

# India Review

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## PRIME MINISTER AT THE U.N.

### HIGHLIGHTS OF THE VISIT:

- Launch of U.N. Democracy Fund
- Meetings with Presidents George Bush, Vladimir Putin, Hu Jintao and Pervez Musharraf
- India-Brazil-South Africa Dialogue Forum



**External Affairs Minister Natwar Singh meets U.S. Secretary of State Rice; Foreign Ministers of Russia and China in New York**

■ Finance Minister Chidambaram attends the World Bank-IMF annual meetings in Washington, D.C.

■ Commerce Minister Kamal Nath at the 'Focus India Show' in Chicago; opens India Engineering Centre

■ India despatches relief for victims of Hurricane Katrina; donates \$5 mn. to American Red Cross

# 'U.N. is in need of urgent and comprehensive reform'

*Full text of the address by Prime Minister Manmohan Singh at the 60th Session of the United Nations General Assembly, at the United Nations headquarters in New York on September 15:*

Mr. Co-Chairman,

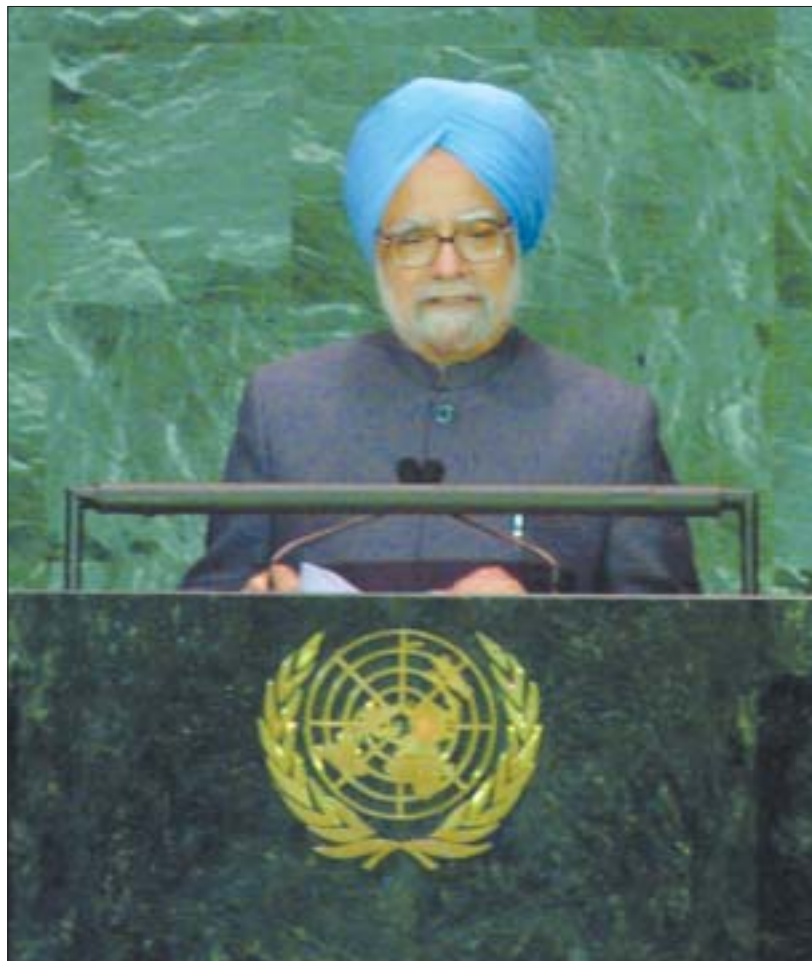
**I** bring the best wishes and felicitations of the people of India to this august assembly meeting in its historic 60th Session. India has a special regard for the United Nations. The ideals of the United Nations run parallel to our own civilisational ethos. This is the ancient Indian concept of "Vasudhaiva Kutumbakam" or "the whole world is one family". It is this idea of a shared destiny which encouraged this august assembly, five years ago, to adopt the Millennium Development Goals.

May I also take this opportunity to convey our deep condolences and sympathies to the Government and people of the United States on the widespread destruction caused by Hurricane Katrina.

At the turn of the century, humanity was faced with a contradictory turn in its evolving history. On the one hand, we were faced with the contemporary challenges of pandemics like HIV/AIDS, environmental depredation on a planetary scale and terrorism targeting nations across the world. There has been growing recognition that these challenges cut across national borders and demand a global response. At the same time, there was a new sense of hope and optimism. The world community welcomed the fact that advances in science and technology had made it possible as never before in

Unfortunately, the United Nations suffers from a democracy deficit. Its structure and decision-making process reflect the world of 1945, not of 2005. Unless it becomes an organisation more representative of the contemporary world and more relevant to our concerns and aspirations, its ability to deliver on the Millennium Development Goals, indeed on its charter obligations, will continue to be limited.

human history to mount a frontal attack on global poverty, ignorance and disease. We had confidence in mobilising, through the United Nations, the collective will and wisdom of nations to herald a new era of peace and prosperity.



Prime Minister Manmohan Singh at the 60th Session of the United Nations General Assembly, at the United Nations headquarters in New York on September 15. (Photo: Mohammad Jaffer/SnapIndia)

Five years later, we find that the international community is generous in setting goals, but parsimonious in pursuing them. We must make greater efforts to mobilise the resources necessary to meet the Millennium Development Goals. This would be a wise investment for the future. Failure will only make our task in the future much more difficult and much more costly.

Excellencies, we in the developing world face a dual challenge. First, there is the domestic challenge of managing political, economic and social change in an environment of rising expectations and growing disparities. Second, we face the challenge of securing for ourselves an international environment conducive to meeting our developmental aspirations. These challenges are interlinked in our globalised world and success or failure in this double quest would have global consequences. We welcome the agreement reached on the Draft Outcome Document to be adopted tomorrow (September 16). It is a roadmap for the work ahead to re-orient the organisation to meet the challenges of the present. India will be a keen and willing participant in this process.

# 'World awaits a New Deal that can spur development'

All of us assembled here recognise that the United Nations is in need of urgent and comprehensive reform. The management of global interdependence requires strong international institutions and a rule-based multilateral system.

The reform of the United Nations must be based on this principle. It must include the expansion of the U.N. Security Council in both permanent and non-permanent categories of membership. Unfortunately, the United Nations suffers from a democracy deficit. Its structure and decision-making process reflect the world of 1945, not of 2005. Unless it becomes an organisation more representative of the contemporary world and more relevant to our concerns and aspirations, its ability to deliver on the Millennium Development Goals, indeed on its charter obligations, will continue to be limited.

Mr. Co-Chairman, in a democracy, it is the rule of law and transparency which ensure that the interests of the ordinary citizen are upheld. At the global level, too, we need to ensure that multilateral rules governing the flow of goods, services and capital take adequate account of the needs of developing countries.

The world awaits a "New Deal" that can spur development and create jobs on a global scale. It must address the challenge of eradicating mass poverty and pandemics like HIV/AIDS and other communicable diseases. We need collective thinking and coordinated action to deal with the challenge of ensuring energy security, even while we address the consequences of climate change. We must turn the global outpouring of sympathy and mobilisation of resources in response to national disasters like the Asian tsunami or the destructive hurricane in the U.S. into a more sustained effort to deal with

We must not yield any space to terrorism. We must firmly reject any notion that there is any cause that justifies it. No cause could ever justify the indiscriminate killing of innocent men, women and children. For several years, India has faced cross-border terrorism directed against its unity and territorial integrity. We shall never succumb to or compromise with terror, in J&K or elsewhere.



Prime Minister Manmohan Singh and External Affairs Minister K. Natwar Singh at the U.N. General Assembly on September 15. Seen at rear is Foreign Secretary Shyam Saran. (Photo: Mohammad Jaffer/SnapsIndia)

Globalisation offers exciting opportunities for improving living standards world-wide provided the weak and the powerless are empowered by education and health to become genuine partners in progress.

apparently less dramatic, but in the long run, more damaging crises. We must renew our efforts to secure the world against nuclear proliferation and to promote global nuclear disarmament. Failure to address the global challenges that I have mentioned in a timely fashion can only turn them into unmitigated disasters eventually.

Mr. Co-Chairman, democratic governance both within nations and in our global institutions would also constitute a powerful weapon in meeting the global scourge of terrorism. We must not yield any space to terrorism. We must

firmly reject any notion that there is any cause that justifies it. No cause could ever justify the indiscriminate killing of innocent men, women and children. For several years, India has faced cross-border terrorism directed against its unity and territorial integrity. We shall never succumb to or compromise with terror, in Jammu and Kashmir or elsewhere.

In 1947, India's first Prime Minister Jawaharlal Nehru said, "Peace has been said to be indivisible; so is freedom, so is prosperity, and so also is disaster in this One World that can no longer be split into isolated fragments." More than half a century later, these words assume a compelling logic. In this One World there is only One United Nations. If we fail the United Nations, we will fail succeeding generations, who have every right to expect a more enlightened legacy than is currently in sight. Globalisation offers exciting opportunities for improving living standards world-wide provided the weak and the powerless are empowered by education and health to become genuine partners in progress. The world community must muster the courage to harness the potential of globalisation for the benefit of humankind.

I thank you Mr. Co-chairman. ■

# 'The democratic ideal is a common heritage of mankind'

*Excerpts of Prime Minister Manmohan Singh's speech at the launch of the United Nations Democracy Fund, at the U.N. Headquarters in New York on September 14.*

Your Excellency, Secretary General Kofi Annan, Your Excellency President George Bush, Excellencies, Ladies and Gentlemen.

**I** am honoured to be present here with President Bush and Secretary General Kofi Annan and other leaders at the launch of the U.N. Democracy Fund. This was proposed by President Bush at the U.N. General Assembly last year and has received widespread acclaim. Its relevance is underscored by its becoming a concrete reality in just a year's time...

Excellencies, India is proud of its democratic heritage which is rooted in the country's cultural ethos of tolerance, respect for different view points and a ready embrace of diversity. Mahatma Gandhi led us into a non-violent struggle not only to free India from colonial rule but to also ensure to our people the exercise of their democratic rights. To him, it was clear that the end to colonial rule would mean very little unless the broad masses of the people of India were empowered with democracy...

As the world's largest democracy, it is natural that India should have been among the first to welcome and support the concept of a U.N. Democracy Fund. We believe that democracy based on universal adult suffrage empowers the most humble citizen of our country and gives him a sense of dignity.

We believe that democracy based on universal adult suffrage empowers the most humble citizen of our country and gives him a sense of dignity. Poverty, illiteracy or socio-economic backwardness do not hinder the exercise of democracy.

Poverty, illiteracy or socio-economic backwardness do not hinder the exercise of democracy. Quite the contrary, our experience of more than 50 years of democratic rule demonstrates how democracy is a most powerful tool to successfully overcome the challenge of development. But most of all, democracy alone gives the assurance that the developmental aspirations of the poorest citizens of our society will be taken into consideration...

Democracy is a powerful ideal, but its successful exercise requires strong and enduring

institutions, laws and procedures and the development of a parliamentary culture, whose essence is the accountability of those in authority to the ordinary citizens of the country. A strong and independent judiciary, a free press, professional civil and military establishments, constitutionally empowered institutions to safeguard the rights of minorities, of women and children and an independent electoral mechanism; these constitute the veritable nuts and bolts of democracy. There is also the critical aspect of education. The culture of democracy or the democratic temperament must be imbibed by citizens from a very early age...

Excellencies, we welcome the launch of the U.N. Democracy Fund, because it gives us an instrument to build the institutional and human capabilities that are necessary to underpin the successful exercise of democracy. India has been sharing its rich experience, institutional capabilities and training infrastructure with nations that share our values and beliefs and request our assistance. We are prepared to do much more, both as active participants in the Democracy Fund and in the Community of Democracies.

In this connection, I wish to announce that we will soon be establishing a virtual centre on the Internet for providing information on democracy and a forum for the exchange of experience. We intend to harness new and innovative technologies, including distance learning and satellite networks, in the endeavour. We welcome partners in this initiative.

Excellencies, we live in an age of globalisation which is bringing new opportunities each day in our quest to overcome the... challenges of poverty, ignorance and disease. If we wish to ensure that the relentless advance of globalisation does not leave, in its wake, large pools of the dispossessed, then we must empower the voiceless. Only democracy can ensure that they, too, become stakeholders in a millennium of peace and prosperity that we, in the U.N., seek to accomplish.

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

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# Prime Minister presents overview of his visit to New York

*Prime Minister Manmohan Singh's opening statement at his press conference in New York on September 16.*

**T**hese have been five very busy and productive days. I have met many leaders, interacted with several groups and carried forward discussions on a wide range of issues, which are important to us...

Here in New York, my time has been balanced between activities relating to and on the margins of the United Nations and some important bilateral meetings.

Apart from participating in the High Level Plenary Meeting of this 60th session of the United Nations General Assembly, I joined President Bush and United Nations Secretary-General Annan in the launching of the U.N. Democracy Fund to which we have made a significant contribution.

I also met the Presidents of South Africa and Brazil in the context of the IBSA Forum. This brings together our three major developing countries across three continents and as it develops, this forum can have a beneficial influence on subjects of topical importance.

I suggested to the group that we should identify the specific sectors in which our combined strengths can have the maximum impact for the common good of developing countries such as in health, science and technology and energy. The Presidents of South Africa and Brazil accepted the suggestion and our Foreign Ministers will take this forward over coming months.

I have had several important bilateral meetings. The day I arrived in New York, on September 13, I met President Bush. Following soon after my visit to Washington in July, we

reaffirmed our commitment to work together in implementing the major cooperative steps proposed in the Joint Statement of July 18.

I reiterated our invitation for President Bush to visit India early and he agreed to do so.

Yesterday, I met President Putin. As always, I found that we share perceptions and objectives with Russia that exemplify our strategic partnership, and a common vision to deepen this further. We agreed that this relationship is deeply valued by both sides and we will make a positive effort to intensify it in economic and trade matters. This meeting was a good prelude to my own visit to Russia later this year.

On September 14, I met President Hu Jintao of China.

This was our fourth meeting this year; we met in Jakarta and then in Moscow, at Gleneagles and now in New York. We have established a strategic and cooperative partnership with China and we see each other as working together for stability in Asia and the world.

We agreed to work together and, in the first instance, to set higher targets for bilateral trade, even beyond the doubling in value to which we committed ourselves earlier this year.

Night before last, also on September 14, I met President Pervez Musharraf

and hosted him and his delegation to dinner. You have seen the Joint Statement we issued at the end of the meeting.

This reflects our discussions in which we reviewed the entire bilateral agenda encompassed in the Composite Dialogue.

We shall continue these discussions, and our engagement with Pakistan at different levels with a view to achieving the good neighbourly relations to which we aspire. ■

Following soon after my visit to Washington in July, (President Bush and I) reaffirmed our commitment to work together in implementing the major cooperative steps proposed in the Joint Statement of July 18.



Prime Minister Manmohan Singh addressing a press conference in New York on September 16, before his return to New Delhi after attending the 60th session of the United National General Assembly. (Photo: Mohammad Jaffer/SnapsIndia)

The IBSA Forum... brings together three major developing countries across three continents and, as it develops, this forum can have a beneficial influence on subjects of topical importance.

## ■ On the Sidelines



PHOTO LEFT, Prime Minister Manmohan Singh with Russian President Vladimir Putin, at their meeting on the sidelines of the UNGA in New York. PHOTO RIGHT, the Prime Minister with Chinese President Hu Jintao. (Photo: Mohammad Jaffer/SnapsIndia)



Prime Minister Manmohan Singh addressing the community reception hosted by Ambassador Ronen Sen (seated right) on September 15. Stating that, increasingly, India is getting highly favourable attention globally, the Prime Minister noted the Indian community in the United States has always supported reform and modernisation of the Indian economy. "Your successes abroad have contributed resources that have helped your mother country in difficult times," Prime Minister Manmohan Singh said.

(Photo: Press Information Bureau)



Prime Minister Manmohan Singh with chief executive officers (CEOs) of top American corporations after a lunch he hosted for them at the New York Palace Hotel in New York on Sept. 14. Also seen in the photo are Ambassador Ronen Sen, extreme left, and External Affairs Minister K. Natwar Singh, right. (Photo: Mohammad Jaffer/SnapsIndia)

## PM reiterates firm stand against proliferation at meeting with President Bush

**P** rime Minister Manmohan Singh met with U.S. President George W. Bush on September 13 and reiterated India's firm stand against nuclear proliferation.

In their second meeting since the landmark July 18 meeting which produced the India-U.S. pact on civilian nuclear cooperation, Prime Minister Singh also told the President that Iran should pursue its nuclear programme within the obligation Tehran has undertaken vis-à-vis the International Atomic Energy Agency (IAEA), according to Foreign Secretary Shyam Saran, who briefed the media contingent accompanying the Prime Minister on the meeting held at the Waldorf Astoria hotel in New York.

"The prime minister reiterated our considered stand. India is resolutely opposed to any nuclear proliferation and makes no distinction," Foreign Secretary

Saran said. According to him, the Prime Minister also said India wanted the issue resolved diplomatically.

Saran added that no specific point related to India was taken up while discussing Iran's nuclear programme.

The Foreign Secretary said the India-U.S. civilian nuclear cooperation agreement was reviewed at the meeting and he quoted the U.S. president as saying that he remained "fully committed" to the agreement, signed when Prime Minister Singh made his first official visit to the United States in July.

Foreign Secretary Saran also made it clear that no additional conditionalities would be accepted vis-a-vis the July 18 agreement signed by the two nations. "Let me make it clear ... The question of buying any additional conditionalities does not arise. We stand by each other's commitments." ■

Foreign Secretary Shyam Saran said the India-U.S. civilian nuclear cooperation agreement was reviewed at the meeting and he quoted the U.S. president as saying that he remained "fully committed" to the agreement.

## India-Pakistan Joint Statement reviews progress in ties

*Joint Statement by Prime Minister Manmohan Singh and Pakistan President Pervez Musharraf, in New York on September 14.*

**P** rime Minister Dr. Manmohan Singh and President Pervez Musharraf met in New York on September 14, 2005, and reviewed progress in their relations since they last met in New Delhi on April 18, 2005. The two leaders referred to the earlier statements of January 6, 2004, and April 18, 2005, and reiterated their pledge that they would not allow terrorism to impede the peace process.

They reaffirmed their commitment to the decisions taken at their meeting in New Delhi and agreed to expedite their implementation. They also welcomed the progress made within the framework of the composite dialogue, including promotion of trade and economic relations, people to people contacts and confidence building measures. They also welcomed the recent release of prisoners on both sides and agreed to continue this

process on a humanitarian basis.

They expressed their commitment to ensure a peaceful settlement of all pending issues including Jammu and Kashmir to the satisfaction of both sides. They agreed that possible options for a peaceful, negotiated settlement in this regard should continue to be pursued in a sincere spirit and purposeful manner. ■



Prime Minister Manmohan Singh, right, at his meeting with Pakistan President Pervez Musharraf on the sidelines of the United Nations General Assembly in New York on September 14. (Photo: Press Information Bureau)

# Natwar Singh, Rice discuss regional, multilateral issues

**E**xternal Affairs Minister, K. Natwar Singh had a cordial and friendly meeting with U.S. Secretary of State Condoleezza Rice at Waldorf Astoria in New York on September 19. The meeting was a follow-up to the meetings Prime Minister Manmohan Singh had with President George W. Bush on September 13 and with Condoleezza Rice on September 15.

The External Affairs Minister (EAM) and the Secretary of State reviewed recent developments on several multilateral and regional issues.

The Secretary of State briefed EAM on the agreement reached in the six-party talks on the nuclear issue involving the Democratic People's Republic of Korea.

They welcomed the landmark agreement which has led to the abandonment of the nuclear weapon programme of the Democratic People's Republic of Korea and its return to the Nuclear Non-Proliferation Treaty (NPT).

The agreement was testimony to the importance of relying on patient, multilateral efforts to resolve a difficult and complex issue, they said.

The External Affairs Minister and the Secretary of State reviewed developments on the issue of Iran's nuclear programme and the consultations currently in progress at the International Atomic Energy Agency (IAEA) in Vienna.

External Affairs Minister Singh conveyed the importance of



External Affairs Minister K. Natwar Singh, left, with U.S. Secretary of State Condoleezza Rice at their meeting at the Waldorf Astoria Hotel in New York on September 19.

(Photo: Jay Mandal/On Assignment)

engaging in intensive diplomatic efforts to evolve an international consensus on this issue. They agreed to remain in regular and close touch on this matter. ■

## 'In the Indian ethos, no one is outside the pale'

*Excerpts of External Affairs Minister K. Natwar Singh's speech, titled 'The Argument for India', at Brown University in New York on September 23.*

... It is said that when President Ulysses Grant went on a world tour and finally reached Japan, his meeting with the Meiji Emperor — which must have been a cultural experience in itself — saw them both express their perplexity about India. One can almost imagine them agreeing on the notion that everything that is said about India is true, and so too is its opposite!

This India, so fascinating and yet so incomprehensible to many, is today emerging from the recesses of history and assuming a prominent place in the global arena. It seeks to be understood better, but its unique nature makes that very process a challenging endeavour...

The building of a democratic India has not been an easy exercise. There is no historical precedent for a billion people determining their collective destiny through a mechanism of consent.... In the Indian ethos, no one is outside the pale and we have stretched the definition of an inclusive society to its limits and beyond. Ours is an exercise in continuous management of contradictions. ■

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

## 'Democratic deficit in (U.N.) needs to be addressed'

*Excerpts of External Affairs Minister K. Natwar Singh's address at the G-77 Ministerial Meeting in New York on September 22.*

... You have suggested a most appropriate theme for discussion today, 'Implementation of the Development Agenda Following the High-level Plenary Meeting of the General Assembly. This underlines the fact that the Group continues to face the same underlying systemic challenges that originally brought developing countries into a united and cohesive force in the Sixties....

The Outcome Document adopted... at the conclusion of the 2005 World Summit has underlined the need for strengthening the United Nations in order to equip it to deal with the challenges of development and security... Democratic deficit in the governance of Bretton Woods Institutions needs to be addressed to enhance legitimacy, transparency, accountability and ownership of the decision-making processes. The Outcome Document has gone to considerable lengths in delineating goals and objectives but has inadequately addressed the means of their implementation. In other words, these are left essentially to national efforts, without being buttressed by... international cooperation... ■

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

# Indian, China, Russia to hold trilateral Business Conference

**E**xternal Affairs Minister Natwar Singh, Chinese Foreign Minister Li Zhaoxing and Russian Foreign Minister Sergei Lvavrov met on September 20 at the Chinese Permanent Mission in New York for their annual trilateral meeting during the UNGA session.

The Foreign Ministers recalled their successful stand-alone meeting at Vladivostok in June 2005 and agreed to have the next meeting in New Delhi in 2006 at a mutually convenient date. They endorsed the proposal, made by India, to convene a trilateral Business Conference, which could coincide, if possible, with the meeting of the Foreign Ministers.

Li welcomed India's participation in the Shanghai Cooperation Organisation, saying it provided yet another forum for the three countries to strengthen trilateral cooperation in various fields. The Foreign Ministers agreed that challenges of terrorism and drug trafficking, which have been on the agenda of the trilateral meetings, should also be pursued under the aegis of the Shanghai Cooperation Organisation.

Natwar Singh identified energy cooperation as a significant area of cooperation. The Chinese and Russian Foreign Ministers welcomed the initiative taken by India to convene a Round Table Conference of North and Central Asian Oil Suppliers and Principal Buyers in New Delhi on November 25. They agreed that such a forum would provide an opportunity to explore



External Affairs Minister K. Natwar Singh, centre, with his Chinese counterpart Li Zhaoxing, left, and Russian Foreign Minister Sergei Lvavrov, at the Chinese Permanent Mission in New York on September 20.

(Photo: Jay Mandal/On Assignment)

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cooperation in a vital sector both on a trilateral basis as well as in the larger region of Central and North Asia.

The Foreign Ministers reviewed progress on United Nations reform, including Security Council reform. They welcomed the Outcome Document, but agreed that considerable follow up work was required in implementing the different aspects of reform incorporated in the Document. They agreed to work together closely in this regard. ■

**E**xternal Affairs Minister K. Natwar Singh addressed a joint meeting of the Council of Foreign Relations and the Asia Society in New York on September 21. He noted the enormous growth that India had made economically and the impact this has had on foreign policy.

The Minister spoke of India's democratic record as a nation of a billion people for which there was no parallel in human history. India today celebrates its diversity, pluralism and secularism. He traced the origins of India's foreign policy and explained the strong domestic roots of its non-alignment. The Minister underlined that India has always followed an independent policy and will continue to do so, guided by

its national interest and strategic calculations.

Minister Singh also brought out the importance of the strategic relationship that India has established with the United States, as indeed with other major powers. He described Prime

## EAM'S ADDRESS AT JOINT MEETING

### OF THE COUNCIL OF FOREIGN

### RELATIONS AND ASIA SOCIETY

Minister Manmohan Singh's visit to Washington as a defining moment in India-U.S. ties that have opened doors previously closed to the two nations. He expressed appreciation of the role of the Indian community in the U.S. in

bringing the two countries closer. India and the U.S. share common values and have converging interests that make them natural partners, he said. Their ties have attained a high degree of maturity and the two countries are currently in a position to engage in a constructive and candid dialogue on major international issues.

Minister Singh also made a reference to the reform of the United Nations and the G-4 initiative.

The External Affairs Minister expressed the hope that there would be a more wide spread recognition of the need for expansion of the United Nations Security Council and an appreciation of the contributions that India could make in this context. ■

# 'Indian economy is in resilient mode': Chidambaram

*Excerpts from the speech by Finance Minister P. Chidambaram, Governor of the Fund and the Bank for India, at the 2005 Annual Meetings — Board of Governors, in Washington, D.C., on September 24.*

## ■ The Global Economy and Financial Markets — Outlook and Risks

**T**he global expansion, albeit a bit moderate, continues to remain buoyant and well diversified. However, the balance of risk to the economic outlook, I am afraid, is primarily on the downside: Global current account imbalances remain stubborn, oil prices continue to rise, and protectionist tendencies are becoming stronger in advanced nations. Given the leading role that developing economies can potentially play in the current phase of global expansion, their success in maintaining macro-economic stability will determine the future pace of global expansion. But the sustained escalation of global energy prices will have a serious impact on price stability and also carries welfare implications for a large number of oil-importing developing countries. Combating high energy prices and reducing the damaging impact of such prices on growth prospects remain a top priority for most emerging market economies.

## ■ The Indian Economy

The Indian economy grew by almost 7 percent in the last financial year and continues to be in a resilient mode. First quarter growth in April-June 2005 has been estimated at 7.1 percent. I am pleased to note that the recent World Economic Outlook has also revised the projection for India's growth to 7.1 percent for 2005, up by 0.3 percentage points from the last time. Despite unprecedented oil price increases, and revision of domestic retail prices, inflationary pressures have remained subdued. Domestic industry has been vibrant, with the manufacturing sector growing at double-digit rates... The external sector continues to remain a major source of strength for the economy...

Maintaining inflation expectations in the current environment of high oil prices continues to be a priority for macro-stability. Fiscal consolidation remains high on the agenda for the Government. Infrastructure development is the primary focus of our developmental expenditure.

## ■ Debt Relief

We welcome the recent initiatives taken by the IFIs to support low income countries with regard to operationalisation of the G-8 proposal for cancellation



Finance Minister P. Chidambaram, right, with U.S. Treasury Secretary John Snow during the Annual Meetings at the International Monetary Fund in Washington, D.C., on September 24. At left is Indian Ambassador Ronen Sen. (Photo: Henrik Gschwindt de Gyor/IMF)

of the outstanding debt stock of HIPC countries.

The use of Fund resources should, consistent with the Articles of Agreement, ensure uniformity of treatment by broadening the coverage of the G-8 proposal to include all PRGF-eligible IDA-only members.

Another important issue is that the cost of debt cancellation should be financed on a sound basis. The capacity of the IFIs to provide concessional financial assistance to its members must continue to be preserved....

## ■ Trade

After the failure of the Cancun Ministerial the forthcoming Hong Kong Ministerial Conference has become an important milestone for resolving all pending issues and providing a catalytic thrust to the unfinished agenda of the Doha round. The

Global Monitoring Report (GMR) 2005 has estimated that freeing all merchandise trade and abolishing all trade distorting agricultural subsidies can boost global welfare annually by up to \$280 billion by 2015, with more than a third of the fresh gains accruing to developing countries. On the other hand, failure to ensure an ambitious and development oriented outcome can be counterproductive for the welfare of developing countries and their progress in achieving the MDGs.

## ■ Aid Financing and Aid Effectiveness

The time has also come to consider preparation of Harmonized Country Aid

Domestic industry has been vibrant, with the manufacturing sector growing at double-digit rates... The external sector continues to remain a major source of strength for the economy.

# 'Infrastructure primary focus of developmental expenditure'

Strategies over the medium term within a given set of parameters and constraints vis-à-vis the bilateral donors and multilateral agencies working in a particular country. The reduction of transaction costs and doing away with tied aid will enhance the efficiency of aid and transparency.

We look forward to all the donor nations honouring the commitment made at the Monterrey Conference for scaling up aid and achieving the targets set out for financing the MDGs. The recent consensus arrived at the U.N. Millennium Conference calling upon the developed countries to scale up their assistance to 0.5 percent of their GNI by 2010 needs to be adhered to. Following these comforting words, we would like to see action.

## ■ Infrastructure

We welcome the signs of sustained revival in Bank financing of infrastructure investments and the increased presence of infrastructure in the Bank's portfolio. However, the huge investment needs of the developing world calls for concerted efforts for enhancing all forms of investments, including private-sector financing and public-private partnerships.

## ■ Voice and Participation of Developing countries

Mr. Chairman, a number of proposals have been mooted in



Finance Minister P. Chidambaram with Ben Bernanke, chairman of the U.S. President's Council of Advisors, on September 23. (Photo: Henrik Gschwindt de Gyor/IMF)

recent years to strengthen the voice and representation of developing countries.

The real issue is of political will. The momentum for the change has to come from the capitals, and it would be necessary to recalculate quotas on the basis of changed formulae with economically rational weights.

Thank you. ■

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

# 'India is best functioning multi-ethnic, multi-religious country in the world'

*Excerpts from the 2005 Trumbull Lecture by Finance Minister P. Chidambaram, at the Sheffield-Sterling-Strathcona Hall at Yale University, on September 22. The lecture was titled 'U.S.-India Economic Relations and the Evolving World Economy'.*

**G**lobal economic activity continues to remain robust. Between 1997 and 2003, World GDP grew at an annual average growth rate of 3.5 percent. The US economy was a major engine of growth for the world economy by contributing 40 percent of world growth. China contributed 6.7 percent. India's contribution was marginal in this period. However, India is now coming to a point where its contribution to world output growth will be significant. With a GDP of nearly \$800 billion, each 10 percent rise in India's GDP will contribute \$80 billion to world output...

...The U.S. share in world GDP increased from 20.7 percent in 1996 to 21.4 percent in 2001 but declined to 20.9 percent in 2004. The share of China has gone up from 11.1 percent in 1996 to 12.1 percent in 2001 and further to 13.2 percent in 2004. India's share has increased from 4.1 percent in 1996 to 4.7 percent in 2001 and further to 5.9 percent in 2004. While the relative contributions are likely to change, there is no doubt that these three economies will remain three major

players in the world in the near to medium term...

...India now has a roughly 25-year track record of an average annual growth of 5.8 per cent. This has brought millions of people out of the depths of poverty to a better situation. The nominal GDP is now about US \$800 billion. With a little more than a billion people, this translates to a per capita income of approximately \$750 a year. Measured in terms of purchasing power parity, the five biggest economies of the world are the U.S., China, Japan, India and Germany...

...India's greatest achievement, of course, lies in the political arena. Every tenet of political science argues that poor countries succumb to violence, fanaticism, civil wars and dictatorship. India is the exception. I may hence say with some pride that India is the best functioning multi-cultural, multi-ethnic, multi-religious country in the world...

As Prime Minister Manmohan Singh has said, India stands for the values of an open society and an open economy. There is an obvious fit between India's values and those of the mature industrial economies. The question that all of us need to apply our mind to is: How can the stable, mature societies of the world work together, to best achieve shared goals in the complex and daunting global situation? Today, I would like to ask, can the U.S. and India set an example in this behalf?...

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

# Aircraft carrying relief materials lands at Little Rock base

**A**n Indian Air Force (IAF) IL-76 aircraft delivered 25 tonnes of relief supplies for the victims of Hurricane Katrina at the Little Rock Air Force Base, Arkansas, on September 13. The relief supplies comprised 3,000 blankets, bed sheets, tarpaulins and items of personal hygiene. Brig. General Kip Self, Station Commander of the Air Force Base, received the IL-76 aircraft.

The aircraft took off from Palam airport, New Delhi, on September 10 and reached the U.S. via Muscat, Cairo, Lisbon, Lajes and Boston. The aircraft returned to India on September 17.

Earlier, as the extent of the devastation caused by Hurricane Katrina became evident, Indian Ambassador to the United States, Ronen Sen, said in a statement that the people and Government of India were shocked and saddened by the tragedy.

"The Government and the people of India have watched with deep shock and sadness, the death and devastation caused by Hurricane Katrina in the southern United States. Having ourselves experienced the tsunami tragedy last year, we can understand the sufferings of the people affected by this natural calamity. Our thoughts and prayers are with them. The people of India stand in solidarity and sympathy with them in these trying times," Ambassador Sen said.

He said Prime Minister Manmohan Singh and President A.P.J. Abdul Kalam had written to President George W. Bush conveying their deep sympathy over the calamity. External Affairs Minister K. Natwar Singh had sent a message of condolence to Secretary of State Condoleezza Rice, while Defence Minister Pranab Mukherjee had written to Defence Secretary Rumsfeld.

"We recall the very close cooperation between India and the



Indian Air Force aircraft carrying relief supplies being offloaded at the Little Rock Air Force Base in Arkansas. (Photo: Indian Embassy)

United States to provide succour and support to the tsunami-affected countries in the Indian Ocean region. The Indian and U.S. Navies had worked in close cooperation during that disaster, although India itself was one of the affected nations," Ambassador Sen said.

He recalled that, on July

**On September 8, as a token of the support of the people and Government of India for the people and Government of the United States, India contributed \$5 million to the American Red Cross for relief activities in those areas affected by Hurricane Katrina.**



Ambassador Ronen Sen hands over a cheque for \$5 million to Marsha Evans, President and CEO of the American Red Cross, on September 8. (Photo: Kiran Jagga)

\$5 million to the American Red Cross for relief activities in those areas affected by Hurricane Katrina. The cheque was

# 'Our thoughts, prayers' are with victims of Hurricane Katrina

handed over to Marsha Evans, President and CEO of the American Red Cross. Officials of the American Red Cross said that India was one of the first countries to follow up its commitment of assistance.

For the relief effort, India also offered a self-sustaining and self-supporting medical team from the Indian Army Medical Corps, including a surgeon, an anaesthetist, doctors, nurses and paramedics who have had first-hand experience in handling disaster situations. The team, with its own medical equipment and stores, aimed to complement the efforts of U.S. organisations and not in any manner strain existing resources.

In addition, India offered large water purification systems for household- and community-level operations, and any essential medicines that may be required. India has the largest number of pharmaceutical companies recognised by the U.S. Food and Drug Administration in any country outside the United States.

Ambassador Sen also sent letters of sympathy and support to the Governors, Senators and Representatives of Louisiana, Mississippi, Florida, Alabama and Georgia, as also the Mayor of New Orleans. He also conveyed his admiration at the remarkable support and succour extended by the State of Texas to the vast numbers of those who survived this terrible tragedy who have found shelter in Houston, Dallas and San Antonio.

In an appeal to Indian citizens in the U.S., Ambassador Sen asked them to "contribute generously to the American Red Cross and other U.S. organisations which are in the forefront



Ambassador Ronen Sen with Secretary of Housing and Urban Development Alphonso Jackson on September 6. Ambassador Sen conveyed India's sympathy for those rendered homeless by Hurricane Katrina. He also invited Jackson to visit India.

(Photo: Indian Embassy)

of the rescue and relief operations."

He said that he was confident that the Indian-American community would also actively assist their "fellow American citizens by volunteering their services, particularly as doctors and specialists, and by making large financial contributions."

"America has been good to the Indian community," Ambassador Sen said, "and this critical moment of trial and tribulation offers both a challenge and an opportunity for all people of Indian origin to rise to the occasion when this great and good country needs them. In doing so, they will also honour the traditions of their country of origin." ■

## 'Malabar 2005': Annual exercise of Indian and U.S. navies

**M**alabar 2005, the annual bilateral naval exercise by the Indian Navy and the U.S. Navy was held from September 25 to October 4 off the west coast of India.

The ships that participated in the exercise were: USS Nimitz and INS Viraat (both aircraft carriers); USS Higgins, USS Chaffe, INS Mumbai and INS Godavari (all destroyers); 1 X SSN (U.S. nuclear submarine) and INS Shankul (submarine); the 1 X P3C Orion (operating from Goa) and INS Aditya (tanker).

Both groups of ships met at sea on September 25 some 300 nautical miles north west of Goa. The Ships carried out various intermediate level exercises (including joint exercise involving carrier borne aircraft from USS Nimitz and INS Viraat) while proceeding towards Goa. At Goa, there was a harbour phase involving professional lectures, sports and social interaction for the ships participating in the exercise. Both groups of ships then proceeded to sea for the main phase of the exercise from September 28 to October 2.



INS Viraat, INS Godavari and USS Nimitz during 'Malabar 2005', off the west coast of India, on September 25. (Photo: Naval Headquarters, New Delhi)

The ships returned to Goa on October 3 for a debrief, before dispersing the next day. ■

# India best investment destination: Industry Minister

India is the best destination for foreign direct investment (FDI) and joint ventures, Kamal Nath, Union Minister of Commerce and Industry, told an audience of U.S. investors at the 'Focus India Show' in Chicago on September 27.

"The Indian economy is very well suited to the small and medium American companies which may have difficulty in operating in the saturated Western markets. With the vast technical and managerial skills available in India, Indian and American SMEs (small and medium enterprises) can join hands both as complementary and supplementary partners, to cater to not only the vast Indian market but also the untapped markets in Asia and Africa," he said.

Elaborating on the strengths of India as an investment destination, Kamal Nath underlined that the country had emerged as an across-the-board low-cost base, attractive enough to multinationals to relocate in the country.

"More than 100 of the *Fortune 500* companies have a presence in India, as compared to only 33 in China. But it is not the *Fortune 500* Companies that I have come to Chicago to seek. Chicago is one of the most important economic centers of the mid-West agriculture belt. There are a huge number of SMEs here. You have a strength in agriculture and a strength in industry. The potential for identifying appropriate synergies is tremendous," he stressed.

Reiterating that India promises high return on investments, the Minister said that repatriation of profits was freely permitted, while, according to a survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI) a few months ago, over 70 percent of foreign investors were making profits and another 12 percent were breaking even. These figures would have since improved further he said, adding that FDI policies in India were among the most liberal and attractive in emerging economies.

He listed out the policy initiatives taken by the government in specific sectors such as telecom, ports, airports, railways, roads, energy and construction development with a view to improving competitiveness of the Indian economy. Further, lucrative investment opportunities were being offered to investors though tax incentives and customs duty concessions for import of plant and machinery needed for the projects. A Special



Commerce and Industry Minister Kamal Nath Minister addressing U.S. small and medium investors at the 'Focus India Show' in Chicago on September 27.

(Photo: Courtesy, Indian Consulate, Chicago)

Economic Zone (SEZ) Act was also in place to facilitate this process, he said.

The Minister also sought to dispel the impression that India was lagging behind in manufacturing. "This is far from the truth. Of course, we are good in services and Business Process Outsourcing (BPO), but that does not mean that we lag behind in manufacturing skills. In sectors like auto components, chemicals, apparel, pharmaceuticals and jewellery we can match the best in the world. More than a dozen Indian companies are among the top five global producers in their product categories. It is to showcase our manufacturing that we have come to Chicago," he said, adding that, in FDI, India was looking for greenfield investment — investment that would create employment and bring in technology — and not just investment that would replace Indian capital.

The Minister was leading a high-powered business delegation to the U.S. for the 'Focus India Show' — Indo-U.S. Business Partnership' held in Chicago from September 27-29, organised by FICCI and the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry and supported by the Consul General of India in Chicago.

The purpose of the delegation is to discuss FDI, joint ventures and tie-ups between Indian and U.S. companies for exports to third countries. ■

In FDI, India was looking for greenfield investment — investment that would create employment and bring in technology — and not just investment that would replace Indian capital.

# Kamal Nath opens India Engineering Centre in Chicago

**T**he Engineering Export Promotion Council (EEPC) has established an India Engineering Centre (IEC) in Chicago to showcase the manufacturing capabilities of several Indian engineering companies under one roof. The centre was inaugurated by Minister of Commerce and Industry Kamal Nath on September 27.

The Center aims to help build confidence in the local business community about the skill, expertise and quality of Indian engineering.

Those present at the inauguration included Irvana Wilks, Mayor of Mount Prospect; Arun Kumar, Consul General of India in Chicago; Amit Mitra, Secretary of the Federation of Indian Chambers of Commerce and Industry (FICCI); S. Regunathan, Chief Secretary of Delhi; EEPC Chairman Rakesh Shah; and C.S. Shukla, EEPC Executive Director.

In his address, EEPC Chairman

Shah said that the IEC had been set up under the Market Access Initiative Scheme of the Government of India through the Ministry of Commerce and Industry.

He said that the inauguration of the IEC marked the fulfilment of long-cherished dream of the EEPC to project the competitive and workmanship of the Indian engineering industry in developed nations like the U.S.

Shah pointed out that 40 percent of Indian engineering products are being exported to the U.S. and the European Community. Because of ever-increasing competition and a

complex supply chain, every manufacturer has to remodel and reshape the process of manufacture and supply. It was to meet this challenge that the EEPC decided to strengthen its presence in the U.S. market by setting up the IEC in Chicago, he said.

Members of the local business community and representatives of Indian exporters were also present, along with invited guests. ■

## India Engineering Centre

The India Engineering Center is housed at:

1601 Feehanville Drive, Suite 200, Kensington Center, Mount Prospect, Chicago IL 60056

## Events at the Embassy

### RECEPTION IN HONOUR OF 'DANCelevation 2005'



The Indian Embassy hosted on September 2 a reception in honour of 'DANCelevation 2005', organised in Washington, D.C., area by the Indian Dance Educators Association (IDEA). The Indian Council for Cultural Relations sponsored participation of a group led by noted Odissi dancer Madhavi Mudgal in the Festival. From left, front row, Ambassador R.S. Jassal (Deputy Chief of Mission); Dr. Smita Tewari Jassal; Sudha Mallik; Madhavi Mudgal; Anuradha Nehru, President IDEA; from left, second row, Arushi Mudgal; Moumita Ghosh; Sukanya Mukherji of IDEA; Diya Sen; Mrs. Kalpana Sen, spouse of Ambassador Ronen Sen; and Gautam Bhattacharya. (Photo: Kiran Jagga)

### 'MEET THE PRESS' BY SAROD MAESTRO AMJAD ALI KHAN



Sarod Maestro Ustad Amjad Ali Khan took part in a 'Meet the Press' event organised by the Embassy on September 23. (Photo: Nithin Verma)



KIRAN JAGGA

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