JUL 27, 2015

1. It is my privilege to be here this evening to inaugurate the Centenary Celebrations of the Federation of Karnataka Chambers of Commerce and Industry (FKCCI). I congratulate you all on your journey so far and reaching this important milestone. I understand this federation was established as the Mysore Chamber of Commerce in 1916 by Sir M. Visvesvaraya. It is today a premier organization for industry, trade and service sectors in Karnataka.
2. Bharat Ratna Visvesvaraya was an engineering genius, visionary, statesman and scholar. Even prior to India's independence, he spearheaded the movement for industrialization with his slogan 'industrialize or perish'.
3. This federation as well, has contributed in transforming the vision of Visvesvaraya into reality. It has played a catalytic role in policy-making, representing business and industry in government bodies, providing a platform to businessmen for discussion, and interacting and working with the government to resolve problems faced by the industry. It has disseminated information on business and economy, organized seminars, workshops and training programmes, and published books and papers on subjects in its domain of work. It has promoted international trade by organizing meetings with visiting foreign business delegations, and facilitating the participation of Indian industry delegations in trade fairs abroad. As this august industry body enters its one hundredth year of service, it is heartening to note its contribution to the economic development of Karnataka.

Ladies and Gentlemen:

4. Karnataka is one of the leading states driving India's economy. It contributes 6 percent of India's GDP, 7 percent of fixed capital and 13 percent of her exports. Many important public sector enterprises like Bharat Heavy Electricals Limited, Hindustan Aeronautics Limited, Bharat

Electronics Limited and BEML were established here soon after India's independence. Successive governments in Karnataka have implemented proactive and business friendly policies.

5. Karnataka is propelling growth, crafting careers and creating wealth through a potent mix of resource and skill oriented, and technology and knowledge based products and services. It is one of the most technology savvy states in India, with a tradition of employing technology across various sectors of the economy.
6. I am told that Karnataka is home to over 1,000 large and medium manufacturing industries in sectors like machine tool, steel, cement, automobile, and aerospace. Nearly 60 percent of biotech units in India are also located here. It has about 1,200 companies in information technology (IT) sector. It is a leader in IT and IT enabled-services sector that accounts for more than 40 percent of India's software exports. Bengaluru is rightly dubbed the Silicon Valley of India. These industrial enterprises apart, Karnataka's 600 textile units and a large agro-based industry provide substantial employment opportunities to the youth. The growing importance of MSME sector in industrialization and employment generation is clearly visible in Karnataka.
7. Karnataka has a supportive eco-system that has transformed it into a prominent hub in the global industrial landscape. Its entrepreneurial spirit in innovation and R&D has been recognized the world over. Its rich natural resources, proactive policies, talented workforce and strong economy have propelled the state to become a preferred investment destination in diverse sectors like aerospace, automobiles and auto-components, IT, biotechnology, food processing and healthcare. More than eighty Fortune 500 companies and 700 multi-nationals are based here.

Ladies and Gentlemen:

8. Karnataka's growth story mirrors the growth journey of India. At an average of 7.8 percent per year during the last ten years, India's economic performance has been impressive. Even more creditable is the fact that India's economy withstood well the global economic slowdown precipitated by the financial crisis of 2008. Our GDP grew at 8.6 and 8.9 percent in 2009-10 and 2010-11, respectively. Fiscal expansionary measures helped in maintaining the growth momentum amidst downturn anxieties emanating from the global markets. The experience of the developed economies in the past few years suggests that an economy at full employment, but with

inflation higher than the normal may be better positioned to withstand a bout of financial stress than one that is flirting with deflation. In our case we have also seen that business sentiments once broken and depressed may take considerable time to mend and revive the growth momentum.

9. India's economy has been fairly resilient to the global financial crisis of 2008. Growth momentum was impacted, but recovery has been significant and rapid in comparison to trends witnessed elsewhere in the world. Macro-economic parameters like inflation and external sector balance have improved in the past year. The current account deficit has narrowed to 1.7 percent of GDP in April-December 2014 from 2.3 percent in the corresponding period last year. At over 350 billion US Dollars, we now have comfortable foreign exchange reserves to meet the next set of challenges from global economic developments.
10. Given the macro-economic prospects, our economic growth should regain the 8 percent plus level soon. In a country like ours, there is no greater imperative than a robust and sustained economic growth. Achieving high growth is a potent tool to fight the scourge of poverty. The proportion of population living below poverty line in our country declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. About 85 million people were lifted out of poverty during the three year period 2009-10 to 2011-12.
11. For a nation aspiring to be among the developed economies of the world it is not enough to be satisfied merely by poverty alleviation. We have to commit ourselves to the goal of poverty elimination. To my mind, a lasting solution to the problem of poverty and inequality is generation of gainful employment opportunities and creation of a skilled labour force. The government's focus on Make-in-India, Skilling India and Digital India are geared to achieve that objective. I urge the industry to take part through its CSR activities and lend a helping hand in taking these initiatives to their logical end.

Friends:

12. Developing businesses into models of excellence calls for deeper application of management principles. It also requires a better appreciation of the socio-economic realities. Businesses are meant not only to earn profits for their shareholders but also to add value to the society at large.

Industry leaders would do well to build this gospel of doing business into their corporate work culture.

13. Let me conclude by complimenting the federation once again. I wish all of you the very best for the future.

Thank You.

Jai Hind.
