

Welcome Address by  
**Shri Neeraj Kedia, President FISME**  
at Workshop on Regulatory Reforms organized by RGICS and FISME  
(9<sup>th</sup> March 2006, India Habitat Center, New Delhi )

Friends,

It gives me immense pleasure to welcome you here today at this important meeting. It is not every day that small industry association is associated with topic like we are going to discuss, and, I am honored to have this opportunity.

More than 10 years ago, when FISME was born off National Alliance of Young Entrepreneurs (NAYE) and eight state level bodies into a Federation, small industries in India were tentative – even fearful, of their future. Today, FISME represents face of the contemporary SMEs of India- rational, confident and proud.

Its views have been divergent from those of other trade bodies. For example FISME has consistently believed that –

- Reservation of items for SSI is irrelevant
- Import Duty should be at a single, as low a rate as possible
- Investment Ceiling has harmed the national interests without providing any meaningful gains to the sector
- Definition of SSIs is now meaningless except for availing benefits under the Special and Differential Clauses under WTO dispensation
- IPR regime in general is beneficial to the sector

Mission Statement of FISME is "To assist SMEs build capabilities to respond to changing external economic environment and exploit new opportunities by becoming market centric".

No doubt we are a body of SMEs and have with us the Secretary SSI, Government of India, today's meet is not specific to the SMEs, instead it attempts to address economic entities across the sectors.

In its own wisdom FISME has always sought level playing field, a common national market and improved infrastructure and supply of basic inputs like power at competitive cost and quality.

It has argued for rational, simple and transparent regulations that hurt competitiveness to the least extent. More importantly, we have consistently drawn attention to the fact that impact of regulation needs to be seen in the context of competitiveness.

It is in this context that our Secretary General attended a workshop on 'Regulatory Reform and its impact on industrialization' in Philippines in Aug last year. Impressed by his presentation on the subject, we invited Prof. Jong Seok Kim to share his valuable experiences of the Korean reforms. We are fortunate that the Prof. acceded to our requests and is with us today. No doubt our context is different in some important respects like –

- We have a vibrant and dynamic democracy
- A Federal structure with a Union Govt and states
- A concurrent list of subjects within the purview of both the Centre and the States
- An era of coalition govts both at the Centre and in several States

Besides, we carry a legacy of thousands of years that includes an extremely rich repository of codes of behaviors for every conceivable situation that the citizenry may have among itself and with the long arm of the Government.

Layers over layers of Acts, Rules, Procedures and Regulations have made us arguably one of the most regulated though poorly super-wised nations. Obviously we suffer from all possible ill effects including low competitiveness due to the existing regulations and those in the offing.

We in FISME are strong votaries of the spirit behind the Korean experiment and feel the approach needs to be taken to the States as well for reaping real gains of achieving higher competitiveness. To us, the process of carrying out the regulatory reforms is almost as important as creating new infrastructure for development of the economy.

Finally, while we discuss the issue of regulatory reforms that too in the complex context of India, there is always the danger of losing the focus off woods while we count the trees. Let me take a leaf out of the rich repository of Indian history to elucidate the point. Around 2400 years ago, when Vishnugupta- the first celebrity administrator-economist, better known as Chanakya, approached the Chief of Taxila University seeking admission, he was asked an important question: what is the objective of governance? The answer of Chanakya needs to be written in gold. He said, "the objective of the governance is to create conditions where more and more people move from wrong to right path". That is the bottom line.

With these words, let me welcome you once again. We are extremely grateful that Shri Montek Singh Ahluwalia, in spite of his pressing engagements as Dy. Chairman Planning Commission and Member of the Cabinet has found time to be here. I also welcome Dr. V Krishnamurthy – not only as Chairman of National Manufacturing Competitive Commission but also as one of the most distinguished business leaders of our

times. A person who has seen the other side of the table as well and seen it all: as a bureaucrat, as an administrator and as an industrialist. I welcome Shri Anupam Dasgupta, Secretary SSI, for his solidarity to the cause. And above all, a warm welcome to Prof Kim for his kind gesture in agreeing to share his thoughts and experience with all of us.

Thank You....