SPEECH

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PM's intervention in the Second Working Session of the St. Petersburg G-20 Summit

"We are all agreed that growth and job creation should be the central message of this summit. India is a nation of youth and our working age population is expected to expand. We are pursuing a massive skills development programme to ensure that our young people get gainful employment so that they can both contribute to, and benefit from, economic growth.

All developing countries must emphasize skill development. There is room for learning from international experience, including that of industrialised countries.

International labour mobility in high end skills has become an important aspect of global integration across countries. Pending the evolution of international agreements in this area, we must do whatever we can to avoid new restrictive measures, which can stifle a sector that can contribute to global growth in the years ahead.

Small and medium enterprises have a leading role to play in creating jobs. I recognise the importance of this sector and note that several industrialised countries are taking steps to increase the flow of credit to small and medium enterprises. Directed credit policies have been followed by many developing countries, and I recall we used to be criticised for them on the grounds that they interfered with prudent banking. With increased appreciation of such interventions, we need to share experience in this area.

Financial inclusion is essential for inclusive growth. We, in India, are currently engaged in a massive exercise to enable our large population in rural areas to have access to banks. This is being achieved through the use of a bio-metric unique identification system which establishes identity and enables the individual to access her bank account through a network of banking correspondents using information technology and mobile connectivity. In this way, modern technology and institutional innovation will help add hundreds of millions of individuals as customers of banks in the short space of a few years.

A key instrument for growth and job creation in developing countries is investment in infrastructure. At the Los Cabos summit, we had directed our Finance Ministers to consider ways in which the G-20 could help increase the flow of finance for infrastructure. Industrialised countries have shown that unconventional monetary policy can be used to great effect. We need to show the same innovativeness in devising unconventional development financing also.

The World Bank and ADB could create a special window for financing infrastructure development, including for ongoing projects that face a sudden scarcity of funds owing to volatile capital flows. The aim should be to create flexible mechanisms which not only maintain the flow of infrastructure financing at times when other investments are slowing down, but actually expand such investments to play a counter cyclical role.

International financial institutions can often leverage greater private flows to infrastructure. The IFC has done sterling work in many sectors, and a greater involvement of the IFC in infrastructure financing would help catalyse private sector flows into the sector.

All this will involve additional capital. I hope the G-20 can give a signal that we are willing to provide the necessary capital."