

Seventeenth L. K. Jha Memorial Lecture by Shri N. K. Singh;

November 22, 2019; 3.00 PM

Opening Remarks by Governor

On behalf of the Reserve Bank of India, I am delighted to welcome Shri N. K. Singh to deliver the L. K. Jha Memorial Lecture, the seventeenth in the series. Incidentally, this day marks the 106th birth anniversary of Shri L.K. Jha. I am deeply honoured to have his daughter, Mrs. Deepika Maharaj Singh on this occasion. A hearty welcome to all the distinguished invitees of the Reserve Bank.

2. At the beginning, I would like to say a few words about Shri L. K. Jha to commemorate the occasion. Popularly known as 'LK', Shri Lakshmi Kant Jha, was born in Darbhanga district of Bihar. He was a graduate from the Banaras Hindu University and Trinity College, Cambridge. At Cambridge, he was a student of renowned economists like Keynes and Robertson. He joined the Indian Civil Service in 1936. He worked in the Government in several capacities. He was India's Principal Representative at the meetings of the General Agreement on Tariffs and Trade (GATT) and was its Chairman during 1957-58. He became Secretary, Department of Economic Affairs in the Ministry of Finance in 1960 and was appointed to the newly created post of Principal Secretary to the then Prime Minister Shri Lal Bahadur Shastri in 1964. Subsequently, he continued in the same capacity under Prime Minister Smt. Indira Gandhi.

3. From July 1, 1967 to May 3, 1970, Shri L. K. Jha held the office of the Governor of the Reserve Bank of India (RBI). As Governor of the RBI, he attached great importance to the developmental role of the Reserve Bank in enhancing growth prospects of the economy and strengthening the banking sector.

4. After Reserve Bank, he worked as Ambassador of India to the United States and later became Governor of Jammu & Kashmir. Shri L. K. Jha passed away in Pune on January 16, 1988 and remained fully

committed to his work to the very last. This lecture series was instituted in 1990 in recognition of his contribution to the country and to the Reserve Bank.

About the Speaker

5. It is a great pleasure to have Shri N. K. Singh to deliver the Seventeenth L. K. Jha Memorial Lecture. In terms of the contribution to the nation, Shri N. K. Singh has carried forward the work done by Shri Jha in various capacities. He is currently the Chairman of the Fifteenth Finance Commission of which I was also a member before assuming the charge as Governor, Reserve Bank of India. Prior to that, Shri Singh headed the Fiscal Responsibility and Budget Management (FRBM) Review Panel. He is the prime architect of the revised FRBM Rule adopted by the Government last year.

6. Until recently, he was a member of the Rajya Sabha from the State of Bihar. In this capacity, he served on the Parliamentary Standing Committee on External Affairs, the Public Accounts Committee and the Consultative Committee on Finance. As a career bureaucrat, having joined the IAS in 1964, he has handled important portfolios such as India's Expenditure and Revenue Secretary, a Member of the Planning Commission as well as Secretary to the Prime Minister, Shri A.B. Vajpayee.

7. Shri N. K. Singh has a wide range of national and international experience. He was the principal interlocutor with multilateral institutions during India's BoP crisis in the early 1990s. He has also served in important advisory roles and pro-actively engaged in the economic reforms strategy of India over the last 20 years.

8. The theme of "Fiscal federalism: Ideology and Practice", chosen by Shri N. K. Singh for today's lecture, is highly relevant and timely for the Indian economy in the aftermath of introduction of the GST and formation of NITI Aayog, which together, give greater role to the states in our federal setup.

9. The essence of Indian federalism is that both the Union and the States have to be fiscally strong. A weak Union is detrimental to both national sovereignty and growth; and weak States will not be able to deliver development. And there could be no better person today than Shri N. K. Singh to talk on these issues. The fact remains that the future contours of fiscal federalism is going to be shaped by the recommendations of the 15th Finance Commission.

10. Simultaneously, competitive federalism is also increasingly becoming a feature governing the Centre-State relationship. Niti Aayog's Aspirational Districts Programme is one such example of competition and development. Ranking of states based on ease of doing business is another such example that has the potential to improve long-term productivity. It is in this spirit that the State Finance Report, recently released by the Reserve Bank, has tried to assemble state-wise facts on certain fiscal parameters, drawing from their budgets so as to promote healthy competition among states to realise the potential revenue or minimize the risks by mutual learning. This time, we have also released time series database on State Finances to facilitate research in this area.

11. Another aspect of fiscal federalism which needs attention relates to the local bodies. In furtherance of the objective of fiscal decentralization, the Constitution provides for delegation of funds to the urban and rural local bodies under Article 243. There is a great need to strongly institutionalise State Finance Commissions and empower the third tier of governance by enhancing their revenue-generating capacity.

12. With these words, I would now like to invite Shri N. K. Singh to share his thoughts on ideologies underpinning fiscal federalism and practical challenges emanating from the same. The floor would be open for a brief Q&A session after the Lecture.
