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**INAUGURAL ADDRESS**  
by  
**DR MANMOHAN SINGH**  
*Hon'ble Prime Minister of India*

Tuesday 1<sup>st</sup> May, 2007  
at  
**ISID CAMPUS**  
4, Institutional Area, Vasant Kunj  
New Delhi - 110 70

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Ladies and Gentlemen,

I am delighted to be here to inaugurate this new campus of the Institute for Studies in Industrial Development. Let me, at the very outset, convey my warm regards and my best wishes for the long life of Shri Chandrashekarji. This institute is the realization of his dream. It will always be a symbol of his ideas and vision for a new India.

I had the good fortune of working with Chandrashekarji and, indeed, learning from him. I would like to pay my personal tribute to his political and intellectual leadership. He is a thinking politician and a thinking person's politician. He belongs to that generation of post-Independence political leaders who viewed power as a societal trust. They wished to exercise political power in the interests of society and the nation. For Chandrashekarji, political power is not an end in itself. He has viewed it as a means of realizing his political vision, implementing his political manifesto.

Some of us may not agree with all the ideas that Chandrashekarji holds dear. But he, like a true liberal, respects those who differ with him. He has always been willing to engage his political opponents in a meaningful dialogue. That is why he has friends across the political spectrum. He has been a great admirer of Indiraji, even when he differed with her. So has he been an admirer and associate of such diverse political leaders of our time as Morarji Desai, Jayaprakash Narain, Jagjivan Ram, Charan Singh, Rajiv Gandhi, P V Narasimha Rao, Krishna Kant, Atal Behari Vajpayee and Shri Inder Kumar Gujral.



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This intellectual ability to engage such diverse political personages is a hallmark of our political culture that we inherited from our freedom struggle. Who can deny the sharp intellectual disagreements between such tall leaders of our nation such as Mahatma Gandhi, Jawaharlal Nehru, Subhash Chandra Bose, Sardar Patel, Rajagopalachari, EMS Namboodiripad, Acharya Kripalani, Ram Manohar Lohia and so many others. It is a measure of the respect our leaders had for each other, even when they disagreed with each other, that Panditji had in his cabinet colleagues with whom he had sharp differences. So did Indiraji. Of course, sometimes these differences became so sharp that leaders like Chandrashekharji chose to strike out on their own and chart a new course. That is how a democracy functions.

It is a symbol of Chandrashekharji's commitment to the modernization and industrialization of India that he chose to support this initiative to set up an institution focused on industry. We have many centers of research on agriculture in India but few that study industry.

India is destined to emerge as an important industrial power. It is only through rapid industrialization that we can find meaningful solutions to the problems of unemployment and underdevelopment. Of course, considering that nearly 70% of our population lives in rural areas, we have to lay adequate emphasis on increasing agricultural productivity. Yet, since the per capita availability of land is less than 1.5 hectares, there are severe limitations to expanding employment opportunities in agriculture. Therefore, we have to find ways and means to accelerate the process of industrialization and also ensure that the process of industrialization is sufficiently labour intensive.

There will be impediments but we must learn how to conquer them. Concerns will be expressed, especially by those who may see themselves as losers. We must learn to address them and assuage them. Industrialisation can be a win-win process of social transformation and economic development. A developing economy like ours cannot afford to view industrialization as a negative phenomenon. There are areas of concern, like displacement of people, like environmental damage, like alienation of the working class. These must be dealt with, and remedied. One cannot throw the baby out with the bathwater.

Ladies and Gentlemen,



I have been familiar with ISID's work from its very inception. The research team that Professor Goyal put together was originally formed in the Indian Institute of Public Administration. I recall that in the 1980s, this group was doing important research on industrial policy and on the structure of and change in Indian business. The impressive database collected by Dr Goyal and colleagues enabled several generations of Indian researchers to study the process of industrial development in India.

I am, therefore, happy that ISID has a new and impressive campus of its own. It should emerge as a major center of research on Indian industrialization. This remains a challenging and exciting field of research. Indian business is just beginning to make its mark

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on the world stage. In the past 60 years, we created the foundation on which India's emergence as a modern industrial economy has become a reality.

When Dr. Goyal and his team began studying Indian industrial development in the 1970s, their focus was on the problems facing Indian business. Today, one only reads about the opportunities at hand. Three decades ago, we worried about multinationals over-powering Indian companies. Today, Indian companies are going global and becoming multinationals. The process may yet be incipient, but change is visible and here to stay. The nature of competition has changed and so has the nature of regulation. We have to find new means of ensuring that markets remain competitive, that monopolistic practices are curtailed and growth is more balanced, employment oriented and inclusive.

**ISID has done considerable work on industrial competitiveness and regulation. We need new ideas in these areas to deal with new challenges.** I was struck recently by a comment in the media that most of the billionaires among India's top business leaders operate in oligopolistic markets, and in sectors where the government has conferred special privileges on a few.

This sounds like crony capitalism. Are we encouraging crony capitalism? Is this a necessary but transient phase in the development of modern capitalism? Are we doing enough to protect consumers and small businesses from the consequences of crony capitalism? **ISID's researchers used to be concerned about the problems facing domestic enterprise.** Have we, in the name of protecting them, encouraged crony capitalism? Do we have a genuine level playing field for all businesses? What should be done to inject a greater degree of competitiveness in the industrial sector? I look to ISID for answers to such questions.

I do recognize, however, that there is great dynamism in Indian industry. These days when I am called to give away awards to business leaders, I find that many of the awardees are first generation business leaders. Some of the best performers today in most of our sunrise industries were not even in business when ISID was first started! Where have they come from? How did they break into the monopolistic and oligopolistic markets they faced at the time of their entry? What made the difference - government policy, individual enterprise, global links and opportunities, and so on? These are questions worth examining?

We also need to focus on the role of Small and Medium Enterprises in industrial development. We cannot depend only on a few large industrial houses and capitalists for driving our industrialization process. The employment intensive nature and the greater regional spread of SMEs makes them an attractive option for our industrial growth processes. **ISID could study the SME sector more and suggest policy initiatives for their expansion.**

I am also puzzled by the persisting regional imbalance in industrial development and urbanization in India. We need credible policy solutions to help us reduce such imbalances. Industrial development must spread to new regions, especially in northern and eastern India. What are the lessons we can learn from the experience of western and southern India? What are the lessons we can draw from the growth of new enterprise?

Another challenge we face is to generate employment in the industrial sector. How can we ensure that our manufacturing sector generates new jobs and remains competitive not just globally but also within our own region? Are our labour laws in fact inhibiting the growth of new businesses? If so, where and how? How do we create not just skilled jobs but unskilled

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ones to help agricultural workers make the transition to industry? What kind of industries must be encouraged to grow and what can policy do to help? '

The vision of modernization that Chandrashekharji shares with Pandit Nehru is one that sees industrialisation as a process of modernization in a traditional society. We have seen the consequences, both beneficial and not so beneficial, of industrialization in various parts of the country. How do we move forward? Mindful of social concerns, mindful of environmental and ecological concerns, mindful of workers interests, mindful of the interests of women and children. How do we ensure that industrialization does indeed enable modernization?

Ladies and Gentlemen,

Such are the issues that must engage your researchers. **I would like ISID to take stock of where India is and where we are destined to go. That will be the best tribute ISID can pay to its founder, Shri Chandrashekharji.** His claim to fame is that he was a "young turk". An angry young man who wished to see change. His generation was not defensive. They were not afraid of the world. Merely angry with the status quo. But they channelised their anger and shaped policy in the way they thought fit at that time.

Today, in a new world, some of their ideas may no longer be relevant. But their spirit, their nationalism and patriotism, their yearning to see a new India, strong and modern, united and forward-looking endures. That spirit must be kept alive and fostered. I hope a new generation of Indians will re-live the spirit of adventure and creativity that an earlier generation had.

I wish you all the best.

Thank you.

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