

# India Review

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## 1st meeting of U.S.-India Trade Forum

Commerce and Industry Minister Kamal Nath with U.S. Trade Representative Rob Portman in New Delhi on November 12.

## Treasury Secretary

## Snow in India for

## third meeting of the

## Economic Forum



Finance Minister P. Chidambaram with U.S. Treasury Secretary John Snow at joint press conference after the meeting of the U.S.-India Economic Forum in New Delhi on November 9.

■ The U.S.-India High Technology Cooperation Group focuses on defence, biotechnology and nanotechnology

■ Kocheril Raman Narayanan, 85, India's 'Citizen President', dies in New Delhi

■ India-U.S. Defence Policy Group meeting held in Washington; co-chaired by Shekhar Dutt and Eric Edelman

## ■ Obituary

# K.R. Narayanan, 85, President who defied stereotype

**K**ocheril Raman Narayanan inherited the Presidential office at a time the Head of State was firmly imprinted in the public perception as a “rubber stamp” figure. The occupant of the Rashtrapati Bhavan unfailingly acted on the aid and advice of the Union Cabinet, rarely if at all went public with his opinion. It was unthinkable that the first citizen could admit to a political vision that was at variance with that of the government of the day. President Narayanan defied the stereotype, pushing the envelope in areas that were previously unexplored but without ever becoming activist in a way that would have undermined his constitutional role. In his own words, he was “not an executive President but a working President, and working within four corners of the Constitution”.

President Narayanan was a brilliant example of a man who made his office rather than have his office make him. On February 16, 1998, he joined other citizens at a polling booth to cast his vote. This was unprecedented and naturally the question arose whether this did not amount to a partisan act. In fact, this long overdue gesture corrected the erroneous impression that Presidents had to be apolitical in order to be impartial; in asking to be seen to be exercising his franchise, Narayanan underlined that he was the President of a democratic nation.

Narayanan used his discretionary powers to innovate and improvise. In the tricky area of Prime Ministerial appointment in a hung Parliament situation, he established procedures and principles that were based on sound reasoning. Up until 1996, Presidents followed the practice of calling the leader of the single largest party in the Lok Sabha to form a government. This mechanical approach led in 1996 to the farce of Atal Bihari Vajpayee being invited to form a government that collapsed in 13 days. Narayanan rejected the notion that the single largest party or coalition necessarily had the first claim to office. Instead, the competence of the Prime Ministerial claimant had to be judged by whether or not the person enjoyed the confidence of the House. Thus he set a new precedent whereby it became mandatory for a person staking a claim to the Prime Minister's office to produce letters of support from alliance partners...

Yet, Presidency was more than a constitutional office for Narayanan. It was a means to remind the rulers of the country that progress without a social conscience amounted to very little. The poor Dalit boy who had seen and suffered gross social prejudice may have reached the zenith of constitutional office but the elder first citizen in his place still impatiently waited for the dawn of a new era of economic

equality and social justice, of an India without communal tensions. Perhaps it was this restlessness that caused President Narayanan often to speak from his heart, without allowing concerns of propriety to divert him from what he saw as his social mission. As India completed 51 years of Independence, Narayanan departed from convention to speak to N. Ram (editor of *The Hindu*).

The televised conversation saw President Narayanan engage the questions frontally, with candour. He was emphatic that India's parliamentary system could function “only in an atmosphere of social and economic progress, and great equality.” There had been achievements “but the march of society, of social change, has not been fast enough, nor fundamental enough so far”. India's liberalisation was irreversible, he said, but cautioned that “in a vast country with millions of people and poverty rampant, we cannot liberalise recklessly, in such a way that the balance of society is upset and while some sections would flourish, make profits, the rest of the people would be left without employment and be helpless”...

Born into a Dalit family in Uzhavoor village in the erstwhile princely state of Travancore, Narayanan was the fourth of seven children in the household of Kocheril Raman Vaidyar, an ayurvedic physician... Those days, there were no education concessions for Dalits and it was with great difficulty that his father paid the fees for

him. However, while in high school, Narayanan occasionally received financial help from Gandhi's Harijan Sevak Sangh...

At the University of Travancore, Narayanan read English Literature and received a first class in B.A. and M.A. Presumably due to caste considerations, he was denied a permanent teaching job in the university as was the norm for toppers at the time. Hurt and agitated, the young Narayanan boycotted the convocation ceremony and refused to accept his degree certificate. Fifty years later, when he was President of India, his certificate was handed over to him at a special function.

After a number of inconsequential jobs, Narayanan was offered a studentship in journalism by *The Hindu* in Madras. Around the same time, he received a favourable response from the J.N. Tata Endowment to his application for a scholarship to pursue higher studies abroad. Admission to the London School of Economics was arranged for the academic year commencing 1945...

At the London School of Economics, Narayanan plunged into his academic work and also had time to take part in the activities of V.K. Krishna Menon's India League. He developed a close rapport with Professor Harold J. Laski...

**Continued on Page 6**



**K.R. NARAYANAN**  
1920-2005

# Treasury Secretary Snow in India for Economic Forum meeting

**T**he third meeting of the India-U.S. Financial and Economic Forum was held in New Delhi on November 9 and discussed a wide range of issues, including the current global economic performance, India's efforts to strengthen its financial system, the need to combat money-laundering and the Doha Development Round negotiations of the World Trade Organisation (WTO).

The Indian delegation at the meeting was headed by Finance Minister P. Chidambaram, while U.S. Treasury Secretary John W. Snow led the U.S. delegation.

Describing the Forum as a "rewarding mechanism", Chidambaram said at a press conference that "officials of both sides had extensive discussions on setting goals for engagement among the ministries and the regulators, with special reference to the capital market, banking, money laundering, insurance, pensions and infrastructure."

In his remarks, Secretary Snow noted the "commitment" India has made to "growth and to good economic policy in the area of finance, to further liberalizing financial market operations, deepening and strengthening capital markets."

A Joint Statement issued at the end of the meeting noted that "in India, the growth outlook appears favourable" while in the U.S. "economic conditions remain solid." However, both sides warned of "several potential risks, including the impact of energy prices, the tightening of financial market conditions, and uneven growth in many parts of the world".

On the financial sector, the Joint Statement said: "The delegations discussed India's efforts to strengthen its financial system, lower the costs of financial intermediation and increase access to finance for agriculture, small businesses and the poor. Both sides noted the importance of having a strong insurance and pension sector in order to increase long-term savings and the availability of long-term financing. Indian officials emphasized their key priorities for financial sector reform, including expansion of financial services to the poor, and enhancing private sector capabilities."

The statement added that India "emphasised (its) commitment to infrastructure development as a means of reducing poverty and expanding economic opportunities" and the delegations "discussed ways of encouraging more private financ-



Finance Minister P. Chidambaram, left, with U.S. Treasury Secretary John Snow at their meeting in New Delhi on Nov. 9. Secretary Snow, who was in India for the third meeting of the India-U.S. Financial and Economic Forum, also visited Mumbai, where he met the Governor of the Reserve Bank of India, market regulators and members of Indian industry.

ing for infrastructure projects. The Indian and U.S. sides agreed that a stronger investment climate would encourage more U.S. private sector firms to invest in Indian infrastructure development. Both sides underscored the importance of an effective dispute mechanism that will give greater confidence to investors."

The Joint Statement reiterated "the importance of actions to identify and combat terrorist financing and money laundering... and they agreed to work together to identify and freeze terrorists' assets". Both sides also agreed to continue technical cooperation in the area of currency security, saying it was an integral part of the fight against financial crimes.

India and the U.S. also stressed the need to successfully conclude the WTO Doha Development Round negotiations so as to promote global trade and growth. They agreed that a satisfactory outcome on agriculture negotiations, as well as services, would be crucial in this regard. ■

(For full text of the Joint Statement, visit [www.indianembassy.org](http://www.indianembassy.org))

## India and the USTDA sign Cooperation Framework Agreement

**I**ndia's Ministry of Finance and the U.S. Trade and Development Agency (USTDA) on November 9 signed a Cooperation Framework Agreement that formalises the USTDA's program with public sector entities in India and covers activities such as project preparation, trade capacity building, investment analysis, training, and sector development.

The agreement, signed during the U.S.-India Financial and Economic Forum, will facilitate the coordination of USTDA

activities with the Indian public sector, providing a mechanism for Ministry of Finance review and approval of new activities. It is expected to speed New Delhi's review and approval process of proposed activities which, in turn, will help new initiatives in a broad range of key sectors, including energy and power, water, environment, and transportation. Currently under review are technical cooperation projects with GAIL and Neyveli Lignite Corp., involving gas transport and coal mining. ■

# 1st meeting of U.S.-India Trade Forum held in New Delhi

**I**ndia and the United States launched the India-U.S. Trade Policy Forum in New Delhi on November 12, with the inaugural session being co-chaired by Minister of Commerce and Industry Kamal Nath and U.S. Trade Representative Ambassador Rob Portman. The forum was preceded on November 11 by a full day of intensive consultations between senior officials drawn from concerned departments from the two countries.

India is only the third country or bloc with which the U.S. has established a trade forum, after the European Union and China.

“The fact that India is the third is a testament to the importance with which we attach the economic relationship and the importance to which we attach our overall relationship with India,” Ambassador Portman said ahead of the meeting.

The establishment of the Trade Policy Forum was announced during the visit to U.S. in July this year by Prime Minister Manmohan Singh. It is designed to expand bilateral trade and investment relations between India and the United States. Multilateral issues such as the ongoing Doha Development Round negotiations were also taken up in the Forum. The Trade Policy Forum will be part of the overall Economic Dialogue between India and the U.S.

A Joint Statement issued after the meeting said both sides emphasised “information gathering” in the first meeting and sought a “clearer understanding of the other’s policies” in the areas covered by the agenda.

According to the Joint Statement: “After reviewing bilateral issues of interest to each side in these areas, Minister Nath and Ambassador Portman agreed on a series of next steps with a view to facilitating and promoting greater trade and investment flows between the two countries. The two sides agreed to establish focus groups on agriculture, tariff/non-tariff barriers/services, investment and innovation and creativity, that will meet on a regular basis, functioning under the supervision of the forum vice chairs — Commerce Secretary S.N.



U.S. Trade Representative Ambassador Rob Portman addressing an event hosted by the Federation of Indian Chambers of Commerce and Industry in New Delhi on November 12, ahead of the first meeting of the India-U.S. Trade Policy Forum.

Menon and Deputy U.S. Trade Representative Ambassador Karan Bhatia.

Concerning the Doha Round, both sides expressed the hope that the wide gaps in the negotiating positions of WTO members could be narrowed. As the Hong Kong Ministerial approaches, renewed energy and commitment will be needed to bridge these gaps. Both sides agreed that this challenge should not lower the ambitions for the Round and they looked forward to the successful completion of the Round by the end of 2006. The next meeting of the Trade Policy Forum will take place in 2006 in Washington DC. ■

**(For full text of the Joint Statement, visit [www.indianembassy.org](http://www.indianembassy.org))**

## ■ U.S. Congressional Delegation Visits India



Rep. Dan Burton (R-IN), third from left, who led a seven-member Congressional delegation to India, meeting with Prime Minister Manmohan Singh in New Delhi on November 28. At the Prime Minister's right is Foreign Secretary Shyam Saran.

# 4th meeting of U.S.-India High Tech Cooperation Group

India and the U.S. have identified nanotechnology, biotechnology and defence as the major areas offering opportunities for enhanced bilateral trade and cooperation. In a Joint Statement on December 1, at the end of the fourth meeting of the U.S.-India High Technology Cooperation Group (HTCG), David H. McCormick, U.S. Under Secretary for Commerce, Industry and Security, and Foreign Secretary Shyam Saran resolved to “take concrete steps to make the HTCG more results-oriented”.

The HTCG was formed in 2002 to provide a standing framework for facilitating and promoting U.S.-India high-technology trade and building confidence for trade in sensitive items.

At the conclusion of the government-to-government meeting, which was preceded by a public-private forum to seek industry views on ways to enhance bilateral cooperation, both officials expressed optimism that “trade in high-technology items is expected to significantly expand in the coming years”.

In order to boost bilateral high-tech trade, both sides agreed to “expand the public-private partnership by addressing their legitimate concerns, evolve strategies to ensure that licensing could become more efficient, transparent and predictable for India, and to focus on key trade sectors that are affected by tariff and non-tariff trade barriers”.

The fourth meeting of the HTCG took place against the backdrop of the landmark understandings reached as a result of discussions between U.S. President George Bush and Prime Minister Manmohan Singh on July 18 this year.

The completion of the Next Steps in Strategic Partnership (NSSP) has further opened up the possibilities for cooperation in the areas of civil space, civil nuclear power, and high-technology trade, an official statement said.

“More than half the value of controlled dual-use trade to India no longer requires a licence as a result of NSSP implementation, and trade in high-technology items is expected to significantly expand in the coming years,” said McCormick, expressing confidence in achieving further progress through HTCG.

Building on the recommendations provided by Indian and U.S. industry, both the sides have agreed “to a detailed action plan that will further promote high-tech cooperation”.

With the next meeting scheduled for 2006, both countries have agreed to pro-



Under Secretary of Commerce and Industry David McCormick addressing a public-private forum ahead of the meeting of the U.S.-India High Technology Cooperation Group in New Delhi on November 30. The meeting was co-chaired by Foreign Secretary Shyam Saran.

mote outreach activities and pledged to work together to organise events in both countries geared to these objectives.

Earlier, addressing a public-private forum ahead of the HTCG meeting, McCormick urged Indian industry to explore increasing trade opportunities with his country in high technologies. He said “specific mechanisms that encourage results, provide a means to track progress and allow for regular and procedural follow-up” must be created for maintaining the momentum.

Foreign Secretary Saran said that while government-to-government interaction continued to put in place the mechanism for further liberalisation, the industry should make the best use of the opportunities opening up.

“The environment for high-tech trade has become much more liberal and promising now. The major issue now is how do we get the message across to the industry to avail of opportunities opening up,” he said. ■

(For full text of the Joint Statement, visit <http://meaindia.nic.in>)

## ‘India, U.S. partners in efforts to prevent the proliferation of WMDs,’ says Saran

India and the U.S. have repeated their resolve to be partners in global efforts to prevent the proliferation of weapons of mass destruction and agreed to join hands to promote a more stable Asia. “India is a partner in global non-proliferation efforts rather than a target of these efforts,” Foreign Secretary Shyam Saran told the India Economic Summit organised here by the World Economic Forum and Confederation of Indian Industry.

U.S. Under Secretary of Commerce David H. McCormick, here to co-chair a meeting of the HTCG, said the U.S.-India civil nuclear energy pact “represented a significant step by confirming our joint commitment to playing a leading role internationally to prevent proliferation of weapons of mass destruction”. ■



Foreign Secretary Shyam Saran

# India-U.S. Defence Policy Group meets in Washington

**T**he seventh meeting of the India-U.S. Defence Policy Group (DPG) was held in Washington, D.C., on November 21-23. The meeting was co-chaired by U.S. Under Secretary of Defense for Policy Eric. S. Edelman and Indian Defence Secretary Shekhar Dutt.

Defence Secretary Shekhar Dutt also called on Secretary of Defense Donald Rumsfeld and held meetings with Under Secretary of Defense (AT&L) Kenneth Krieg and Deputy National Security Advisor Dr. J.D. Crouch.

The DPG included an intensive exchange of views on the international strategic and security situation and on the further development of bilateral defence cooperation as envisaged under the Defence Framework agreed to between U.S. Secretary of Defense Rumsfeld and the Minister of Defence Pranab Mukherjee on June 28, in Washington, D.C.

Both countries view their bilateral defence cooperation as an important facet of the India-U.S. global partnership, reflected in the India-U.S. Joint Statement of July 18, issued when Prime Minister Manmohan Singh was in the U.S. capital on a bilateral visit.

The DPG reviewed the reports of the four sub-groups -- the Military Cooperation Group, Joint Technology Group, Senior Security Technology Group and the Defence Procurement and Production Group (DPPG). The newly constituted DPPG held its first meeting in Washington, D.C., on November 18-21, and discussed ways to strengthen cooperation in the field of defence supplies as well

The DPG included an intensive exchange of views on the international strategic and security situation.



Defence Secretary Shekhar Dutt, right, meets with U.S. Secretary of Defense Donald H. Rumsfeld, back to camera, at the Pentagon in Washington, D.C., on November 22. Ambassador Ronen Sen can be seen in the centre.

as industrial and technological cooperation between the U.S. and India.

Both sides emphasized the importance of service-to-service ties. In this context, they took note of the series of successful joint exercises between the armed forces of both countries, including the recently held 'Cope India 2005' exercise between November 7 and 17.

The DPG also included a policy-level dialogue on the global strategic and security situation. ■

## K.R. Narayanan, 85, President who defied stereotype

**Continued from Page 2**

After securing the LSE's prized B.Sc. (Econ.) with a rare first division, Narayanan returned to India armed with a letter of introduction from Laski to Jawaharlal Nehru. The Prime Minister gave him an audience that lasted 20 minutes and asked him to leave his curriculum vitae behind. Soon after, Narayanan received an offer to join the Indian Foreign Service (IFS), which he did in 1949. As a young diplomat, Narayanan's first posting was in Rangoon, where he met his future wife, a Burmese woman named Tint Tint who subsequently took on the name Usha. They married in 1950 in New Delhi after Nehru granted special permission for an IFS officer to marry a foreign national.

After postings in Tokyo, London, Canberra and Hanoi, Narayanan served as India's Ambassador to Thailand (1967-69), Turkey (1973-75), and most importantly, the People's Republic of China (1976-78), where he was the first Indian Ambassador posted since the 1962 war. It was during Narayanan's time in Beijing that political, economic and trade normalisation was established between India and China.

In 1978, Narayanan retired from the foreign service, but was quickly drafted as Vice-Chancellor of Jawaharlal Nehru University. In 1980, he was sent by Prime Minister Indira Gandhi as India's Ambassador to the United States, where he helped arrange Gandhi's landmark 1982 visit to Washington during the Reagan presidency. Upon returning from the U.S., he entered parliamentary politics, contesting from Ottapalam in Kerala in the 1984 Lok Sabha elections.

In his first term as a Member of Parliament, Narayanan was inducted into the Rajiv Gandhi Cabinet as Minister of State for Planning. He later became Minister of State in the Ministry of External Affairs and then in the Ministry of Science and Technology. Though the Congress lost the 1989 elections, Narayanan held on to his seat. In August 1992, as an ordinary sitting MP, his name was proposed by the Congress for Vice President. His nomination received all-party support and on August 21, he was sworn in to the country's second-highest constitutional post. On July 25, 1997, Narayanan took office as the 10th President.

— From a tribute in *The Hindu* ■

# 53-point Dhaka Declaration adopted at 13th SAARC Summit

*Excerpts from Prime Minister Manmohan Singh's speech at the concluding session of the 13th Summit of the South Asian Association for Regional Cooperation (SAARC), in Dhaka on November 13.*

**W**e are delighted to welcome Afghanistan to our group. This is an appropriate recognition of the long-standing ties of culture and history that Afghanistan shares with us. We have also noted the interest of the People's Republic of China and Japan to become Observers in SAARC. We are happy to note that the SAARC Council of Ministers will finalise the guidelines and modalities for such status at the earliest.

In terms of the agenda that we have set ourselves, we have also recorded satisfactory progress at this Summit.

We have signed three Agreements a short while ago, covering avoidance of Double Taxation, on Customs, and on the establishment of a SAARC Arbitration Council. We have also agreed to a liberalisation of the visa regime, so as to facilitate freer travel among all our people, including our media persons. On the other hand, I would like to underline that we must expedite the process of resolving the few outstanding issues that separate us from final agreement on SAFTA. It must be our collective effort to ensure that this Agreement enters into force on January 1, 2006.

The Declaration we have adopted is a forward-looking document that will add new vigour to the SAARC process. A number of very substantive proposals are included in this document. These include some that the Government of India has been pleased to offer, with the aim of bringing about greater



Prime Minister Manmohan Singh addressing the concluding session of the 13th SAARC Summit in Dhaka on November 13. (Photo: [www.pmindia.nic.in](http://www.pmindia.nic.in))

interaction between our people, and greater integration of our region. These include our offer, on a reciprocal basis, to greatly expand airline connectivity within our region. We have planned several measures to develop our most valuable asset, our human resources. These include establishing a South Asian University, by integrating elements in our Social Charter, and creating a collaborative healthcare project involving a regional tele-medicine network. We hope these and other similar measures will enable us to take one further step in the eventual abolition of the age old scourges of poverty and ignorance. We have also agreed to find new ways of cooperating in exploiting the opportunities of the future, ranging from information and communication technology to evolving a collective energy strategy. ■

## HIGHLIGHTS OF THE DHAKA DECLARATION

- 2006-2015 declared the SAARC Decade of Poverty Alleviation. SAARC Poverty Alleviation Fund (SPAF) to be set up.
- Stressed importance of the entry into force of the SAFTA Agreement on January 1, 2006.
- Three agreements signed: On Mutual Administrative Assistance in Customs Matters; On Establishment of SAARC Arbitration Council; On Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters
- Pledged to continue to work to address challenges faced by women and children, especially the girl child; to end trafficking in women and children.
- Stressed need to put in place a permanent regional response mechanism dedicated to disaster preparedness, emergency relief and rehabilitation to ensure immediate response.
- Strongly condemned terrorist violence in all its forms and manifestations, agreed that terrorism is a challenge to all States and a threat to all of humanity, and cannot be justified on any grounds.
- Stressed need to promote people-to-people contact by facilitating travel among SAARC countries.
- Expressed satisfaction on the progress made in establishing the SAARC Cultural Centre in Kandy, Sri Lanka, and underlined the importance of making it operational at the earliest.
- Reaffirmed commitment to further strengthening the multilateral trade regime of WTO. The leaders agreed that the SAARC member-States would work closely together to coordinate their positions in the on-going negotiations on trade and other key economic issues.
- Welcomed the request by the Islamic Republic of Afghanistan for membership and invited Afghanistan as a member, subject to the completion of formalities. The leaders also welcomed and agreed in principle with the desire of the People's Republic of China and Japan to be associated as observers. ■

# Economy will grow 7% in '05-'06, says Chidambaram

**R**anked among the world's fastest-growing economies, India will continue to maintain its fast clip thanks to strong fundamentals, with a robust 7-7.5 percent growth in the current fiscal year, Finance Minister P. Chidambaram has said.

Inaugurating the annual Economic Editors' Conference in New Delhi on November 16, the Finance Minister said virtually every economic indicator for India — from exports to food output — were not only stable but also bright.

"Given the state of economic fundamentals, we are optimistic of the outlook becoming even brighter in the near term," Chidambaram said in an interactive session of over an hour with economic writers from all over the country.

According to the Finance Minister, the reasons behind his optimism were many. Apprehensions over a contraction in farm output because of delayed monsoon had been belied and the winter crop was expected to be higher than last year.

Industrial output has expanded by almost 9 percent in the first six months of this fiscal, over and above the 8.2 percent growth last fiscal, while services growth has been 10 percent so far, against 8.9 percent in 2004-05.

On the external side, exports, he said, were growing at 22 percent, foreign funds had invested \$4.3 billion in the first six months, foreign direct investment (FDI) was at \$2.2 billion and the Indian rupee had been trading in an orderly fashion.

Even on the issue of inflation, which has been creeping up dangerously close to the 5 percent level, Chidambaram said efficient macro-management had helped

rein in price rise despite the surge in global crude oil prices.

"Our success in containing the inflation rate to below 5 percent vindicates the effectiveness of our extant price management policies," he said, adding: "The government will not hesitate to take any fiscal measures to curb inflation."

He also said the current state of global crude prices was not only a major source of worry for India, but for the entire global economic outlook and posed a major threat to growth in the medium term.

Shifting to other areas of the Indian economy, the Finance Minister said he was requesting all state governments — who have not yet commenced a value added tax (VAT) regime — to "come on board" by January. "The Centre is fully committed to ensuring a smooth transition of the entire Indian federation to a uniform value added tax by way of assuring financial compensation to loss-making states," Chidambaram said.

This, he said, will enable the Central government to commence consultations with the states to prepare for the next major reform in indirect taxes and introduce a nationwide goods and services tax.

The Finance Minister said the government was also working towards containing its fiscal deficit and recalled that it was the United Progressive Alliance (UPA) government that had notified the Fiscal Responsibility and Budget Management Act.

The Finance Minister, however, said it would prove difficult to cut the fiscal and revenue deficits below budgeted levels due to the Centre's social development

programmes and higher outlays to states because of the 12th Finance Commission. ■



Finance Minister  
P. Chidambaram

"Given the state of economic fundamentals, we are optimistic of the outlook becoming even brighter in the near term,"  
Finance Minister  
P. Chidambaram said

## On course: Economy grows 8.1% in first half of current fiscal

**T**he Indian economy grew by a robust 8.1 percent in the first half of the current fiscal, compared with 7.1 percent growth in the like period of the previous year, according to official statistics released on November 30.

India's gross domestic product (GDP) for the first half of the quarter ended September 30 stood at Rs. 7,594 billion (\$168.75 billion) as against Rs. 7,026 billion for the same period of the previous year.

The data comes in the backdrop of Prime Minister Manmohan Singh asserting before an international summit of the World Economic Forum that the Indian economy has the potential to register a 10 percent growth.

The statistics released by the Central Statistical

Organisation also showed that growth for the second quarter for the current fiscal stood at 8 percent, as against 6.7 percent for the corresponding period of the previous fiscal.

The data also revealed that the first-half growth was led primarily by the manufacturing sector, which expanded by 10.2 percent, as also trade, transport, hotels and the communications sector, which registered a growth of 12.2 percent. The two sectors had registered a growth rate of 8.8 percent and 11.9 percent, respectively.

The performance of the farm sector, however, continued to disappoint policymakers with a growth of just 2 percent in the first half, compared to 2.1 percent in the corresponding half of last fiscal. ■

# India emerging as major food, beverages market: Study

**C**hanging tastes and lifestyles are leading to increased demand for packaged and branded food in India, according to a Confederation of Indian Industry (CII)-AC Nielsen ORG-MARG study.

"Influenced by the changes in the consumer demand, supply-chain dynamics and marketing interventions, India is emerging as a major world market for retail sales of foods," says the study released on November 20.

The study, titled 'Foods and Beverages — Challenges and Opportunities in the Indian Market', states that foods sales have contributed a staggering 72 percent to incremental FMCG (fast moving consumer goods) value in 2004 as compared to 2000.

Most of the incremental value "has come from packaged basics like cooking oils, *atta*, rice and *ghee* — indicating an overall upswing in the commodity — to branding movement."

According to the study, the most significant change in the marketing environment in recent years has been the advent of modern format stores (MFS). Though MFS accounts for only 3 percent of FMCG sales, they have been increasing at a compound annual growth rate of 15 percent in the last five years.

Even without major reforms, it is expected that the year 2010 will see a 10 percent contribution by modern trade to all FMCG. In metros, this figure is expected to be 30 percent.

The number of traditional retail stores is growing rapidly, and the trend is likely to continue for the next three years. By 2007, the number of stores is likely to be 7.8 million, with a

bulk of the growth coming from grocers and street corner stores.

The CII-AC Nielsen ORG-MARG study points out that one of the biggest opportunities in food in the coming years are likely to be the "Quasi" or quick meal, because there is a greater openness to experimenting.

"Since the most important role of eating a full meal has already been broken, there is a need for a combination of convenience, hygiene, variety and value... not all of which are readily available today," the report observes.

The study states that with the Indian palate becoming distinctly more indulgent in recent years, there is increasing

opportunity for specialty ready-to-eat meals and culinary aids that help with the preparation of regional specialties.

The only drawback being continuing Indian consumer preference for fresh food as it is proving a key dampener to the market for processed/packaged vegetables.

Despite the opportunities, the study points out, food processing levels in India continues to be extremely low at around 2 percent in fruits and vegetables, 14 percent in milk, 4 percent in the fishery sector, and 1 percent in meat and poultry

products. The study attributes the low processing levels to factors like poor infrastructure, including transportation, storage and handling.

Lack of adequate quality control and testing systems, inadequate availability of processable farm produce, seasonality of raw materials, high inventory carrying cost, high taxation and packaging cost are among other deterrents. ■

The study states that foods sales have contributed a staggering 72% to incremental FMCG (fast moving consumer goods) value in 2004 as compared to 2000.

## India inks deal to buy three Boeing Business Jets to fly VVIPs

**I**ndia has concluded a deal with Boeing to purchase three Boeing Business Jets to be used by the Indian Air Force (IAF) to transport VVIPs like the President and Prime Minister on long journeys.

Defence Minister Pranab Mukherjee told the Rajya Sabha on November 24 that the three jets, to be delivered between January and October 2008, would replace the two Boeing 737-200 jets currently used by the IAF's Communications Squadron to transport VVIPs and other dignitaries.

Mukherjee said in a written reply that the contract for the jets was concluded in October but did not give the value of the deal.

IAF officials said the three jets, based on Boeing's 737 series of airliners, would be fitted with sophisticated systems to protect them against missile attacks and to protect all communications between the aircraft and authorities on the ground.

Over 80 Boeing Business Jets are in service across the

world and the aircraft can fly 6,000 km non-stop — or the distance from Johannesburg in South Africa to London in Britain.

The jets are equipped with an executive office, a conference room and bathrooms with showers. The aircraft being supplied to India will also include advanced communication and navigation systems.

The Defence Minister also said the government had earlier concluded another deal with Brazilian aviation major Embraer to buy five executive jets to transport VVIPs and visiting foreign dignitaries. Four of the jets will be used by the IAF while the paramilitary Border Security Force would use the fifth.

Three of the Embraer jets were delivered in August, and the remaining two would arrive in December, he said. ■



## 'Aviation sector to grow by 25-30% in '05-'06'



Civil Aviation Minister  
Praful Patel

**I**ndia's aviation industry, riding on the wings of robust economic growth and rising income levels, is set to expand by 25-30 percent this fiscal, Civil Aviation Minister Praful Patel said in New Delhi on November 18.

Addressing the annual Economic Editors' Conference, Patel said the boom time for the country's aviation industry will last at least another five years with an average annual growth of 25 percent.

He said every effort was being made to upgrade infrastructure to cope with the rise in air traffic, especially at airports.

"We hope to award the contracts for modernisation of the Delhi and Mumbai airports by the end of December," he said, referring to plans to upgrade at least 30 major airports in the country. More than 10 consortiums had bid for the modernisation of Delhi and Mumbai airports.

Speaking about the divestment in state-run airline companies, Indian Airlines and Air India, the Civil Aviation Minister said any such move would depend on the financial requirements of the two carriers. "But we will not disinvest more than 20 percent in the two carriers," he added.

Finance Minister P. Chidambaram had said at the same forum that there was a consensus emerging within the ruling United Progressive Alliance and the supporting Left parties on partial dilution of equity in state-run firms. ■

**LOW-COST** airline SpiceJet has ordered 10 more 737-800 aircraft from the Seattle-based Boeing, CEO Siddhanta Sharma said.

Begun May 2003, the carrier now operates 28 flights a day to 35 destinations carrying nearly 4,500 passengers a day, he said. Its southern operations began on November 14.

The first of the new Boeing aircraft will be delivered in February. The rest will join the fleet of five in a phased manner by December 2007.

SpiceJet has also tied up with three U.S. companies that will provide it four new 737-800s from April-May, Sharma said. ■

## Bollywood producers aiming to target theatres in the U.S.

**A** delegation of producers and distributors from Bollywood has held talks with an association of theatre owners in the U.S. to make available theatres in America for Indian films.

A wide range of other issues also came up at the discussion between the Indian delegation and John Fithian, president of the National Association of Theatre Owners (NATO), according to trade reports.

Both sides talked about the possibility of setting up a task force to assist NATO in curbing piracy.

The delegation, led by producer Amit Khanna, also attended a dinner meeting organised by the U.S.-India Business Alliance (USIBA) in Washington, where Indian Ambassador Ronen Sen was the chief guest.

A subsequent meeting was held with a USIBA team and topics such as anti-piracy were discussed.

The members of the Indian delegation included Manmohan Shetty, Ronnie Screwala, Bobby Bedi, Suresh Babu, Pravin Nischol, Vivek Singhania, Rajiv Rai and Supran Sen. ■

## 'Potential to earn \$25 billion from medical tourism'

**I**ndia has the potential to become the world's healthcare crisis manager and can earn up to \$25 billion from medical tourism by 2020, experts said in New Delhi on November 22.

Speaking at a health summit organised by the Confederation of Indian Industry (CII) and the Indian Health Care Foundation (IHCF), experts said the government should double the expenditure on healthcare and facilitate public-private partnership to support quality healthcare with related developments.

"India has quality infrastructure and skilled manpower in the health sector. What we need is to develop related fields like roads and proper nursing training and curb malpractices in which the government has a major role to play," said Naresh Trehan, chairman of IHCF.

Trehan, who is also executive director of the Escorts Heart Institute and Research Centre, said 20 percent of the U.S. population is not getting proper medical facilities and there is a long queue in Britain too.

"While the world population is growing old, India has a huge pool of human capital. And it's the right time to develop related infrastructure — from airports to roads, well-educated guides to credible taxi drivers to get more revenue to the country," he said.

The accreditation and price-banding work is moving in the right direction and India would be a global hub for health tourism in the near future, Trehan said.

Amitabh Kant, Joint Secretary in the Ministry of Tourism, expressed his desire to work in the direction. "High value and low cost should not be our positioning. Quality service is our forte and it should be positioned properly. We are in touch with the Health Ministry on this front." Kant said if things are directed properly, then India has the capacity to earn over \$25 billion dollars from health tourism by 2020.

Experts also said that the government should increase the health expenditure from less than 1 percent of the GDP to at least 2 percent.

"Once the government increases expenditure, the primary healthcare of the country will get a boost. It should also play the role of facilitator to position the private players in the global arena," said Harpal Singh, chairman of the summit. ■

## Foreign equity cap in telecom services sector raised to 74%

**I**ndia on November 7 notified a hike in foreign investment cap in the telecom services industry to 74 percent from the present 49 percent and said the remaining 24 percent stake must be held by an Indian entity. The foreign equity component will include investments by foreign institutional investors, non-resident Indians, foreign currency convertible bonds, American depository receipts and convertible preference shares, a press note said.

Telecom operators said India is one of the fastest-growing telecommunications market in the world and the notification would go a long way in achieving the target of adding some 250 million subscribers by 2007.

India currently has a subscriber base of over 115 million, translating into a telecom density of 10.38 percent. The network expansion will cost a whopping \$34 billion, as estimated by various industry associations.

The official note said the foreign equity component in pub-

lic sector banks and Indian financial institutions will be treated as Indian equity in determining the 74 percent investment cap in telecom companies. "The majority directors on the board, including chairman, managing director and chief executive officer, shall be resident Indian citizens to be enforced through licence agreement," the press note said.

"To ensure that at least one serious resident Indian promoter subscribes reasonable amount of the resident Indian shareholding, such resident Indian promoter shall hold at least 10 percent equity of the licensee company," the note added.

The notification said fresh foreign equity of up to 49 percent would continue to be examined under the automatic route, while overseas investment of beyond that will require approval of the Foreign Investment Promotion Board (FIPB).

"While approving investment proposals, the FIPB shall take note that investment is not coming from unfriendly countries," said the notification. ■

## Cope India 2005 air exercises held by IAF and USAF

**T**he air forces of India and the U.S. conducted Cope India 2005 — the largest air force exercise between the two countries — from November 7 to 19 at the Kalaikunda Air Force Base in West Bengal.

US Air Force pilots flying sophisticated F-16 jets were in for a few "surprises" when they squared off with their Indian counterparts in ageing MiG-21 fighters during an exercise at an air-base here.

Gen. D. Deptula, vice commander of the U.S. Pacific Air Force, said the manoeuvres — which featured 12 F-16s flying alongside 26 Indian jets, including Su-30s, MiG-21s, MiG-29s and Mirage 2000s — led to increased mutual understanding that would help both countries respond to "unnamed and unknown" contingencies. "As these unknown contingencies pop up, we can respond better without wasting time," Deptula told a news briefing.

Deptula and Air Marshal Fali Major, chief of the Indian Air Force's (IAF) Eastern Command, insisted that "kills" or successes during combat missions during Cope India 2005 were not tallied or reported, but other officials from both sides privately said the Indians had often surprised the American pilots.

Major merely noted that the "home grown ingenuity and skill of IAF pilots has earned respect from different nations", but some Indian pilots admitted the performance of the ageing but refurbished MiG-21s had "dumbfounded" the Americans.

"This happened despite the fact that the Americans had an AWACS (airborne warning and control system) with them and we had little experience of operating in an AWACS environment," said an IAF pilot.

Lt. Col. Pete Bastien, a fighter controller on the U.S. E3Sentry AWACS sent from Japan for the exercise, had plenty of praise for India's Su-30 multi-role jets. "We had never flown



An USAF pilot gives Indian airmen a "cockpit tour" of the F-16 fighter aircraft which was at Kalaikunda Air Force Base to take part in the Cope India 2005 air exercises by the Indian and U.S. air forces.

in India and we had never operated with the IAF. The page was blank and we learnt a lot during this exercise," he said. Capt. Ben Mosley, an F-16 pilot, was more forthright. "We're very proud to be allies with India and happy that we will work with the IAF," he said after a few training sorties with the Su-30s.

Cope India 2005 marked the return of U.S. forces to Kalaikunda after nearly 60 years — the airbase was created specifically for USAF pilots to ferry supplies to China over the "hump" of the Himalayas during World War II.

The IAF recently refurbished the airbase for use in future joint exercises with foreign countries. It will also be "hired" by the Singapore Air Force early next year for training exercises, officials said. ■

## Ambassador's Journal

**A**mbassador Ronen Sen visited the State of Utah from November 1 to 5. During his visit he was received by President Gordon B. Hinckley, global leader of the Church of Jesus Christ of Latter-Day Saints. Sen was also received by the Governor of Utah, Jon Huntsman Jr., at his office. The Governor and Mrs. Huntsman celebrated Diwali at their official residence during the visit of Ambassador and Mrs. Sen, at which prominent members of the local Indian-American community were present.

At a dinner hosted in honour of the Sens, about 70 children of the International Children's Choir, of the age group of 6 to 16 years, wearing colourful Indian and other costumes and carrying the Indian flag, gave a wonderful performance, including a special song on Diwali sung in Hindi.

Sen gave addresses to large audiences of students and faculty members, followed by lively question-and-answer sessions, at the David M. Kennedy Center for International Studies of the Brigham Young University, and at the Hinckley Institute of Politics at the University of Utah. He met the Presidents of the Universities and also had an interactive session with the Salt Lake Chamber of Commerce, moderated by its President and CEO, Lane Beattie.

Ambassador Sen was the Chief Guest at the Annual Gala of the Indo-American Chamber of Greater Dallas on November 9. Apart from Sen, the main speaker at this event was Ross Perot Jr., Chairman and CEO of Perot Systems Corporation, which is second only to Microsoft in terms of the percentage of Indian-origin employees.

The U.S.-India Political Action Committee (USINPAC), headed by Sanjay Puri, organised a reception in honour of Ambassador Sen on November 8. Several Members of the U.S. Congress attended the event, including Congresswoman Nancy Pelosi, House Minority Leader, and Diane Watson, and Congressmen Steny Hoyer, Charlie Rangel, Don Manzullo, Jim McDermott, Chris Cannon, Mike Honda, Mike Rogers and Joe Wilson. Senior Congressman Tom Lantos sent an open let-



PHOTO ABOVE, from left, Ambassador Ronen Sen, Utah Governor Jon Huntsman, Jr., and Mrs. Sen. PHOTO BELOW, from left, Dr. Vinod Shah, Congressman Jim McDermott, Congresswoman Nancy Pelosi, Ambassador Sen, USINPAC President Sanjay Puri, Congressman Steny Hoyer and Congressman Joe Wilson at the reception on November 8, 2005.



ter to Sen on that occasion, reiterating his strong commitment to further strengthening India-U.S. relations and his support for the India-U.S. cooperation in civil nuclear energy.

During the month, Sen also had individual meetings with a large number of Senators and Congressmen. ■



PHOTO LEFT, President Thomas S. Monson, Ambassador Sen, President Gordon B. Hinckley, Mrs. Sen and President James E. Faust. PHOTO RIGHT, Ambassador Sen and Perot Jr. with outgoing president of the Greater Dallas Indo-American Chamber of Commerce, C.C. Theophine, current president Abid Abedi and other office-bearers and recipients of the annual awards.



## Events Around the U.S.



### 'MEET THE ARTIST'

The Embassy of India on November 21 organised a 'Meet the Artist' event with Ustad Wasifuddin Dagar, Dhrupad singer and eminent vocalist in the Hindustani style of classical music.

### CHAIR FOR INDIAN MUSIC AT UCLA

A sitar concert by Shujaat Khan and a lunch reception was held on Gandhi Jayanti at UCLA to inaugurate the Sambhi chair for Indian music, endowed by LA businessman Mahinder Sambhi. The chair will be part of UCLA's School of Arts. Seen in photo are, from left, Daniel Neuman, Provost and Executive Vice Chancellor of UCLA, Mahinder Sambhi, Shujaat Khan, Ambassador Raminder Jassal, Deputy Chief of Mission, Indian Embassy, and Professor Sanjay Subrahmanyam.



### U.S.-INDIA-ISRAEL FRIENDSHIP FORUM

From left to right, Dr. Panna Shah, Shanti Fund; Congressman Gary Ackerman, Fifth District New York; Honorable Jeremy Issacharoff, Deputy Chief of Mission, Israeli Embassy; Berry Rekha, traditional Indian dancer; Ambassador Raminder Jassal, Deputy Chief of Mission, Indian Embassy; and Leslie Bennett, President of American Jewish Committee/Long Island Chapter at the second U.S.-India-Israel Friendship Forum, held on November 2, at Long Island, New York.



# AMRITSAR

# Golden City



**F**ounded by Sikhism's fourth guru Ramdas Ji in the late 16th century, Amritsar, literally meaning "pool of nectar", is the seat of Sikh religion and culture, symbolised by the famous Golden Temple. Apart from its religious moorings, the city, which is steeped in a lot of history dating back to the Mughal period, is one grand monument to the supreme sacrifices of its gallant people who stood up to the might of the Mughals and later the British.

## ATTRACTIONS

**Sri Harmandir Sahib:** Also known as the Golden Temple, it is the holiest shrine of Sikhs. Located at the centre of the old part of Amritsar, Sri Harmandir Sahib — also

known as Shri Darbar Sahib — is a two-storey structure that sits on a rectangular platform, surrounded by a pool of water called Amrit Sarovar. The Golden Temple takes its name from the inverted lotus-shaped dome, which is gilded with 100 kg of pure gold. The sanctum sanctorum consists of the Adi Granth, the holy book compiled by Guru Arjan Dev, which rests on a throne beneath a jewel-encrusted canopy. The original copy of the Guru Granth Sahib is kept under a pink shroud in the Golden Temple. Due to security reasons, every night it is shifted to the nearby Akal Takht building. Elaborate processions mark the two daily sojourns of the Guru Granth Sahib. Entry to the complex is open to all, but some basic rules have to be followed during the visit.



The palanquin in which the Sikh holy book is carried

**Akal Takht:** Located near the Golden Temple, the building was begun by Guru Arjan Dev and completed in 1609 by Guru Hargobind. The palanquin that bears the Adi Granth is kept here. It is studded with precious stones and has silver poles and a gold canopy.

**Jallianwala Bagh:** This memorial park located at a stone's throw from the Golden Temple is the place where, in 1919, British troops fired at unarmed men, women and children after sealing the only exit. The massacre left 379 people dead and more than 1,200 injured. The walls bearing bullet holes and a well into which many of the hapless victims had jumped to escape the bullets have been kept intact.

**Ram Bagh:** This beautiful garden has been named as a tribute to Guru Ram Das, the founder of the city. It is situated in the new quarters of Amritsar. At its centre stands the partially ruined summer palace of Maharaja Ranjit Singh. The structure houses a museum showcasing antiquities from the Sikh period. A major attraction here is a replica of the world famous Kohinoor diamond.

**Tarn Taran:** Situated 24 km south of Amritsar, this town was founded by Sri Guru Arjan Dev in 1590, who also built its famous gurdwara by the side of a large tank. Fairs are held here on every Amavas (dark night of the month), as well as on the birth anniversaries of the Gurus, Baisakhi and Diwali, the Festival of Lights.

**Goindwal:** This town close to Tarn Taran is hallowed in Sikh pantheon. Here Guru Amar Das established a new centre for preaching Sikhism. A well paved with 84 steps exists here. The devout believe that by reciting Japji Sahib — the divine word revealed to Guru Nanak Dev — at each step after taking a bath in the well provides salvation.

**Khadur Sahib:** Located 32 km southeast of Amritsar and close to Goindwal, this town was the seat of Sikhism during the life of the second Sikh Guru Angad Dev.

**Ram Tirath:** Situated 16 km to the west of Amritsar, this place associated with Maharishi Balmik is famous for its winter fair that is held over four days during November.

**Harike Wetland:** Situated between

Amritsar and Ferozepur, this national wildlife sanctuary is the winter home for some 350 species of migratory birds from China, Siberia, Afghanistan and Pakistan.

**Baba Bakala:** Located 45 km east of Amritsar, Guru Tegh Bahadurji is said to have revealed himself to Makhan Shah Labana, a Sikh devotee, here. It has a magnificent gurdwara where people gather in thousands on every Amavas and an annual fair is held on Raksha Bandhan day.

**Wagah Border:** Located 28 km away is the international border between India and Pakistan. The pomp and pageantry of the Beating Retreat and the Change of Guard within handshaking distance of the Indian and Pakistani forces makes for a most charming spectacle. ■

## TOURIST INFORMATION

### How to Get There

**By Air:** The nearest airport is at Rajasansi.

**By Rail:** Amritsar is connected to all major Indian cities by rail.

**By Road:** Well connected by road from Delhi and Chandigarh

### Climate

**Winter:** Maximum temperature is 18 degrees Celsius, minimum is 4 degrees Celsius.

**Summer:** Maximum temperature can go up to 40 degrees Celsius, and minimum

is also at a high 25 degrees Celsius.

### Best time to visit

Between October and March

### Where to stay

Hotel Suncity Towers, Hotel Royal Castle, Hotel Ritz Plaza, Hotel Astoria Centaur Lake, Mohan International Hotel View Hotel, Grand Palace and Inter-Continental.

For more information, visit  
[www.ptdc.nic.in](http://www.ptdc.nic.in)

An illuminated Golden Temple



## ■ World AIDS Day



Prime Minister Manmohan Singh releases a handbook on AIDS in New Delhi on December 1, World AIDS Day. Also in the photo are Minister for Health and Family Welfare Dr. Anbumani Ramadoss, left, Minister for Statistics and Programme Implementation Oscar Fernandes. Celebrities and policymakers came together on that day to call for an 'AIDS-free India'.

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