

Speech by the President of India, Shri Pranab Mukherjee at the Roundtable on financing of Innovations with Leaders of Banking and Financial sectors



Shri Jayant Sinha, Minister of State for Finance;

Shri Rajiv Mehrishi, Finance Secretary and Secretary, Department of Economic Affairs;

Dr. Hasmukh Adhia, Secretary, Department of Financial Services;

Shri Harsh Kumar Bhanwala, Chairman, NABARD;

Prof. Anil Gupta, Vice Chairman, National Innovation Foundation;

Leaders from banking and financial sectors;

Ladies and Gentlemen:



1. It is my pleasure to attend this concluding session of the Festival of Innovations. To begin with, I thank NABARD for taking the initiative to organize a Round-table on financing of innovations with leaders of the banking and financial sectors. It is heartening to see the enthusiastic participation of many leading banks and financial institutions in today's forum.

2. The high growth that we have envisaged is possible only with productivity improvements across all sectors of the economy. Innovations in different segments, at different levels and for different sections will aid this process in no small measure. The course of development of innovation involves the conversion of a novel idea into a viable product. Financing of innovation, being a critical step, the role of the banking system is paramount in the entire innovation value-chain.

3. A nation which performs high on innovation has, among other factors, a buoyant and supportive financial sector to leverage innovations. In India unfortunately, there are many instances of innovations that are languishing for want of financial support. There is an urgent need to deliberate on the strategy required for changing the climate of cooperation between innovators, investors and entrepreneurs. I am told that this week-long festival was marked by fruitful interactions between grassroots innovators and various stakeholders of the innovation eco-system, both within and outside the country.

Ladies and Gentlemen:

4. The government has taken several initiatives to encourage innovations and start-ups that will help generate jobs and overcome poverty. Under the *Pradhan Mantri Jan Dhan Yojana*, the banking sector - primarily the public sector banks - successfully embarked upon an ambitious drive to provide access to the weaker and poorer sections to a bank account and other financial products. Within a span of six months, the coverage under the scheme has been close to hundred percent, with a record 13.2 crore new bank accounts opened, 11.5 crore RuPay debit cards issued, and over Rs. 11,000 crore deposited.

5. Despite the achievements, there are challenges to overcome still. Only a small number of those who open accounts have access to credit for improving their livelihood opportunities. In particular, I would like to draw your attention to the financial needs of our ingenious youth both in rural and urban areas that are yet to be adequately met by the banking sector. It would be appropriate if banks open dedicated counters in towns and cities to meet the needs of innovators.

Ladies and Gentlemen:

6. Grassroots innovators are constrained by the lack of a well-established market. Some do not even possess the requisite skills and acumen to convert their innovations into sustainable and marketable products. These potential entrepreneurs require technical assistance. Hence provision of financial assistance apart, mentoring is also a significant influencing factor in the innovation-development framework. For want of mentoring and financing, many bright students who possess innovative solutions to problems either go abroad or pursue a different profession, resulting in what one may call brain drift. Arresting this trend calls for the formulation of special schemes in the banking sector to make the ideas-to-market transformation possible.

7. The banking system, in collaboration with the National Innovation Foundation, can help create a pool of mentors in every district to assess and meet the financial needs of the innovators. Bankers have to take the initiative to reach out to the innovators, mentor them, and wherever possible, connect them with their other clients who may help them in expanding their market. This role of creating linkages between creative people and successful clients could be a game-changing institutional innovation. A bank manager can open more doors for an innovator in an hour than what an innovator could possibly be able to do in a year. The banks would do well to have in place a monitoring mechanism to ensure managerial facilitation for innovators. An increased awareness amongst the innovators - that help is round the corner - is required to be built up.

Ladies and Gentlemen:

8. It is pertinent that sensitization and capacity building form an important agenda of inclusive innovation system. In this context, I urge the banks present in

this forum to consider sending some of their managers to the Festival of Innovations next year. This will provide the banking personnel an opportunity to interact with the innovators and gain insights about how best to support them.

9. Central universities, IITs and NITs have set up Innovation Clubs to build linkages with the grassroots innovators. Banks may also join hands with these clubs to provide them requisite advice about taking innovative ideas forward.

10. New inclusive institutional arrangements are needed to give innovators and innovation-based enterprises a fair chance of success. Recent initiatives like the Atal Innovation Mission and the Self-Employment and Talent Utilization (SETU) scheme will help spring up thousands of start-ups across the country. The banking network in our country should be fully geared to meet the challenge of supporting these new entrepreneurial ventures.

Ladies and Gentlemen:

11. I have fond remembrance of the time 32 years back when, during my first tenure as the Finance Minister, NABARD was established. Over these years, NABARD has carved a special place for itself in unfolding the story of India's economic development. I applaud NABARD for incorporating in its corporate mission the promotion of innovative initiatives, and for working towards its achievement through a systematic and strategic approach. Particularly, the effort of NABARD in the sphere of financing rural innovations through the creation of a separate fund is praiseworthy. Leveraging its experience of over three decades, NABARD will have an important role to play in fulfilling the objectives of an innovation-oriented India.

12. I once again compliment NABARD for organizing this meaningful dialogue on financing of innovation. I call upon all the concerned agencies to start working on the various recommendations that have emerged from the deliberations. I urge the Ministry of Finance to support the banks in whatever manner possible to enable them to be more accessible and accountable towards innovators.

13. In the end, I compliment the National Innovation Foundation for their singular contribution in making this first Festival of Innovations a great success. I declare the Festival closed.

Thank you.
Jai Hind.