

India Review

■ Vol.1 Issue 7

■ www.indianembassy.org



Defence Minister Pranab Mukherjee in Washington

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'India is moving towards power for all by 2012'

There is a perceptible change in the Indian power sector, with public sector units (PSUs) turning profitable and pushing ahead with plans to add new generation capacity. With the state-utilities also able to collect their dues "naturally there is a revival in investor confidence. It is not just the government but also the private sector which is coming forward to invest sums larger than ever before," says Power Minister P.M. Sayeed. "If foreign investors are keen, they would be welcome. But whether they come or not, we are set on achieving our target of power for all by 2012," Sayeed told India Review in an interview. Excerpts:



Power Minister P. M. Sayeed

Q: With the closure of the Dabhol power plant in 2002, a perception arose that all was not well with the Indian power sector. Have things changed since then?

A: Certainly. After the passage of the Electricity Act 2003, a lot of things changed in the power sector. For the first time, in 2004-05, generation reached a record 587.3 billion units, which is 100.2 percent of target. At 5.2 percent growth, it is a record. This figure ought to have gone up to 8.5 percent but for coal and gas supply shortages.

Despite many odds, we have been able to add generation capacity to 119,000 MW at present against 1,362 MW at the time of India's independence when we were able to electrify only 1,500 villages. Today, we are providing power to 474,000 villages across the country.

From 15 units per capita power consumption, we have now reached 592 units. As for power plant performance, from a plant load factor (PLF) of 58 percent in 1990-91, the national

average now is 75 percent. This is a big achievement considering that every 1 percent improvement in PLF virtually means an addition of 700 MW generation capacity.

Indian power sector suffers mostly at the distribution end. So we are concentrating on this. Unless a vigorous thrust is given to this area, the power sector cannot come up. The government has already initiated reforms to tackle this. The results are coming in now.

Q: During the Ninth Plan (1997-2002) the power sector witnessed very low private investment. Has there been any shift in the last few years?

A: Already 11 projects with a combined capacity of 4,000 MW have achieved financial closure involving investment of Rs. 150 billion, another three projects with a combined capacity of 2,200 MW have received in-principle approval of the financial institutions. Besides this, another eight projects with a cumulative capacity of 9,500 MW are under active consideration of financial institutions and are close to financial closure.

With these 22 projects we expect to see Rs. 600 billion in private sector investment flowing into the power sector with participation of even foreign investors, directly or indirectly. Very many enquiries are also coming from foreign investors, which is very encouraging.

Q: How close are you to the target of adding around 41,110 MW capacity during the Tenth Plan as part of the effort to double the generation capacity by 2012 to 200,000?

A: We are well on the way to achieving the target. Already, 10,959 MW of capacity has been added, Projects that will generate 24,152 MW are under execution, while contracts for projects that will account for 1,815 MW generation capacity are in the process of being awarded.

In addition to the 36,926 MW capacity being created, another 5,000 MW capacity is expected through captive power generation. Under the Electricity Policy notified on February 12, 2005, the government can draw on the excess or unutilised capacity of the captive power plants to feed the national power grid.

We are, meanwhile, working two years ahead of schedule on the preparations to achieve the Eleventh Plan target of adding 60,000 MW by 2012. We are giving finishing touches to project plans.

You will see a steady stream of capacity addition throughout the five years of the Eleventh Plan starting 2007 instead of a large capacity addition towards the end.

Q: Could you tell us something about the private and foreign companies seeking entry into the Indian power sector, whether in generation or transmission and distribution.

A: There are very many companies keenly looking at the Indian power sector, but I cannot divulge their names as it is strictly confidential. All I can say is there is no funds constraint in the power sector.

As I have stated earlier, 50 percent of the projects would be undertaken by the Central utilities while the remaining would be apportioned to the states.

If foreign investors are keen, they would be welcome. Whether they come or not, we are set on achieving our target of power for all by 2012.

For the Eleventh Plan, we are working on detailed report for 78 hydropower projects that would cumulatively added 34,000 MW capacity. Our aim is to tap the hydropower potential to create 50,000 MW of capacity. ■

After the passage of the Electricity Act 2003, a lot of things changed in the power sector. For the first time, in 2004-05, generation reached a record 587.3 billion units, which is 100.2 percent of target. At 5.2 percent growth, it is a record.

23rd Annual AAPI Convention held in Houston, TX.

The 23rd Annual Convention of American Association of Physicians of Indian Origin (AAPI), the largest ethnic medical organization in the U.S., was held at the Hilton Americas hotel in Houston, TX., from June 15 to 18.

AAPI represents approximately 40,000 physicians and dentists, and 12,000 to 15,000 medical students, residents and fellows in training. Being the largest such group, it has, by default, become the voice of all International Medical Graduates (IMGs) who comprise a fourth of the 700,000-strong force of physicians in the country.

The convention began on June 15, with the estimated 3,000 delegates and officers of AAPI being greeted by Dr. Rakesh Mangal, president of Indian Doctors Association of Houston, TX., and AAPI President Dr. Jagan Ailinani. The following day, Consul General of India Skand Tayal formally inaugurated the event.

As the Convention got underway, the main focus was on Continuing Medical Educational (CME). There were sessions titled 'Tomorrow's Medicine Today', 'Integrated Medicine', 'Mind and Body' and 'Alternate Medicine'. Special public seminars were held on topics such as 'Domestic Spousal Abuse Among South Asians' and 'Desi Parents and American Children'.

Special seminars were organized to help young physicians to better organize the business side of their practices, with more than 15 presentations being made by teams from Merrill Lynch, Northwest Mutual, CitiBank, Arlis and IPS, besides a special session on 'Practice Management' and a 'Health Entrepreneurs' seminar.



Ambassador Ronen Sen addressing the 23rd Annual Convention of the American Association of Physicians of Indian Origin (AAPI) at the Hilton Americas hotel in Houston, TX., on June 17.

(Photo: Mohammad Jaffer/SnapsIndia)

Among the special guests to address the Convention were Houston Mayor Bill White; Dr. Howard Dean, former Presidential candidate; Sen. John Cornyn, founder and co-chair of Friends of India Caucus in the U.S. Senate; House Majority Leader Tom DeLay; Congresswoman Sheila Jackson-Lee; and the Indian Ambassador to the U.S. Ronen Sen, who was the chief guest on Alumni Day.

In his address, Ambassador Sen noted that the potential for investing in the Indian health care industry was almost unlimited. "Today, several new opportunities exist. India has more FDA-approved (U.S. Food & Drug Administration) pharma companies than any other country," he said, adding that the introduction of the Patent Act had created new areas of investment and research, all of which would reduce the cost of drugs.

Ambassador Sen said India and the U.S. had also signed agreements relating to security areas such as disease surveillance, tracking the emergence and re-emergence of infectious diseases, and India's Health Minister Anbumani Ramdoss had discussed numerous projects with Indian American physicians as well as with his counterpart in the U.S.

"This cooperation is one aspect of our multifaceted interaction. Today, India is changing not by the year but by the month... The biggest change is in attitude. We are proud of our heritage, but we also look forward with confidence. The future is with us," Sen said.

"In this changed environment, new avenues of cooperation are opening up. Please avail of the opportunities. And, most important is your experience and expertise. We don't need handouts. What we need is investment... and in the health sector... there are profitable investments to be made," Ambassador Sen said. ■



Consul General of India in Houston Skand R. Tayal, second from left, inaugurating the AAPI convention in Houston, TX., on June 16. Also seen in the photo are incoming AAPI President Dr. Vijay Koli, left, AAPI President Dr. Jagan Ailinani, second from right, and Convention Chair Dr. Virendra Mathur, right. (Photo: Mohammad Jaffer/SnapsIndia)

Defence Minister Pranab Mukherjee in the U.S.

Defence Minister Pranab Mukherjee made a highly successful visit to the United States from June 27 to 30, at the invitation of U.S. Defence Secretary Donald Rumsfeld.

Talks between the two leaders were held in a warm and cordial atmosphere and covered a wide range of bilateral and international issues of interest to both sides. The meetings revealed a high degree of convergence on issues and challenges facing the international community, in particular on combating terrorism and violent religious extremism, preventing the spread of weapons of mass destruction, protecting the free flow of commerce and promoting security and stability in Asia. As two important democracies, India and the U.S. intend to maintain their dialogue on the regional and international situation. Both sides agreed that U.S.-India defence relations are an important pillar of their transforming bilateral relationship.

Mukherjee and Rumsfeld signed a document titled 'New Framework for U.S.-India Defence Relations' building on the Agreed Minutes of 1995. It sets the framework for India-U.S. defence relations for the next 10 years and visualises an enhanced level of cooperation covering military-to-military relations as well as a defence industrial and technological relationship.

Rumsfeld and Mukherjee agreed to constitute a new 'Defence Procurement and Production Group' broadening the scope of the existing 'Security Cooperation Group' under the U.S.-India Defence Policy Group (DPG), and to intensify interaction in the context of the DPG. They also agreed to sign an agreement on 'Research, Development, Testing and Evaluation' with a view to future cooperation in the sphere of defence R&D. The U.S. side also offered to advance the proposed briefing on the Patriot PAC-III system, which is part of Phase-II of the Next Steps in Strategic Partnership (NSSP). The two countries will also be signing a Letter of Acceptance (LOA) on naval pilot training. Both sides agreed to step up inter-

action between the Indian Armed Forces and U.S. Commands.

During the course of his stay in Washington, D.C., Defence Minister Mukherjee also had meetings with Vice President Richard Cheney, Secretary of State Condoleezza Rice, National Security Adviser Stephen J. Hadley, Senate Armed Service Committee Chairman Senator John W. Warner and Congressman Jerry Lewis, Chairman of the



Defence Minister Pranab Mukherjee, right, with U.S. Vice President Dick Cheney at the White House in Washington, D.C., on June 27. Minister Mukherjee was on a highly successful four-day visit to the United States.

(Photos: Mohammad Jaffer/SnapsIndia)



Defence Minister Pranab Mukherjee, left, with U.S. Secretary of State Condoleezza Rice, at the State Department on June 27.

House Appropriations Committee. Secretary Rumsfeld hosted a dinner for Defence Minister Mukherjee which was attended, amongst others, by Vice President Cheney, Commerce Secretary Carlos Gutierrez, National Security Adviser Hadley, Chairman-designate of the Joints Chief of Staff Peter Pace, Senator John Cornyn, Co-Chair of the Senate India Caucus, and Congresswoman Ileana Ros-Lehtinen, Co-Chair of the House India Caucus.

During the Washington leg of the visit, Minister Mukherjee paid his respects to the Tomb of the Unknown Soldier at a solemn ceremony at Arlington National Cemetery. At the Pentagon, he visited and signed the Visitors Book at the Pentagon 9/11 Memorial. He also placed a wreath at the Memorial for the victims of the Challenger and Columbia space shuttle disasters.

Apart from these official engagements, Minister Mukherjee attended a Defence Industry Round Table organized by the U.S.-India Business Council in cooperation with FICCI on June 27. Chief executives and senior management of over 50 U.S. companies and 15 Indian public and private sector companies attended this event which generated a great deal of enthusiasm. Minister Mukherjee, in his key-note address, stated that “great opportunities” exist for a “long-term, mutually beneficial partnership between the defence industries of the United States and India”. He also clarified that India does not look at a purely “buyer-seller” relationship, but seeks a “strategic” relationship with long-term commitment. Therefore, “really substantial commercial opportunities will arise” from the transfer of technology, co-development, co-production, mutual outsourcing and joint marketing.

The Defence Minister also addressed the Carnegie Endowment for International Peace on ‘India’s Strategic Perspectives’. At this well-attended event, Minister Mukherjee said: “Today, more than ever, the U.S. and India realise that they share common values and security concerns; and that there is an objective convergence of interests. It is crucial that India and the U.S. work together with the international community to find a new order for the 21st century.”



Defence Minister Pranab Mukherjee addressing the Carnegie Endowment for International Peace on ‘India’s Strategic Perspectives’, on June 27.

During the course of the visit, Minister Mukherjee released the Report of the Task Force of the Pacific Council of International Policy (PCIP) and the Observer Research Foundation (ORF) on India-U.S. Relations. The event, held at the Brookings Institution, was attended among others by Strobe Talbot, President of Brookings, Richard Celeste, former U.S. Ambassador to India and Gen. (retd.) V.P. Malik.

During the course of the four-day visit Mukherjee also visited the Joint Forces Command at Norfolk, Virginia, and the Northern Command at Colorado Springs, Colorado. ■



PHOTO ABOVE, Minister Mukherjee releasing the ORF-PCIP report at the Brookings Institution on June 28. At right is former U.S. Ambassador to India Richard Celeste. Also seen in the photo are Gen. (retd.) V.P. Mallik, second from right, and Geoffrey Garrett, dean of UCLA’s International Institute. PHOTO RIGHT, Minister Mukherjee at the USIBC’s Defence Industry Roundtable on June 27.



Health Minister Ramadoss on 11-day U.S. visit

India will tie-up with the U.S. Food and Drug Administration (FDA) to set regulatory standards for drugs in a new initiatives as part of Indo-U.S. cooperation in the health sector. Health and Family Welfare Minister Anbumani Ramadoss, in the U.S. on a 11-day visit in early June, held talks on this issue

with U.S. Secretary of Health and Human Services Mike Leavitt and FDA officials in Washington, D.C., on June 7.

Ramadoss told reporters after his talks that the FDA will help formulate guidelines on patents for drugs and cosmetics and also help set up the regulatory norms required. He said a team headed by the Drug Controller of India, expected to travel to Washington

soon, would finalise details in this regard.

"FDA has promised to help set American standards in a host of fields, including the drug industry," the minister

said. "India is going to have a separate National Drug Authority."

The proposed National Drug Authority, which will be an independent body, will help the Indian drug industry match international quality standards, the minister said.

Minister Ramadoss said an agreement on greater and sustained cooperation on monitoring AIDS, Avian flu, SARS and other communicable diseases had also been reached with the U.S.

The minister, who also met with officials of the National Institutes of Health (NIH), has underlined the importance of joint research with India. The NIH, which has some 80 research projects in India, has designated the Tuberculosis Research Centre in Chennai as one of its three global centres of excellence.

The minister also visited the University of California at San Francisco (UCSF), a pioneer in stem cell research, and said the institution would train Indian scientists in the field of regenerative and stem cell research.

The minister, who met leading authorities in stem cell research, said, "We are going to have a tie-up for exchange programme for the faculty, with specialists coming from India and getting trained and (UCSF) faculty-members travelling to India and training our scientists." ■

Health Minister Anbumani Ramadoss said an agreement on greater and sustained cooperation on monitoring AIDS, Avian flu, SARS and other communicable diseases had also been reached with the U.S.

One-day conference to mark 30th anniversary of USIBC

The 30th anniversary of the U.S.-India Business Council (USIBC) was marked by a day-long conference at the U.S. Chamber of Commerce in Washington, D.C., that was attended by corporate captains from the U.S. and India, as well as top officials from both countries.

Minister of Commerce and Industry Kamal Nath, a keynote speaker at the event, said India would be a vastly different country by the year 2035, with people enjoying a standard of living equal to the U.S.

In a speech entitled '2035: Where We Want to Be,' the minister said that in the last 14 years, "a sea-change has taken place not just in the world's perception of India, (but) also our own perception of ourselves."

Describing India as the world's fastest-growing free-market democracy, he said: "We are a democracy and we are proud to wear it on our sleeve. We consider it a desirable condition." He added this was the reason comparing India with China was erroneous.

He said there had been a paradigm shift in the country, with the youth having accepted globalization. "We are not looking to have development for our children, but having rapid economic development within our own lifetime... I believe 2035 will demonstrate a vastly different landscape"

in India where the country would have worked out regional arrangements in which it was the hub. "In 2035, India's population would have stabilized at one and a half billion and the standard of living would be equal to here," he asserted.

The picture he painted for 30 years into the future was one where India's strategic partnership with the U.S. was underpinned by economic and trade relations, and where "India will become a knowledge hub to serve the future in unimaginable ways."

Among other speakers at the event were Ambassador Ronen Sen, former U.S. Secretary of State Henry Kissinger, Lok Sabha MP Sachin Pilot, and Federation of Indian Chambers of Commerce and Industry chief Onkar Kanwar. ■



Commerce and Industry Minister Kamal Nath delivering the keynote address at the one-day conference to mark the 30th anniversary of the U.S.-India Business Council, in Washington, on June 1. (Photo: Embassy of India)

Maharashtra Chief Minister Deshmukh on 7-city U.S. visit

Maharashtra is India's top business destination, but it cannot remain complacent about attracting large-scale investment at a time other states are competing for a share of the pie, according to the state's Chief Minister Vilasrao Deshmukh.

Chief Minister Deshmukh led a high-powered business delegation to seven U.S. cities from June 18 to 30, including New York, Philadelphia, San Francisco, Los Angeles, Seattle and Atlanta.

In his second term now, Deshmukh said the state capital, Mumbai, also known as India's financial capital, was a "magnet" that drew investment in.

At a luncheon for business executives organized by the Confederation of Indian Industry (CII) at the Indian Consulate in New York on June 21, Deshmukh portrayed his state as an investment destination that offered a wide diversity of opportunities — with a special focus on information technology and biotechnology.

"Maharashtra has some natural advantages for the biotech industry. It has a vast scientific pool, rich biodiversity and strong pharmaceutical industry," Deshmukh said, adding that agro-biotechnology was another area that offered immense opportunities for investment. Maharashtra contributes about 18 percent of the total fruit produce, a third of the cut flowers business and 40 percent of the total turnover of the pharmaceutical industry in India.

Deshmukh also highlighted his state's information technology potential, saying that thanks to Mumbai and Pune it was emerging as a knowledge hub.

The chief minister said the current power crisis in the state was "temporary," adding that deals to

produce 12,000 megawatt of additional power had already been finalized.

Among the other major projects that Deshmukh spoke of was turning the city of Nagpur into an international cargo hub. "We want to make Nagpur into Asia's Frankfurt. We have already allocated 3,300 hectares of land for the purpose," he said. Deshmukh said he aimed to transform Mumbai into a world-class city. To achieve this, the state government is in the midst of an ambitious plan to overhaul the city's urban infrastructure.

Maharashtra leads the rest of the Indian states in terms of state domestic product, domestic investment (21 percent of India's total), foreign direct investment (23 percent of the country's total), per capita income (40 percent higher than the national average), and gross industrial output (twice the national average). It accounts for 40 percent of the country's exports, 20 percent of software exports and 20 percent of industrial production.

The chief minister's delegation included State Industries Minister Ashok S. Chavan; Chief Secretary R.M. Premkumar; Principal Secretary to the Chief Minister Subhash Lalla; Industries Secretary V.K. Jairath; Satish M. Gavai of the Maharashtra Industrial Development Corporation; and several industrialists. ■



Maharashtra Chief Minister Deshmukh

"Maharashtra has some natural advantages for the biotech industry. It has a vast scientific pool, rich biodiversity and strong pharmaceutical industry," Maharashtra Chief Minister Deshmukh said.

IT Minister Maran on 5-day visit to San Francisco

Information Technology Minister Dayanidhi Maran was on a five-day visit to San Francisco from June 9-13 where he projected India as a strategic hub for manufacturing, marketing, research and development. Maran emphasized the need to work closely with the U.S. to develop the Indian IT hardware sector so as to create hi-tech manufacturing jobs and consolidate its position in the software and outsourcing markets.

The IT minister met several captains of the tech industry, including Craig Barrett of Intel, Hong Liang Lu of UT Starcom, Mike McNamara of Flextronics, John Chambers of Cisco, Hector Ruiz of AMD, Kenneth L. Schroeder of KLA-Tencor and Craig London of Solectron.

The minister also had one-on-one meetings with the

heads of Kleiner Perkins Caufield and Byers, Sequoia Ventures, Venrock, Mayfield, Benchmark, USVP, Charter Ventures, Clearstone Partners, Matrix Partners, Accel Partners, NEA, Menlo Ventures and Vanguard.

In the meetings, Maran presented India's strength in the telecom and IT sectors with a view to getting high quality venture capital investments into the country. Maran also met officials from the Internet Corporation of Assigned Names and Numbers (ICANN). ICANN chairman Vincent G. Cerf and president Paul Twomey apprised him of the latest developments in the field.

Maran visited the headquarters of Google to see work being done on the translation of existing content to various languages. He invited the Google team to visit India. ■

Under Secretary Burns on two-day India visit

U.S. Under Secretary of State Nicholas Burns, who arrived in New Delhi on June 24 on a two-day visit, set the tone for Prime Minister Manmohan Singh's visit to the United States by predicting a "new strategic partnership between the two countries".

"We are on the verge of creating a new strategic partnership based on shared values and shared interests. The India-U.S. relationship is fundamentally different from what it ought to have been 58 years ago," Burns told reporters at Roosevelt House, the U.S. Ambassador's residence, after his meeting with Foreign Secretary Shyam Saran.

Burns and Saran discussed bilateral issues, including reforms of the United Nations and expansion of the U.N. Security Council. Asserting that the July summit between U.S. President George W. Bush and Manmohan Singh will be "one of the most consequential India-U.S. summits in the history of India-U.S. relations", Burns spoke about a major qualitative transformation in bilateral relations.

"There is a lot the U.S. and India can do. We are looking forward to the summit," he said, summing up the mood in Washington ahead of Manmohan Singh's visit.

"Promoting this relationship is one of the highest priorities of President George Bush and Secretary of State Condoleezza Rice in the second term of the Bush presidency," he said.

The two sides discussed civil nuclear energy cooperation, economic cooperation, the growing defence and security ties and cooperation in areas such as HIV/AIDS prevention, agriculture, science and technology, wildlife and environment, a spokesman said.

"Defence and security cooperation has reached a level that was not seen before. We discussed advanced weaponry, missile defence, space cooperation and disaster relief," Under Secretary Burns said.



U.S. Under Secretary of State Nicholas Burns addressing a press conference at Roosevelt House, the U.S. Ambassador's residence in New Delhi, on June 24. (Photo: Courtesy, U.S. Embassy)

The two sides also discussed the Next Steps in Strategic Partnership (NSSP) that deals with the transfer of sensitive technology and space cooperation. "We should quicken the pace and move faster on it," Burns said.

Burns also spoke about de-hyphenating the Indo-U.S. relationship from Washington's relationship with Islamabad.

"The India-U.S. relationship stands on its own. There are no hyphens in this relationship. India-U.S. relations are not only heading in the right direction, but both countries are looking to deepening strategic partnership," he said. "We are so impressed by the decisiveness and swiftness of the way India responded to the tsunami disaster," he said. ■

U.S. official in India to explain defence sales procedures

Deputy Assistant Secretary of State Gregory Suchan, who heads the U.S. Directorate of Defence Trade Controls, was in India on June 13 and 14 to meet officials of the Ministry of External Affairs and the Ministry of Defence and explain America's complex system of licensing for military sales.

"The basic purpose of my meetings was to demystify the process of how we regulate defence trade," Suchan told reporters here after his meetings with Indian officials.

Suchan said he briefed the Indian

side on the registration of defence sales, licensing for defence exports and procedures for compliance by armaments companies with terms laid down by the U.S. government.

The U.S. has authorised the sale to India of hardware and technology worth \$1 billion since January 2002, and has its eyes on a greater share of the multi-billion-dollar Indian arms market that is currently dominated by Russia, Israel and Britain.

Suchan said he had answered queries raised by Indian officials and offered clarifications on issues that had arisen

in the past over the sale of U.S. defence equipment to India.

While noting that the U.S. intended its defence sales to advance its foreign policy, Suchan said his government had a "totally hands-off" policy on offsets in armaments contracts finalised by American companies.

According to a new policy unveiled by India last month, it will be mandatory for all foreign armaments companies winning contracts of over Rs. 3 billion to invest 30 percent of the total cost in the country as offsets — or exports to third countries. ■

President's address at the Governors' Conference

Address by President A.P.J. Abdul Kalam at the inauguration of the Governor's Conference at the Rashtrapati Bhavan in New Delhi on June 14.

You will all agree that the Constitution has provided for a special role for the Governor. It is a position with sanctity. The Governor's office is a beacon light in the affairs of the state. While there are many checks and balances provided by the Constitution, the office of the Governor has been bestowed with the independence to rise above day-to-day politics and override compulsions either emanating from the Central system or the state system. The Governor's role is to distill the best of aspirations of the people from the vicissitudes of politics. It is like preserving the light of *Dharma*...

... The Governor by definition and in the spirit of our Constitution is the First Citizen of the state. You have to decide whether you rise to be a First Citizen or remain caged in the confines of your political or any other ancestry. If you continue to nurture certain affiliations, many will hesitate in approaching you with suggestions and problems. You will be isolated from a large number of people. That is not the purpose of the Raj Bhavan. If you are a true First Citizen, every one will approach you and respect your views...

■ Security Imperatives and Border Management

... Covert intervention by hostile elements from across the border has also been posing a grave threat to our national security and integrity... Notwithstanding the saga of violence unleashed by subversive forces, our conflict-management strategy has kept their activities well under check. Besides continued diplomatic initiatives at various levels, the Central government... has adopted a multi-pronged conflict-management strategy including the strengthening of border management to check infiltration through the unique border fencing system installed by the Army engineers...

The long-term remedy rests on our ability to usher in good governance and rapid economic development with a strong mechanism for equity and justice built into it... Given your pre-eminent positions as Governors and Lieutenant Governors, you can all provide the lead in this direction...

■ Youth and Nation Building

Children and youth are the picture of a nation's future. They are our hope for tomorrow. The youth in India constitutes a sizeable, vibrant and resourceful segment of our

society which has a burning desire to scale greater heights. If their energies are properly channeled, they will unleash a momentum that would propel the nation on the fast track to development. We need to carefully nurture this vast and precious human capital by making them a focal point of our planning and development process...

The whole education system (Primary, Secondary and Higher Education) has to be based on capacity building. This can have five components: Research or Inquiry, Creativity, Innovation, Use of High Technology, Entrepreneurship and Moral Leadership. Teachers and teaching facilities have to facilitate this capacity building.



President A.P.J. Abdul Kalam, with Prime Minister Manmohan Singh, Vice President Bhairon Singh Shekhawat and Governors of various states, at the conclusion of the two-day Governor's Conference in New Delhi on June 15.

■ Role of governors as Chancellors of universities

By virtue of being the Chancellor of Universities, the responsibility rests with you to steadily and continuously enhance the stature and quality of the university system... Governors as Chancellors can share their wisdom, experience and thoughts in furthering the interests of the university system... For the healthy growth of the university education system in the states, a coordinated effort between the state government and the Governor is very vital...

My long association with the Indian Space Research Organisation, Defence Research and Development Organisation and some of the Indian Institutes of Technology, clearly shows that excellence can come only with autonomy to executives and with clear support to risk takers when they meet with failures. I hope the Centre and the state governments will assist the Governors in building truly autonomous institutions... Wise people arm themselves with elegant erudition — a practical and expert knowledge of what is going on, not common talk. Knowledge gained in a wise conversation can be of more help than volumes of analysis. ■

(For full text, visit www.presidentofindia.nic.in)

India, Singapore ink landmark economic agreement

India and Singapore on June 29 added a new dimension to their growing relationship by signing a landmark economic cooperation pact. The Comprehensive Economic Cooperation Agreement (CECA), which is being hailed as a triumph of economic diplomacy, promises to link not only India and Singapore economically but is seen as a precursor to India's closer economic integration with southeast Asia.

The CECA, which will come into effect from August 1, is an integrated package comprising a Free Trade Agreement, a bilateral agreement on investment promotion and protection, an improved double taxation avoidance agreement and a work programme of cooperation in healthcare, education, media and tourism.

The new atmospherics in the relationship was evident at Hyderabad House when Prime Minister Manmohan Singh and Singapore Prime Minister Lee Hsien Loong signed the CECA.

Their beaming faces told the story of a new relationship on the verge of a major qualitative transformation.

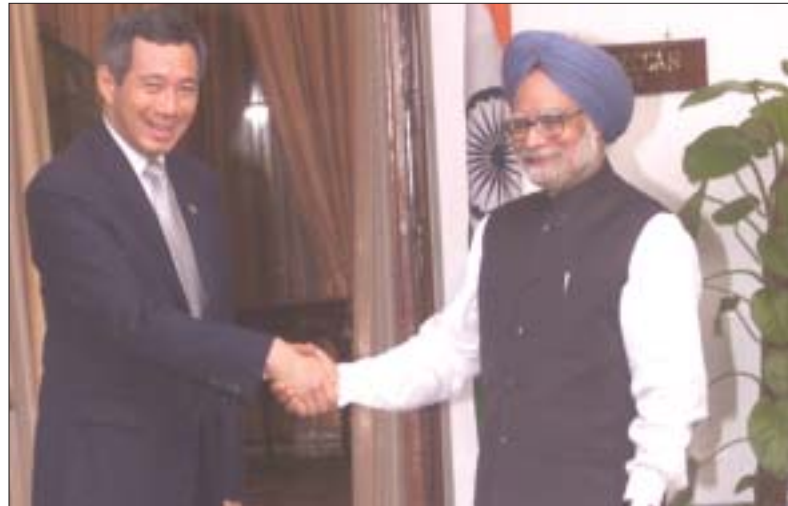
Lee's praise of India's growing role and influence in global affairs and his unequivocal support for India's bid for a permanent seat on the United Nations Security Council promised to cement bilateral relations further.

A protocol amending agreement on avoidance of double taxation and prevention of fiscal evasion and side letters to the CECA were signed between Commerce Minister Kamal Nath and Singapore Minister of Trade and Industry Lim Hng Kiang.

Another crucial agreement on Mutual Legal Assistance in Criminal Matters was signed between Home Minister Shivraj Patil and Singaporean Minister of Foreign Affairs George Yong Boon Yeo. The agreement seeks to provide the widest level of mutual legal assistance in criminal matters between the two countries.

Describing the CECA as a "big step forward" in India-Singapore relations, Lee, who was on a three-day visit, said

earlier the pact will "deepen relations" between the two countries. "Our relations are broad and deep and they will go deeper with the Comprehensive Economic Cooperation Agreement and other bilateral cooperation agreements," Lee said at an event to launch the India-Singapore Parliamentary Forum (ISPF).



Prime Minister Manmohan Singh with Prime Minister of Singapore Lee Hsien Loong in New Delhi on June 29. (Photo: PIB)

The CECA will open up the banking industry, liberalise the services sector and ease visa restrictions for professionals of the two countries. It will have far-reaching benefits for both nations leading to increasing investment flows, greater exchanges in knowledge-based and professional services. In 2004, trade between the two countries was \$7.17 billion. In merchandise goods, the pact comprises four lists, including an early harvest programme where India will eliminate customs duties immediately on 506 items and a phased elimination programme for 2,202 items by 2009. ■

(For full text of agreement, visit:

<http://www.commerce.nic.in/ceca/toc.htm>)

Knowledge Commission constituted, Pitroda named chairman

Technocrat Sam Pitroda has been named chairman of the National Knowledge Commission constituted by Prime Minister Manmohan Singh to advise on how to sharpen India's knowledge edge.

The other members of the commission are P.M. Bhargava, vice chairman, Deepak Nayyar, Nandan Nilekani, Ashok Ganguly, Andre Beteille, Jayati Ghosh and Pratap Bhanu Mehta.

"The commission will advise the prime minister on how India can promote excellence in the education system to meet challenges of the 21st century," a press release from the Prime Minister's Office said.

It will also give its opinion on promoting knowledge cre-



Sam Pitroda

ation in science laboratories, improving management of institutions generating intellectual property, and facilitating application of knowledge in agriculture and industry.

"It will suggest ways in which the Government's knowledge capabilities can be made more effective, making the government a more transparent and accountable service provider," the release said.

The commission has to identify its action programme by October 2 and complete its work in three years. ■

Orissa signs nation's single largest FDI agreement

In what is being described as the single largest foreign direct investment (FDI) pact for India, South Korea's Pohang Iron and Steel Company (Posco) has signed an agreement with the Government of Orissa to set up a \$12-billion steel unit near the port city of Paradip.

Posco will build a 12 million-tonne steel plant costing \$9 billion, develop a 30 million-tonne per annum iron ore mine, a mill for hot-rolled coils and a port on Orissa's coast, senior officials said.

Posco officials said the entire project will take 42 months to complete and the steel works area alone will cover 4,000 acres. The construction is expected to indirectly provide employment for 35,000 labourers. Posco also intends to employ 13,000 workers directly.

The company expected foreign exchange inflows of \$23 billion with taxes and royalty incomes of \$20.3 billion for the

central government and \$5.1 billion for the Orissa government.

The state government has granted Posco mining lease rights for 30 years to supply a total of 600 million tonnes of iron ore to the new plant.

"The iron ore from the state's mines have a high content of aluminium which reduces the efficiency of the steel produced. Hence, we will have to blend in other ores with the original ones," Posco chairman Ku-Taek Lee said.

"We propose to bring this ore from outside the country and we will merely swap both the ores. We shall only be taking out as much as we bring in and that will not exceed 30 percent of the total mix," he said.

Headquartered in port city of Pohang, Posco was founded in 1968 and operates two of the world's largest steel works and accounts for 30 million tonnes of crude steel. The \$36.7 billion company exports steel to 60 countries. ■

Prevention of Money-Laundering Act comes into force

A legislation aimed at preventing and controlling money laundering came into force last month with special powers to the enforcement agencies to confiscate and seize property.

The Prevention of Money-Laundering Act also requires all cash transactions of Rs. 1 million (\$22,000) and more in foreign exchange to be furnished to the Financial Intelligence Unit of the government.

The financial system — including banks, financial institutions, brokers, housing finance firms, chit funds and merchant bankers — is required to maintain financial records of its overseas transactions in a prescribed format.

The act provides that whosoever directly or indirectly

attempts to indulge or assist in any activity connected with the proceeds of a crime and projects it as untainted property shall be guilty of offences under the money-laundering act.

The legislation identifies some offences under other enactments like the Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, the Arms Act and the Wild Life Protection Act to determine what constitutes money laundering.

To combat the menace of money laundering, the government is also entrusting the work relating to investigation, attachment of property of crime relating to the offences to the Directorate of Enforcement, an official statement said. ■

20 percent foreign direct investment is allowed in FM radio

In a further opening up of the media, India on June 30 unveiled plans to invite bids for 330 new FM radio stations across the country while permitting overseas radio companies to invest within the present 20 percent foreign investment cap.

"We have allowed structural flexibility in foreign investment and are now going to allow 20 percent foreign direct investment (FDI) subject to the existing ceiling," Information and Broadcasting Minister S. Jaipal Reddy told reporters after the cabinet meeting chaired by Prime Minister Manmohan Singh.

"Foreign radio companies can come

in with Indian partners, subject to their equity cap remaining 20 percent," Reddy said.

The minister clarified that private FM radio would be allowed to broadcast only entertainment, not news. Only the state-owned All India Radio (AIR) and its FM radio stations would continue to relay news.

"The government will not allow news to be relayed by private FM radios, only entertainment. We have not applied our mind to permitting news on FM radio — we will look into it later," he said.

In the first phase of allowing private investment in FM radio in 1999, the

government had confined foreign investment only to foreign institutional investors (FII), overseas corporate bodies (OCBs) and non-resident Indians (NRIs).

In the second phase of expansion to generate more employment and create opportunity for local talents, the government is planning to seek private investment for 330 FM radio stations in 90 cities through the tendering process to begin in a month.

The minister said all the present 21 operators would be allowed to participate in the tender process under the revenue sharing formula by paying a one-time licence fee. ■

In a Nutshell

PM for tougher cyber laws

PRIME MINISTER Manmohan Singh has called for stricter cyber laws so that “misguided acts of individuals” do not damage India’s growing reputation as a powerhouse for business process outsourcing operations. An official spokesman said the prime minister has asked the IT Department and the National Association of Software and Service Companies to suggest changes in existing laws, if necessary, so as to “ensure that any breach of secrecy, any illegal transfer of commercial or other privileged information and any other form of cyber crime is made a punishable offence”.

Air traffic up 22 percent

INDIA IS one of the world’s fastest growing aviation markets, with a new survey saying domestic traffic surged 22 percent in fiscal 2005-05 thanks to low-cost carriers and airlines on a purchasing spree, committing \$13 billion to buy 150 planes. And, India’s open skies policy saw international traffic growing 17 percent during the fiscal ended March 31, an ASSOCHAM Eco Pulse study has said. The number of air travellers rose to 59.2 million from 48.7 million as low-cost airlines brought air travel within the reach of the Indian middle class, the study said.

Kerala’s low-cost airline

THE KERALA government has granted in-principle clearance for setting up a \$69 million state-owned budget airline that would operate between the state and the Middle East. “This sanction was based on a feasibility report submitted by the chief of India’s first airport built through private-public partnership at Kochi,” Chief Minister Oommen Chandy said after his cabinet cleared the airline proposal.

VSNL buys U.S. undersea cable firm Tyco; is now among the top global providers of undersea cable bandwidth

Videsh Sanchar Nigam Ltd. (VSNL), the overseas telecom and Internet services provider, on July 1 announced the completion of the acquisition of the U.S.-based submarine cable firm Tyco Global Network (TGN) — becoming one of the world’s largest providers of submarine cable bandwidth.

VSNL, a subsidiary of India’s diversified conglomerate Tata Group, received the U.S. Federal Communications Commission’s nod in May for the acquisition, rejecting arguments that the deal would threaten national security.

The Tyco cable network spans 60,000 km and the continents of North America, Europe and Asia, said a VSNL statement.

The company acquired the network for \$130 million, not including the assumption of certain liabilities.

“This acquisition is another positive step in our ongoing drive to offer global connectivity and efficient communications solutions for our customers,” said N. Srinath, head (operations) of VSNL.

“It also positions the Tata Group as a leading entity that can provide seamless telecommunications and IT services under a single umbrella for global enterprises,” he added.

Management of Tyco will be assigned to VSNL International, the division leading VSNL’s expansion into key global markets, which has offices in Virginia, New Jersey, London, Paris, Madrid, Amsterdam, Frankfurt, Singapore and Tokyo. ■

TCS, Microsoft to set up joint venture in China

Tata Consultancy Services (TCS), India’s largest software firm, said on June 30 the company had been selected to set up a joint venture in China in association with Microsoft and select Chinese technology corporations.

Under the agreement, TCS, Microsoft, Beijing Zhongguancun Software Park Development, Uniware and Tianjin Huayuan Software Park Construction would establish a joint venture to provide information technology (IT) outsourcing services.

The proposed joint venture will offer technology solutions to global as well as Chinese markets, according to a TCS statement.

The joint venture, to be located in Beijing’s Zhongguancun Software Park, plans to start operation early next year and will provide outsourcing services to all major markets such as U.S., Europe and the Asia Pacific region.

The collaborators said the joint venture aimed to build a role model for the growing Chinese software industry. It will leverage the complimentary strengths of investing par-

ties in technology, software development management and talent raining, the statement said.

“TCS is committed to this initiative and this venture will be integrated into our pioneering global delivery model,” said S. Ramadorai, chief executive officer and managing director of the company.

TCS, an arm of India’s diversified conglomerate Tata Group, will be the majority shareholder while Microsoft and the Chinese parties will be strategic investors holding minority shares.

“We see our government and industry partners as vital to our success in the world’s fastest growing economy,” said Tim Chen, vice president and chief executive officer

(Greater China region) of Microsoft Corp. “We are fully committed to this partnership and look forward to growing together with the Chinese software industry.”

TCS has been operating in China since 2002 from its Global Delivery Centre at Hangzhou, where it employs some 250 engineers. ■

TCS, an arm of India’s diversified conglomerate Tata Group, will be the majority shareholder while Microsoft and the Chinese parties will be strategic investors holding minority shares.

Prime Minister calls for 7-8% growth in 2005-07

P rime Minister Manmohan Singh on June 27 said India would aim for 7-8 percent economic growth in the remaining two years of the 10th Plan ending 2007, particularly by propping up the farm sector.

Chairing the 51st meeting of the National Development Council (NDC) here, the prime minister, however, made it clear that the original target of 8.1 percent growth in GDP during the 10th Plan was not feasible.

“Even if we achieve this acceleration, we cannot achieve the original 10th Plan target of 8 percent growth over the plan period,” Manmohan Singh told the meeting attended by key central ministers and chief ministers, among others.

The NDC — the country’s highest deliberative and decision-making forum on development issues — comprises the prime minister, all chief ministers, lieutenant governors, and members of the Planning Commission.

Noting that the performance of the farm sector was disappointing, Manmohan Singh asked for suggestions on how this crucial segment that accounts for two-thirds of the country’s labour force could be made more productive.

“We must have the ambition to double our agricultural production in 10 years,” he said, adding the farm sector growth had dropped from an average of 3.2 percent between 1980-1996 to below 2 percent now.

Among the economic developments in the first three years of the 10th Plan, the prime minister said inflation was under control, the external debt situation was comfortable and foreign exchange reserves were healthy.

He also said the private sector had begun investing again, industry had revived with an 8.1 percent growth, the environment was conducive for foreign investment, the savings rate had begun to move up and the fiscal deficit was down.

He, however, expressed concern over the slow pace of infrastructure development, fall in employment levels in the organised sector, high global crude prices and poor indica-

tors in areas such as health, education, gender equality.

Over the course of two days, the NDC reviewed the progress made by the Indian economy in the 10th Plan period (2002-07) and initiated steps to push the growth rate to 7-8 percent.

The council also discussed some key proposals of the Planning Commission based on the mid-term appraisal of



Prime Minister Manmohan Singh, centre, and senior Union ministers at the opening of the National Development Council meeting in New Delhi on June 27. (Photo: PIB)

the 10th Plan. The appraisal paper, which provides an opportunity for the meeting to take stock of the economy and to introduce policy correctives and initiatives in priority areas outlined in the Common Minimum Programme, was placed before the NDC for approval. ■

(For full text of the Prime Minister’s speech, visit: www.pmindia.nic.in/speeches.htm)

Fourth quarter helps propel GDP growth to 6.9% in 2004-05

A strong manufacturing and services growth, particularly in the fourth quarter of the 2004-05 fiscal, helped India record a 6.9 percent GDP growth, according to revised data of the Central Statistical Organisation. In the previous fiscal, buoyed by a good monsoon and high agriculture growth, India had recorded 8.5 percent GDP growth. Data for the fourth quarter of 2004-05 (January-March) released on June 30 showed a growth rate of 7 percent as against 6.4 percent during the third quarter (October-December). This was made possible “due to significant growth rates in Q4 of 2004-05 over Q4 of 2003-04”, an official statement said.

The trade, hotels, transport and communication category

led the pace with 11.1 percent growth in the January-March quarter followed by manufacturing at 8.6 percent; financing, insurance, real estate and business services at 7.7 percent; and community, social and personal services at 7.2 percent and a marginal growth of 1.8 percent in agriculture reversing the negative 0.5 percent in the previous quarter.

Overall, during the 2004-05 sectors which showed growth rates of 5 or more percent are manufacturing 9.2 percent; electricity, gas and water supply 5.5 percent; construction 5.2 percent; trade, hotels, transport and communication 11.4 percent; financing, insurance, real estate and business services 7.1 percent; and community, social and personal services 5.9 percent. ■

SONAMARG

Meadow of Gold



Sonamarg, literally meaning the meadow of gold, is a tranquil place set in a valley amongst glaciers and placid lakes. The flower-laden meadows, panoramic view of the lofty snow-covered Himalayan peaks and a number of trekking and hiking trails have made Sonamarg a popular tourist destination.

The drive to this resort is through the Sindh Valley that presents a spectacular facet of the countryside in Kashmir. The place is covered with sycamore, alpine flowers, silver birch, fir and pine.

Situated at an altitude of over 2,730





metres against a backdrop of snowy mountains, Sonamarg is a popular base for adventure sports. It lies on the Srinagar-Ladakh road.

According to legend, there is a well in the valley whose water can turn anything into gold, giving the valley its name — Sonamarg. Another possible reason for the name could be its location on the route to Central Asia.

Sonamarg has several enthralling sights, sounds and smells to offer to tourists.

A spectacular spot is Nilagrad, a colony of the tribal Baltics where a small stream meets the Sindh river. The Baltics believe that the reddish colour of water here is due to its curative properties, and bathe in the river every Sunday.

The Sindh river that flows through the region offers excellent opportunities for trout and mahseer fishing.

Sonamarg is the base of a major trek that passes along several mountain lakes: Vishansar, Kishansar, Gadsar, Satsar and Gangabal. Fishing is permitted in these lakes as well. Nichnai Pass is the vantage point to view these breathtakingly beautiful lakes. The valley is full of trekking and hiking trails that attract adventure tourists. Trekking trails from Sonamarg to the lakes of Vishansar, Kishansar and Gangabal are very popular.

Nearby Attractions

Baltal is an excellent excursion option from Sonamarg. In close vicinity is a camping base.

Sonamarg is also the take-off point for the drive to Ladakh across Zoji-la, a major pass at an altitude of 3,540 metres in the Himalayan range, through which the Srinagar-Leh road passes.

This hill resort also serves as the base for the pilgrimage to the holy Amarnath

cave, during Sawan Purnima.

Nearby Yushmarg, with its green pastures, pines and firs, is a popular picnic spot.

The glaciers at Thajiwas are not to be missed while in Sonamarg. The miniature plateaus, snowfields, pines and islets add to the charm of Thajiwas, which is a short and interesting walk from Sonamarg. Ponies can also be hired for the trek to the glacier, which is a major local attraction during the summer months.

TOURIST INFORMATION

How to Get There

By Air: The nearest airport is at Srinagar, which is 80 km from Sonamarg.

By Rail: The nearest railway station is at Jammu

By Road: Sonamarg is well connected by road with Srinagar, from where it is about two hours' drive. Travellers can either use buses or taxis from Srinagar to Sonamarg.

Climate

Summers (April-June): Mild

Winters (November-February): Cold
Heavy snowfall in December-February

Best time to visit: April-June

What to do

- Trekking to Thajiwas Glacier

- Sledging at the frozen glaciers
- Angling
- Long walks in the jungles to the explore rich flora and fauna.
- Alpine skiing is available at high altitudes.
- White water rafting is available downstream from Sonamarg.

Where to stay

Sonamarg has a number of hotels, tourist bungalows and lodges of various types, which are open only during the summer months.

Accommodation needs to be booked well in advance from Srinagar.

For more information, visit
www.jammukashmir.nic.in



KIRAN JAGGA

EMBASSY OF INDIA

2107 Massachusetts Avenue NW, Washington, D.C. 20008

Tel: 202-939-7000; Fax: 202-462-7276

E-mail: indembwash@indiagov.org

Web-site: www.indianembassy.org

CONSULATES

Consulate General of India
3 East, 64th Street,
New York
N.Y. 10021

Tel: 212-774-0600

Fax: 212-861-3788

E-mail:
indiacgny@aol.com

Web-site:
www.indianconsulateny.org

Consulate General of India
540 Arguello Boulevard
San Francisco
CA 94118

Tel: 415-668-0662

Fax: 415-668-2073

E-mail:
info@indianconsulate-sf.org

Web-site:
www.indianconsulate-sf.org

Consulate General of India
455 North Cityfront Plaza
Drive (NBC Tower Building)
Suite #850 Chicago, IL 60611

Tel. 312-595-0405 to 0410

Fax. 312-595-0416

E-mail:
cg@indianconsulate.com

Web-site:
chicago.indianconsulate.com

Consulate General of India
1990 Post Oak Blvd. # 600
3 Post Oak Central
Houston, TX 77056

Tel. 713-626-2148/49

Fax. 713-626-2450

E-mail:
cgi-hou@swbell.net

Web-site:
www.cgihouston.org

Printed and Published by the Press & Information Office, Embassy of India, 2107 Massachusetts Avenue,
NW Washington, D.C., 20008

Telephone: 202-939-7065, Fax: 202-462-7276

E-mail: indembwash@indiagov.org Web-site: www.indianembassy.org