

Welcome Remarks at the ASEM Conference*

Deepak Mohanty

1. Mr. Peter Bekx, Director, European Commission. Mr. Subir Gokarn, Deputy Governor. Mr. Moreno Bertoldi, Head of Unit, European Commission, Ms. Valerie Rouxel-Laxton, Head of Sector, European Commission, distinguished representatives from the ASEM member countries, esteemed colleagues of central banks, representatives from multilateral organisations, think-tanks and academia, distinguished experts and friends. I am really privileged to have this pleasant opportunity of welcoming you all on the occasion of ASEM Conference on behalf of the Reserve Bank of India and on my own behalf. I understand that this is the first ASEM conference of European Commission in India. I thank the European Commission for this opportunity.

2. I am indeed honoured to welcome you all to this lovely city of Mumbai. As some of you may be aware, Mumbai has a unique place in Indian history and commerce. Mumbai, built on seven islands, was the first British Indian possession. Mumbai came as a part of the royal dowry in 1661 to King Charles II of England on his marriage to the Portuguese princess. It was later leased to the East India Company for £10. Today you can not get even a square inch of land in Mumbai for that price. Today Mumbai is one of most expensive cities in the world. Mumbai is the business capital of India and handles a major share of India's commerce. It houses the headquarters of many major banks, financial institutions, insurance companies and stock exchanges. Mumbai's nature as the most eclectic and cosmopolitan Indian city is symbolised in the presence of *Bollywood* within the city, the centre of the globally-influential Hindi film and TV industry. The city has valiantly faced many setbacks and kept up its vibrancy. That is what Mumbai is! Be that as it may, I am sure, you will get an opportunity during your stay

to go around the city and experience for yourself the brisk life of Mumbai. The Marine Drive which is just opposite this Hotel is popularly known as Queen's necklace which you can see from the Rooftop where we will have our dinner tonight. I must also add that the weather is very pleasant at this time of the year.

3. Now let me turn to today's event. The Asia-Europe Meeting, generally known as ASEM, is the embodiment of Asia-European Union collaborative involvement in the endeavour of enhancing growth opportunities in both these regions. The forum of ASEM provides a platform for useful dialogue at various levels between Asia and Europe on almost all issues of relevance ranging between finance, education, culture, climate, information technology and governance. The ASEM conference series which focuses on topical issues provides useful inputs into ASEM dialogues. The ASEM conferences before, whether on finance or growth or terrorism, have brought in insights into the issues, aiding policymaking both in Europe and Asia.

4. The theme of the present conference – 'Investment and its Financing: What causes private investment to remain relatively low in Asia' is topical and could not have come at a better time. It is particularly very important because of two main reasons. First, as we emerge from the financial storm of the last couple of years, investment has the key role to restore potential output to sustain aggregate demand. Second, investment growth in the emerging economies of Asia can play a pivotal role in the multi-speed recovery of the global economy characterised by protracted rehabilitation of over-extended balance sheets in the advanced economies.

5. This platform, in my view, should be seen as a great opportunity to the academicians as well as policymakers of both Asia and Europe, not only to learn from each other's experiences but also to develop a vision for the realisation of faster and smoother growth trajectory. After every crisis, market agents, regulators,

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journalists and academics generally believe and persuade themselves that this time it is different. But it never is. There is a lot to learn from the past experiences of the crisis and a forum like the ASEM conference can be immensely beneficial in sharing them.

6. Let me now take this opportunity to discuss briefly about the format of the Conference. We will cover the conference theme in five sessions and a panel discussion. We begin with the keynote address by our Deputy Governor Dr. Subir Gokarn followed by the technical sessions and discussions.

7. The first session will deal with what drives investment in Asia. The second session will delve deep into the issues related to investment and productivity growth in Asia. The third session will deal with credit

growth and financial stability in the Asian countries. The fourth and the last session of today will be on the ways to improve the channelling of domestic saving to investment in Asia. We will resume tomorrow with the fifth session to discuss the role of financial sector and credit growth on investment. This will be followed by the panel discussion on the impact of infrastructure bottlenecks on Asian growth chaired by Dr. Y.V. Reddy, former Governor of Reserve Bank of India.

8. Let me welcome you all once again. In the local language of Mumbai which is Marathi: *Amchya Mumbait Tumha Sarvanche Swagat Aahe*. You are welcome in our Mumbai. May these two days not only be marked with fruitful discussions but also bring closer the Asian and European communities in this increasingly globalised world.