

India's Home Affairs Minister Chidambaram: Create Wealth but Share It Equitably

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- About 100 million Indians fall outside the reach of government programmes to advance inclusive growth
- Managing inflation, now at about 8.5%, is a major challenge for India
- Education, particularly for girls, is a key to achieving inclusive growth
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Davos, Switzerland, 29 January 2011 – Growing by nearly 9% a year, India has become a model of an economy that is expanding rapidly within the context of an open, democratic society. The biggest challenge for the country is to ensure that growth is inclusive. “ Examples like China have shown us that, as growth takes place, poverty comes down substantially, ” said Chanda Kochhar, Managing Director and Chief Executive Officer of ICICI Bank Ltd of India, in a session on “ India ’ s Inclusive Growth Imperative ” at the World Economic Forum ’ s Annual Meeting 2011. “ Growth and inclusion have to go hand in hand. ” Kochhar is one of the Co-Chairs of the Annual Meeting.

While numerous government initiatives are advancing the goal of inclusive growth, “ the fact is that these programmes don ’ t reach all of India, ” Palaniappan Chidambaram, Minister of Home Affairs of India, acknowledged, estimating that about 100 million Indians fall outside their reach. He expressed concerns about inflation, now at about 8.5%, and how price increases may affect the poor and people at the margin who might be forced below the poverty line. How India manages inflation to promote both growth and poverty reduction is a central question for India today, Min Zhu, Special Adviser, International Monetary Fund (IMF), Washington DC, agreed.

A wider challenge for India ’ s leaders is to shape effective policies to promote growth and reduce poverty that have the broad support of the people, Chidambaram explained. “ We can ’ t change our government and political system to get that extra 1% growth. We are not authoritarian; we have to govern by consent. ” He denied that making wealth was ever frowned upon in Indian society. “ All must be encouraged to create wealth, but it must be shared equitably. ”

Education is an important way to promote inclusive growth, panellists said. “ The challenge we have now is not the quantity but the quality of education, ” Salil Shetty, Secretary-General of Amnesty International in London, said. As China demonstrated, the key is to educate women and young girls, noted Michael J. Elliott, Editor, Time International, and Deputy Managing Editor of Time Magazine. “ The very early Chinese commitment to the education of girls made it likely that their first phase of development would be more inclusive. ” Panellists also agreed that India had to tackle corruption if it is to achieve truly inclusive growth.

Notes to Editors

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