

HON'BLE GOVERNOR, SHRI M.K. NARAYANAN'S SPEECH
ON SEPTEMBER 11, 2012 WHILE RELEASING FR. FELIX RAJ'S BOOK

I feel very much at home at St Xavier's College. I have a rather unique distinction of spending six years in Loyola College, Chennai and so I have very close links with Jesuit Fraternity, though little fade these days. I thought Principals never write books but make students read them but these days things are changing.

When Father Felix Raj whom I got to know very well since I came to Kolkata asked me, to release the book, I had little hesitation in agreeing to do so. I had been very happy of my visit to St Xavier's last year on the occasion of the College Convocation and Valedictory Function. In any case I would not hesitate to do what my Principal or Father Principal asks me to do.

Students who are present here, you may not believe this, that I do also possess a Master Degree in Economics. It was so long ago that I can hardly spell now the word Economics. I therefore felt quite unequal to the task of releasing an extremely very well conceived and well-thought out and a near technically perfect economic treatise on a specialized subject on 'Disinvestment in India-Trends, Problems and Prospects'. I do remember a little bit of my Economics today.

As I went through the book, I realized that the title of the book is misleading. The book focuses as much on Economic Reforms as on disinvestment, covering nearly three decades of India's recent economic history. Disinvestment is no doubt a fulcrum around which arguments have been induced, hypotheses have been put forward and tentative answers indicated but yet this cannot obscure underlined micro and macro aspects of this competent study.

I want to tell Fr Felix Raj that I went through the book. It is not an easy read. This evening you heard about the tradition of St Xavier's College but I would like to say about the Jesuit tradition. One must be always true to oneself. I wouldn't want to release the book without having read it. The launch of the book is very timely as the disinvestment is very much again in the news.

The new Finance Minister, Sri P. Chidambaram has vowed to restore the robust health of the economy with fewer steps that include calibrated changes in fiscal policy. Crucial amongst them is disinvestment, which is of highest priority to generate additional resources and reduce fiscal deficit. Its almost three weeks ago, the Finance Minister called the officials together and told them to expedite the process of disinvestment in many PSUs, so that State could hit the stock market in time and help the government to achieve the target of Rs. 30,000 crores in the current fiscal.

I think that this book has a lot to say about disinvestment. The book is not solely on disinvestment. Fr Felix Raj said just now that the book is also about development. It is loud and clear that the true purpose of economic reforms including privatization and liberalization is to ensure proper development. In the Introductory Chapter, Fr Felix Raj quotes Lewis Preston and I quote, "Development theory by itself has little value unless it is applied, unless it translates into results, and unless it improves people's lives".

Fr. Felix Raj takes the concept of development one step forward and states, I quote, "Development is liberation and much more a continuous process of creation and never ending process, a praxis". Economic reform is thus seen in this book as indispensable, not only for rapid but also for balanced development. Analysis and estimates in this book should be viewed against this background. For me the real value lies in the fact that a great deal in it will be of value to different strata of people. For under graduate and postgraduate students, for instance, it covers the gamut of policies and politics with disinvestment as the centerpiece starting almost since late 1960s to the present day.

How many of today's youth are aware of Industrial policies of 1948 and 1956? These policies guided PSUs for decades. To the connoisseur this book is a veritable encyclopedia of various writings on the management of PSUs in India. This has been skillfully interpreted with the cases for and against the disinvestment issues. For example, the introductory chapter contains brief survey of available literature on the subject of disinvestment. Many of the authors mentioned in this book have belonged to my generation and some of whom I know personally and their thoughts are still relevant. For researchers and analysts, the book postulates three important hypotheses, which are discussed extensively.

Firstly, whether actual process of disinvestment of PSE is damaging to the functioning of PSE and economy as a whole and whether beneficial results may not necessarily be what the

government is expecting; secondly whether PSEs that have taken the route of disinvestment have improved efficiency in performance and thirdly, whether there is any gap between the target and realized amount of disinvestment proceeds and whether the disinvested resources will be adequate to meet fiscal deficit. I think this is particularly very important at this moment. Tentative answers have been provided to each of these hypotheses in the concluding chapter.

If I got it right, it seemed from the text as far as individual PSEs are concerned or in matter the economy as a whole, disinvestment has not been an unmixed blessing for PSUs. Many PSUs that were disinvested have, no doubt, come out with the problems and improved their efficiencies but the proceeds from disinvestment have not substantially reduced the fiscal deficit and consequently did not have significant impact as expected on the economy. Undoubtedly the conclusions will be questioned and debated at length. What is evident however is that the conclusions based on the extensive research including analysis of many disinvested PSEs carried out in many years.

The two case studies are fascinating- BALCO and LJML. It has hence not been easy to discord these findings. It will nevertheless lay result to this interesting and intensive debate. Speaking for myself I find that the chapter three: Economic reforms in India (1991-2010) and their impact on PSEs is particularly illuminating and thought provoking. Chapters four on policies and six on analysis of specific disinvested PSEs - these three chapters have significant value to policy makers apart from the students of Economics. As Prof. Raj Kumar Sen. in writing his foreword to the book, mentions that Fr. Felix Raj has done the country a great service by expanding the frontier of economic literature of economic reforms on PSUs. He also highlighted the particular importance of chapters three and four. Consequently I think we can all agree that disinvestment in India is likely to be a valuable addition to the existing literature on economic studies in our country.

What lends the book greater and higher altitude than most other works of this nature is the vast amount of valuable statistics, which is clearly the outcome of brains conducting research, which reflects scholarship of higher endeavour.

The impact is to be felt across the entire spectrum of economic and statistical analysis of this country. The economic fraternity will welcome this aspect. It is not an easy read and quite difficult to go through, if you are looking for enjoyment in other ways. Yet I would say that it

should be an essential read for under graduate and post graduate students of Economics. For those who teach economics in colleges and Universities across the country they must read and digest its content suitably to be able to use the ideas in their lectures. Those who write on Economics in journals and newspapers they must utilize the well-researched content to explain it to the less erudite members of the public.

There is a great deal of wisdom in the book that requires wide dissemination. The content of the book should be the object for further research. I do not have adequate words to praise Rev Fr. Felix Raj for this excellent effort. I would specially like to compliment him on the depth and extent of his research. Till date I was under the impression that administration and piety were his qualities.

I now realize that behind the gentle eminence lies the shrewd and sharp intellect accompanied by burning desire to contribute to nation's development. Fr. Felix Raj is hence a true icon not only for those who have gone through or will go through the portals of St. Xavier's College, but also for those who study in other competent institutions as well.

He has demonstrated that classrooms are not solely intended to impart knowledge but in equal measure to inspire the students to search for truth and arrive at their own conclusions. I am sure that St. Xavier's College, Kolkata, would be richer with the presence of someone like Fr Felix Raj as Principal and those researchers who have helped him in the task of bringing out such an excellent publication. I cannot think of any other Principal who would have produced the volume of this kind. Thank You.

H.E. M.K. Narayanan

24th Governor of West Bengal (2010 – 2014)

(Speech on September 11, 2012 at SXCK)
