

**SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB MUKHERJEE  
DURING THE BUSINESS MEETING**

**Finpro, Helsinki, Finland: October 16, 2014**

Excellencies,

Distinguished guests,

1. It gives me great pleasure to address this distinguished gathering of business participants. Other than working on business deals, such events are important platforms for deepening mutual engagement and interaction, and providing an opportunity to think creatively about ways to develop the potential of our relationship.

2. India and Finland have traditionally enjoyed warm and friendly relations. Our bilateral relations have become increasingly multi-faceted and have acquired a substantive content with enhanced trade and investment levels. There are substantial prospects of cooperation in the field of technology and innovation between both our countries. We have set up institutional mechanisms to encourage exchange of economic and commercial information, identify possibilities of investments and tie-ups in different areas, disseminate information on the diversification of trade and to acquaint the business community of both countries about commercial opportunities. The Indo-Finnish Joint Commission is one such forum. In addition, there are several sector-specific initiatives like a Memorandum of Cooperation in the

Road Transportation sector, S&T Cooperation Agreement and an MOU between the Department of Science and Technology of India and TEKES- the Finnish funding agency for technology and innovation. An Indo-Finnish Working Group on Innovation was created in 2011. Both countries have also signed an Agreement for cooperation in the field of Information Security. A Joint Working Group (JWG) on Environment has been holding regular meetings and another Joint Working Group on Clean Technology and Waste Management has been set up.

3. In recent years, there has been a substantive growth in our economic and commercial relations. In spite of the global economic downturn, bilateral trade has seen a substantial increase and has reached approximately US\$ 1.5 billion in 2013, which is an encouraging development. However, I am of the firm opinion, that this does not do justice to the true potential for economic and trade co-operation that exists between our two nations. We need to explore the untapped areas where opportunities exist. A large business delegation in specific sectors of interest is accompanying me. These captains of industry represent the sectors of Financial Services, Ports & Defence, Seafood, Oil & Gas, Energy, Consulting Services, Healthcare, Chemicals, Hydro Products, Aquaculture, Information Technology, Infrastructure, Utilities & Renewable Energy, Manufacturing and Pharmaceuticals.

4. India has emerged as one of the largest global economies and the resilience of our economy is evident from the fact that the impact

of the global financial crisis has been far less severe in India than other countries. The strong growth performance that marked our economy in the past decade, when we grew at an average rate of 7.6 per cent per year, has generated keen investor interest in India. Though our GDP growth during the last two years at sub-five per cent was rather subdued, it was still higher than most major economies barring China. There are now positive signals emanating that suggest a recovery is round the corner. Our economy grew at 5.7 per cent during the first quarter of 2014-15. Our external sector has strengthened; the exchange rate has stabilized; fiscal consolidation measures have improved our fiscal position; price levels have come down; figures from recent months show that the manufacturing sector is in the nascent stages of a comeback; food grains production reached record levels last year to help the agriculture sector grow at a robust 4.7 per cent in 2013-14. With measures aimed at stimulating greater investor interest, strengthening macro-economic fundamentals and rejuvenating the infrastructure sector, the Indian economy is poised to once again achieve a 7-8 per cent rate of growth.

5. The Foreign Direct Investment regime in India has been progressively liberalised, with restrictions on foreign investments gradually being removed and procedures being simplified. Presently, our Foreign Direct Investment (FDI) policy is widely seen to be amongst the most liberal in the emerging economies, allowing up to 100% FDI under the automatic route in several of our sectors and activities. Owing to these reasons, India is rated

as the fourth most attractive location for FDI for 2014-2016. We have also recently enhanced the FDI cap in crucial sectors like insurance and defence manufacturing and permitted 100 per cent FDI in railways infrastructure. This is expected to act as a further boost for external investors. I am, therefore, slightly surprised that FDI equity inflows from Finland into India since April, 2000 have only been 288 million US Dollars, representing only 0.13 per cent of the total FDI equity inflows of 228 billion US Dollars into our country during this period. I am confident that greater B2B interaction would create better awareness of the vast economic opportunities that lie within our economy. Finnish companies would find it immensely worthwhile to come and invest in a growing economy like ours.

6. We have renewed our thrust on the manufacturing sector in India. In 2011 we unveiled a policy that envisaged increasing the contribution of manufacturing to our GDP from 15 percent presently to 25 percent by 2022. We remain committed to pursuing our objective of making India a manufacturing hub. We are well on course to becoming a manufacturing base and an export hub for diverse goods ranging from agricultural products to automobile components to high-end services. Many of our industrial sectors today are globally competitive and internationally acclaimed for their quality. The Indian government is committed to a business-friendly environment – impediment free, predictable, facilitatory and transparent. To that end, India has embarked on an ambitious ‘Make in India’

program to make the country an investor-friendly destination by setting up single window clearances, e-Business portals and Investor Facilitation Cells. I am confident that Finnish investors shall take optimum advantage of the new policies unveiled.

7. The infrastructure sector is a focus area for our economy. In the next few years, we envisage a spend of a trillion US Dollars on infrastructure. To facilitate greater investment in infrastructure, we have set up facilities and schemes such as Industrial Corridors, the Industrial Infrastructure Up-gradation Scheme, National Investment and Manufacturing Zones, Industrial clusters and Smart Cities. Development of infrastructure will not only propel economic growth in our country but shall also enable foreign companies that invest in India to participate in and partake the benefits of our growth.
8. Both our countries signed the Agreement on Economic Cooperation in 2010, which shows the importance we attach to expanding bilateral co-operation and partnership. A number of Indian IT firms are executing contracts in Finland. Over 130 Finnish companies are operating in India in various sectors including power equipment, heavy machinery, telecommunications, IT, water treatment, bio-fuel, education, environment, renewable energy and manufacturing sector.
9. Finland's innovation system is one of the best in the world. Finland has developed sophisticated technologies in areas such as communications and information technology, energy, shipbuilding, manufacturing, biotechnology, environment,

healthcare and infrastructure services. There is, accordingly, ample scope for collaboration in areas of innovation, clean technologies and waste management, environment, renewable energy and skill development and training. Government of India is very keen to encourage the companies of both countries to explore opportunities of collaboration in areas hitherto unexplored. Finland's "India Action Plan" launched in April 2013 is a testimony of Finland's initiative for expanding economic cooperation with India. Opening of a Fin-Node Centre in Delhi in September 2011 is another indication of the importance the Government of Finland attaches to bilateral economic relations. Tourism is another area of immense potential in our bilateral relations. You would be happy to know that tourists from Finland can obtain visas on arrival at Indian airports.

10. Apart from business, the Higher Education Sector in India is also expanding at a fast clip and many new institutions have been established. We now need to focus on fundamental research in science and technology to help us manage better, issues such as managing and mitigating climate change, ensuring food and drinking water security for our people, and finding sustainable energy sources.

11. In modern civilizations, Knowledge is power. I am aware that the Finnish education system is one of the best in the world and scores very highly in international ratings. India and Finland need to collaborate intensively in the educational sector so as to add to the diversity of our campuses and to build capacity. I am

particularly happy that during this visit several MoUs and Agreements have been formalized between Indian educational and scientific institutions and Finnish universities. This will hopefully lead to the creation of an ecosystem between our countries which facilitates exchange of students and faculties and also creates ample opportunities for innovation through joint courses and degrees.

12. A growing India offers opportunities across sectors in an investor friendly environment for Finnish companies. India is keen to further invigorate our bilateral engagement under the newly formed government which has chosen infrastructure and manufacturing as two key focus areas. It is my pleasure to invite Finnish businesses to participate in the 2nd India-Central Europe Business Forum to be held in India in the first quarter of 2015.
13. I once again thank you for inviting me to share my views on the India growth story and wish all of you the very best in your deliberations.