

'Urgent need to invest in education and skilling'

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The Reserve Bank of India's (RBI) decision to cut the repo rate by a quarter of a percentage point to 6.25% this week heralds a transition to a "low interest rate regime that will lay the foundation for 20 years of growth", said Naushad Forbes, president of the Confederation of Indian Industry (CII) lobby group.

Forbes, who is co-chairman of Forbes Marshall India, was speaking at a session of the India Economic Summit organized by the World Economic Forum.

However, Vineet Nayyar, vice-chairman of Tech Mahindra Ltd, said at the same session that the rate cut was too small and "won't change anything".

Nayyar complained that "interest rates have been way too high" in India and argued that other Asian economies, including South Korea and China, increased capital formation and productivity by lowering interest rates.

The panellists agreed on the urgent need to invest more in education, healthcare and skilling, and called for more attention to be paid to measuring outcomes.

Pawan Munjal, chairman, managing director and chief executive officer of Hero MotoCorp Ltd, said "there is a huge gap in skilling" but it is not only the responsibility of the government to fill the gap. "We have to put our own efforts and investment into skilling and some of us are doing that," Munjal pointed out.