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INDEPENDENCE DAY: AUGUST 15

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India can achieve 8 percent GDP growth: M.S. Ahluwalia

Montek Singh Ahluwalia has grappled with India's public finance for well over a decade now. As Deputy Chairman of the Planning Commission, he is now faced with the challenge of helping raise resources to feed the ever-growing needs of the country's physical and social infrastructure. The National Development Council (NDC) recently adopted the Mid-Term Appraisal of the Tenth Five Year Plan. But there are many challenges ahead for Ahluwalia and these include devising policies to accelerate economic growth, continuing economic reforms and guiding the government in generating resources to fulfil its commitment for inclusive growth. Ahluwalia reflects on these and other key issues in an interview. Excerpts from an interview with *The Economic Times*:



Montek Singh Ahluwalia

Midway through the Tenth Five Year Plan, how do you assess the Indian economy?

On the positive side, inflation, which was a concern in mid-2004, is now under control. The external payments position is very comfortable and the level of foreign exchange reserves is also high. The savings rate is high and the Centre's fiscal deficit has declined. International perceptions of India are very positive. The world now views India as fully capable of achieving 8 percent growth on a sustained basis, if suitable policies are put in place. Prospects for attracting FDI are more favourable than ever before. Private corporate sector investment has recovered and the industrial growth rate in 2004-05 increased to 8.1 percent, which is satisfactory. Competitiveness has increased in many sectors... The Mid-Term Appraisal

also talks about areas of concern. Agricultural growth has decelerated from 3.2 percent during 1980-81 and 1995-96, to an average of below 2 percent subsequently.

Infrastructure inadequacies affect our ability to compete with imports and to penetrate export markets... Health, education, gender equality, etc., too have to catch up. Employment generation is also not up to expectations. High international oil prices could adversely affect growth.

What are the priority areas identified for economic development at the NDC meeting?

There are three big areas: Agriculture, the social sector and infrastructure development. The three are essential for achieving higher and more inclusive growth.

For accelerating GDP growth to 8 percent and achieving a wider spread of benefits, we must reverse the decelerating trend in agriculture... The second major area for corrective policy is the social sector, especially education and health. Enrolment in primary education has improved but dropout rates are still high. Besides, we need to improve teaching in primary schools. There is also an urgent need to plan for expanded secondary education and vocationalisation of education if we want kids who will pass-out from primary schools to continue their education.

In the area of health, the Tenth Plan target of reducing maternal and infant mortality rates is likely to be missed. There are also new threats such as the spread of HIV/AIDS. Our public expenditure on health is about 0.9 percent of GDP. We need to increase it to 2 percent of the GDP by the end of 11th Plan. Health outcomes are, of course, not just the consequence of curative health provisions but also of other factors such as clean drinking water and sanitation.

Infrastructural development is the third priority. Our industrial sector has done well in the post-reform period in terms of competitive ability and technological upgradation. But it needs infrastructural support to compete globally. This is an important area of focus in the MTA.

How do you intend to mobilise resources for various development programmes?

In the first four years of the Tenth Plan, the resources mobilised by the Centre and states are substantially lower than was envisaged. Also, we have expanded the Plan programme in some areas, e.g. education, nutrition and employment programmes beyond the original targets. This means the other areas are squeezed even more. We need large additional resources for irrigation, watershed management in dry-land areas, infrastructure development, etc. Meeting these demands would really require a coordinated effort on several fronts — increasing tax revenues by improving tax administration rather than increasing rates, reducing expenditure on untargeted subsidies and increasing user charges...

The Prime Minister has asked the Planning Commission to prepare an approach to the 11th Plan, what will be the focus of the 11th Plan?

The broad target is to aim at an 8 percent growth... I should emphasise that we are not focussing on growth alone. We also want this growth to be as inclusive as possible, which means a focus on agriculture, improving health and education and also on improving rural infrastructure as envisaged in Bharat Nirman. ■

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President's address to nation on Independence Day-eve

Following are excerpts from President A.P.J. Abdul Kalam's address to the nation on the eve the 59th Independence Day. Among other things, the President focused on the need for Energy Independence:

My dear citizens of India, on the eve of the 59th Independence Day, I extend to you my best wishes for your happiness and prosperity. My greetings to all our people at home and abroad...

Today, on this 59th Independence Day, I would like to discuss with all of you another important area — that is “Energy Security” — as a transition to total “Energy Independence.”

Energy is the lifeline of modern societies. But today, India has 17 percent of the world's population and just 0.8 percent of the world's known oil and natural gas resources. We might expand the use of our coal reserves for some time and that too at a cost and with environmental challenges.

The climate of the globe as a whole is changing. Our water resources are also diminishing at a faster rate. As it is said, energy and water demand will soon surely be a defining characteristic of our people's life in the 21st century.

Energy Security rests on two principles. The first, to use the least amount of energy to provide services and cut down energy losses. The second, to secure access to all sources of energy, including coal, oil and gas supplies worldwide, till the end of the fossil fuel era, which is fast approaching...

Energy Security, which means ensuring that our country can supply lifeline energy to all its citizens at affordable costs at all times, is thus a very important and significant need and is an essential step forward.

But it must be considered as a transition strategy, to enable us to achieve our real goal, that is, Energy Independence or an economy that will function well with total freedom from oil, gas or coal imports. Is it possible? Hence, Energy Independence has to be our nation's first and highest priority.

We must be determined to achieve this within the next 25 years, therefore by the year 2030. This one major 25-year national mission must be formulated, funds guaranteed and leadership entrusted without delay as public-private partnerships to our younger generation, now in their 30s, as their lifetime mission in a renewed drive for nation-building...

...We have to critically look at the need for Energy Independence in different ways in its two major sectors: Electric power generation and transportation. At present, we have an installed capacity of about 121,000 MW of electricity, which is 3 percent of the world capacity.



President A.P.J. Abdul Kalam addressing the nation on the eve of India's 59th Independence Day, in New Delhi on August 14. (Photo: presidentofindia.nic.in)

We also depend on oil to the extent of 114 million tonnes every year, 75 percent of which is imported and used almost entirely in the transportation sector.

Forecasts of our energy requirements by 2030, when our population may touch 1.4 billion people, indicate that demand from the power sector will increase from the existing 120,000 MW to about 400,000 MW. This assumes an energy growth rate of 5 percent per annum...

...The strategic goals for energy independence by 2030 would thus call for a shift in the structure of energy sources. Firstly, fossil fuel imports need to be minimised and secure access to be ensured. Maximum hydro and nuclear power potential should be tapped.

The most significant aspect, however, would be that the power generated through renewable energy technologies may target 20 to 25 percent against the present 5 percent.

It would be evident that for true energy independence, a major shift in the structure of energy sources from fossil to renewable energy sources is mandated.

Solar energy, in particular, requires unique, massive applications in the agricultural sector where farmers need electricity exclusively in the daytime. This could be the primary demand driver for solar energy. Our farmers' demand for electric power is significantly high to make solar energy economical in large scale. Shortages of water, both for drinking and farming operations, can be met by large-scale seawater desalination and pumping inland using solar energy, supplemented by bio-fuels wherever necessary...

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

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100,000 gather in New York for India Day Parade

Nearly 100,000 Indian Americans participated in the India Day Parade in New York on August 21 to celebrate the 58 anniversary of India's Independence. Waving the Indian tricolour and marching to chants of 'Vande Mataram' on the streets of Manhattan, the participants underlined the strong ties between the United States and India. "God Bless India and God Bless America" was a constant refrain of the crowd at the parade, which was televised live by all the major American television networks.

Considered the largest parade outside India that celebrates Indian Independence, this year marked the Silver Jubilee of the event conducted annually by the Federation of Indian Associations (FIA) — an umbrella body of Indian organizations across the Tri-state area.

Celebrity attendees at the event included New York Mayor Michael Bloomberg, Congressmen Joseph Crowley (D-NY) and Anthony D. Weiner (D-NY), while the Indian contingent comprised several Members of Parliament, stars from Bollywood besides hundreds of community leaders led by FIA President Dr. Sudhir Parikh.

Easily recognizable faces in the crowd were those of movie stars Anil Kapoor, who was the Grand Marshal of the event, Shashi Kapoor, Randhir Kapoor, actor-politician Shatrughan Sinha and MPs from Kerala N.N. Krishnadas and A.P. Abdullah Kutty.

At the review, Krishnadas read out a message from Prime Minister Dr. Manmohan Singh to the FIA and his special greetings for all those who had reached Manhattan to celebrate India's Independence Day.

"It is very satisfying to learn that FIA is continuing with its longstanding tradition of organizing the India Day Parade in New York and is celebrating the Silver Jubilee of the India Day



(Photos: Mohammed Jaffar-SnapsIndia)

New York City Mayor Michael Bloomberg, centre, and Federation of Indian Associations (FIA) President Dr. Sudhir Parikh, right, leading the India Day Parade in New York on August 21. About 100,000 people, including a host of celebrities, participated in the parade, now in its 25th year.

Parade this year. There has been a transformation in India-U.S. relations. During my recent visit to the U.S., I noted the important role played by the Indian American community in this process. The great achievements and significant strides made by the Indian community in the U.S. have enhanced Indians' prestige abroad and internationally," Prime Minister Singh said in his statement.



PHOTO RIGHT, Ambassador Ronen Sen unfurling the tricolour at a ceremony to mark India's 59th Independence Day at his residence in Washington, D.C., on August 15. PHOTO LEFT, Tata Sons Chairman Ratan Tata addressing an event at the Indian Consulate in New York on August 15. Also seen in the photo are former Prime Minister Chandrashekhar, left, and Consul General Pramatsh Rath.



Ambassador's Journal

Ambassador Sen, centre, visited California in mid-August where he was the first foreign guest to be received by Governor Arnold Schwarzenegger and Mrs. Maria Shriver at the recently renovated historic building, the Stanford Mansion. He also met Mayor Gavin Newsom of San Francisco and a number of Members of U.S. Congress, including Zoe Lofgren, Pete Stark and Maxine Waters. Sen also met local CEOs, including Riley Bechtel, Chairman & CEO of Bechtel Corporation. ▲

Ambassador Sen delivered the Keynote Address at the Annual Convocation of Western Carolina University, after being introduced by Dr. Debashis Banerjee, Associate Dean of the Business School, on August 23. Photo below shows Ambassador Sen with Chancellor John W. Bardo. ▼



■ Ambassador Ronen Sen was the Chief Guest at the Annual Gala of the Indo-American Chamber of Commerce of Greater Houston on August 6, 2005. The other Guests of Honor who spoke at the event were Congressman Tom DeLay, Majority Leader of the U.S. House of Representatives, and Bill White, Mayor of Houston. The other guests present at the Gala included Congressman Al Green; Jodi Jiles, Chair of the Greater Houston Partnership; Mayor Julie Masters of Dickinson; Bob Perry, CEO of Perry Homes; Robert Beauchamp, CEO of BMC Software; and Executive Director Jagdip Ahluwalia. Apart from immediate past President Randhir Sinha and current President Somesh Singh, the Chairmen or Presidents of the Indo-American Chambers of Greater Dallas, Tampa, Greater Atlanta and Tulsa were also present.

■ Ambassador delivered a luncheon address to the World Affairs Council of Pittsburgh on 'India-U.S. Relations in the 21st Century' on August 31. Later that day he inaugurated the 'Year of India' Global Focus Program at Chatham College. Sen delivered the Convocation Address at the College. He was thereafter ceremonially awarded a Doctorate of Public Service Honoris Causa for his contributions to India-U.S. relations. On the previous day, Sen visited the University of Pittsburgh, where he met Chancellor Mark Nordenburg and Vice Chancellor Vijai Singh, and the Carnegie Mellon University, where he had discussions with University President Jerry Cohon and Provost Mark Kamlet. He met a cross-section of business leaders at a dinner and participated in a Business Roundtable arranged by the Pittsburgh Regional Alliance and the Allegheny Conference on Community Development. He also had meetings with Members of Congress, including Reps. Mike Doyle, Tim Murphy and Melissa Hart.



▲ Ambassador Ronen Sen visited St. Louis recently, where he had meetings with the Governor of Missouri, Hon. Matt Blunt, above, and Mr. Francis Slay, Mayor of St. Louis, right. Sen addressed a large gathering of distinguished guests over a banquet organized by the World Affairs Council of St. Louis. He visited the Washington University where he was received by Chancellor Mark Wrighton. Sen met local CEOs, including the Chairman & CEO of Monsanto Hugh Grant, and visited the local Boeing manufacturing plant. ▼



Prime Minister Manmohan Singh's address

Following are excerpts from Prime Minister Manmohan Singh's independence day speech in New Delhi:

My Dear Countrymen, Brothers and Sisters and Dear Children. Today is once again a day of joy and happiness when we all gather to celebrate the anniversary of our Independence. On this sacred occasion, I greet you all. Fifty-eight years ago, Pandit Jawaharlal Nehru had unfurled this glorious tricolour for the first time from this historical place, thus fulfilling the centuries-old dream of crores of Indians to be independent from foreign rule...

...Last year, on this very day, I had said from the Red Fort that I have no promises to make, but only promises to keep. In order to fulfil the promises, we have taken many important steps and have taken major decisions which will contribute to our nation's progress. While taking these decisions, the focus of our thoughts and attention has always been the *aam aadmi*...

Our country is witnessing unprecedented economic growth at this point in time. Last year, our economic growth rate was 7 percent and it is likely to be similar this year as well. Our country has never witnessed such consistently high growth rates in the past. I am confident that if we maintain this momentum of growth for the next 5-10 years, then it would be possible for us to eradicate poverty, ignorance, hunger and disease from our country. This is not a dream but something that is possible in our times...

...And this economic growth is happening within the framework of a liberal democracy. Our country is a multi-cultural, multi-religious, multi-lingual and multi-ethnic nation. Nowhere in the world do we have an example of a country of a 100 crore (one billion) people seeking their economic and social destiny within the framework of a democracy. It is because of this that the entire world's attention is riveted on us...

Brothers and Sisters, it is my belief that India's future is extremely bright and that this future is, indeed, possible. In order to achieve this, we need to focus on achieving rapid economic growth and on ensuring social justice. It is only by walking on these two legs that will we be able to ensure that the benefits of growth reach all sections of society.

Last year, while addressing the nation on this day, I had mentioned that our growth is critically dependent on seven sectors which I called the '*Saat Sutras*'. These seven sectors were — agriculture, irrigation, education, health, employment, urban renewal and infrastructure. Today, we can review the progress made in these seven areas.

Our maximum emphasis has been on agriculture. Farmers are the backbone of our country and of our economy. It is the result of their tireless efforts that we do not have any shortage of foodgrains in our country. The entire country is grateful to them for this.



Prime Minister Manmohan Singh addressing the nation from Red Fort in New Delhi on August 15, to mark India's 59th Independence Day. The Prime Minister called for rapid economic growth along with social justice and equality. (Photo: PIB)

We must admit that the economic growth we have been referring to earlier has not yet fully reached every individual in our society. This is particularly true in our rural areas. The growth in agriculture has not been at the required pace. Even today, over 60 percent of our population is dependent on agriculture and every farmer has a right to be a participant in our economic growth processes. Hence, we have talked about giving a "new deal" to our farmers. We have taken a number of steps to alleviate the problems of our farmers, such as improving and enhancing the flow of agricultural credit, increasing investment opportunities and storage facilities, launching a National Horticulture Mission to increase the output and trade in fruits and vegetables, and promoting research and training in agriculture. It is our goal that, by 2007, there should be a Krishi Vigyan Kendra in every district. Through this, the benefits of advanced

to the nation on Independence Day, August 15



research and training will reach all our rural brethren. Large parts of our country are still dependent on rainfall and we will focus on removing the problems of farmers in dry land areas. We are considering setting up a National Rainfed Area Authority for this purpose. It is our hope that in the coming years, agricultural growth becomes rapid and we have a new green revolution. We are fully committed to achieving this.

It is not possible for our rural areas to develop in the absence of basic infrastructural facilities. In order to improve basic infrastructure in rural areas, we have conceived an ambitious programme called 'Bharat Nirman'. In Bharat Nirman, one crore hectares of unirrigated land will be irrigated. All villages whose population is 1,000 or more, and 500 or more in hilly areas, will be connected with roads. Two-and-a-half crore houses will be given electricity connections, and through this, the entire country will be electrified. Over 60 lakh houses will be built in villages. The remaining 74,000 habitations which do not have access to safe drinking water will be provided these facilities. Each

and every village will have at least one telephone connection. I am confident that Bharat Nirman will ensure the rapid economic development of our rural areas...

...We have a large proportion of young people in our population. We will need to invest in their education and health so that their future prospects are bright. By doing so, our population will become our biggest asset.

It is necessary for every section of society to be literate and educated so that they can take advantage of our growth processes. By strengthening Sarva Shiksha Abhiyan, we are trying to ensure universalisation of primary education. We are giving special emphasis to the education of the girl child. We need to make education joyful, interesting and meaningful so that children develop a desire to go to school. We need to pay particular attention to the education of first generation learners...

Along with primary education, we also need to pay attention to higher education. If India is seen around the world as a rising knowledge power, it is because of our Universities and Research Institutions. If we want to maintain our rapid economic growth, we need to improve the quality of these institutions and also create many more such institutions. Let us resolve to achieve excellence in academic work in the 150th anniversary year of the Universities of Kolkata, Mumbai and Chennai.

However educated an individual may be, it is necessary for the person to be healthy in order to lead a happy life. Through the National Rural Health Mission, we will provide the best primary health care facilities in each and every village. We are confident that by providing excellent primary health care, we will be able to improve the health of young mothers and children which will then lead to a consequent reduction in our population growth rate...

As I had mentioned earlier, the true test of development is the number of people who have secured employment and the number of families who have prospered as a result. As long as there is widespread unemployment in the country, we cannot claim that we are truly independent. It is with this goal in mind that Indira Gandhi had given the nation the goal of '*Garibi Hatao*'. Today, if we need to remove poverty, we need to create employment — '*Rozgar Badhao*'. In order to ensure that a minimum level of employment is available to everyone in rural areas, it is necessary to have an employment guarantee. The National Rural Employment Guarantee Bill has been prepared with this goal in mind...

In order to ensure that our economic growth does not slow down, it is necessary to have strong infrastructure. Economic growth is intrinsically linked to the availability of infrastructure. Railways, roads and electricity are important elements of infrastructure...

The development of our national highways is progressing at a rapid pace.

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We have begun work on an additional 30,000 km of highways and we will soon be six-laning the Golden Quadrilateral. There has been tremendous progress in civil aviation. World class airports are being constructed in many cities. Ports are being modernized and many new ports are under construction.

Shortage of electricity is still a major inconvenience. Electricity is an essential ingredient of economic development. We need to ensure that electricity generation grows rapidly and that power shortages are eliminated. We need far greater investment in this sector... In my visit to the United States, we have managed to reduce some of the constraints which have been hampering the growth of our nuclear energy programme and in the next 10 years, in addition to the 1,50,000 MW of capacity being added in the thermal and hydro sectors, another 40,000 MW could be generated through nuclear energy.

While rapid economic growth is one facet of our vision for the nation, social justice and equitable development is the other facet... There is an atmosphere of calm, peace and communal harmony all around the country. We believe that this is an important achievement.

In our country, Scheduled Castes, Scheduled Tribes, Backward Classes and women suffer from many disabilities. Many of them have been discriminated against for centuries. It is essential that they are made stakeholders and participants in our development processes. We are committed to paying attention to their education, health and basic necessities. We have taken some steps to improve their economic and social status. A bill has been introduced in Parliament on reservation in government employment. It will be our effort now to increase the opportunities for employment and equal opportunities in employment outside government.

Our Adivasi brothers have been cultivating land near forests for many generations. However, they do not have any rights on this land owing to which they live in constant fear of eviction. Their rights were snatched away from them 150 years ago during British rule. In order to correct this, we are bringing a legislation which will benefit Scheduled Tribes living in forests while at the same time ensuring conservation of our natural heritage.



Prime Minister Manmohan Singh addressing the nation from the ramparts of the Red Fort in New Delhi on August 15. (Photo: PIB)

Our constitution provides for equality of all religions. All religions are safe and secure within our Republic. It is essential that minorities should have every opportunity of carrying on their daily activities with a feeling of security and happiness. This is also our goal. Hence we have repealed POTA. As a result, many sections of society are able to breathe easy. We have commissioned a report on the social economic status of minorities. This is being done for the first time and will be the basis for all our policy interventions for improving their status. We will also revive and revamp the 15 Point Programme for Minorities. The New 15 Point Programme will have definite goals which are to be achieved in a specific time frame...

Industrial growth is the result of the sweat and toil of our working classes. This year, our industrial growth in May-June has exceeded 10 percent. I would like to congratulate all

our workers for this magnificent result. The government will pay specific attention towards addressing the problems of workers, particularly those in the unorganized sector. It is our hope that we will be able to provide a social security net for them so that they do not feel insecure in times of distress. However, I would like to emphasize that workers too have a responsibility. Wherever they may be working, in factories or in firms, they should work in cooperation with the management so that profitability of enterprises increases and they also benefit from this.

Women are the backbone not only of our homes but also of our nation. We need to strengthen their hands and empower them fully. We have brought legislation to prevent domestic violence against women and to secure their property rights. We will also ensure reservation for women in parliament and legislative assemblies...

...Our rivers are the lifelines of the country. They are the foundations of our ancient civilization. Today the demand for water is growing all around. In the 21st century, water will be the most precious commodity and its shortage will be felt all around. We need to launch a national movement to prevent the wastage of water and for its efficient use. This is an absolute necessity. It is also necessary that all states of our country work together in a spirit of give and take and a spirit of mutual understanding to sort out all contentious issues amicably so that everyone is benefited...

In the country, we still have regions such as Jammu and Kashmir and the North-East where complete peace and tranquility does not exist. The people in these regions are the victims of violence and terrorism...

...As a result of our policy in Jammu and Kashmir, the state is once again on the path of peace and progress. It is our humanitarian obligation that we assist the State in all possible ways so that the people there can live in peace and harmony. Terrorists have never been the friends of the people of Kashmir. As long as they continue their terrorist attacks, our armed forces will be alert and give them a fitting response. In this conflict, common citizens may also be affected at times.

I have said before and I am repeating once again, that there is no issue that cannot be resolved through a process of discussion and dialogue. Our doors are always open and will continue to be open for anyone interested in dialogue. I invite everyone to join us to discuss the problems of the state of Jammu and Kashmir so that its people can lead a life of peace and dignity.

If violence continues, then our response too will be hard. I am aware that the government of Pakistan has put some checks on the activities of terrorists from its soil. However, it is not possible to achieve success through half-hearted efforts. It is necessary that the entire infrastructure of terrorism is totally dismantled.

...The composite dialogue process with Pakistan is continuing. As a result, we have been able to reopen the Srinagar-Muzaffarabad highway which was a long pending demand of the people and restarted the bus service on this route, a step which has been widely welcomed. Talks are going on to open similar links from points in other states...

...Our largest neighbour is China with whom we have a centuries old relationship, a relationship from which both of us have learnt a lot and imbibed a lot. We are today willing and ready to deepen our trade and cultural relations with China for the benefit of the two nations. The agreement arrived at between our two countries in April has paved the way for a closer relationship...

My visit to the United States has been a major step in promoting friendship with that country. By deepening our economic and technological relations, we will be accelerating our own growth.

Simultaneously, our two democracies can work together to strengthen democracy in the world. Russia is an old friend who has helped us in difficult times. We will deepen our friendly relations with Russia.

At this point, I would like to emphasize that the contribution of Indians and persons of Indian origin settled abroad in ensuring that our efforts are successful is enor-

mous. They have not only traveled to far off lands to achieve their dreams of prosperity for themselves and their children, but have also played a stellar role in changing the world's perception of India.

The world today sees India as a major knowledge power whose people are skilled, competent, hard working and peace loving. Even within our own country, our scientists, doctors, engineers and scholars have contributed substantially in the achievements of our nation. We are proud of all of them.

To conclude, I would like to say that the biggest challenge in running a government is to ensure that development programmes are implemented in an effective manner. We will ensure that our outlays of expenditure are visible to citizens as outcomes of progress. The central government, state governments and Panchayats have to work together so that the expectations of people are fulfilled. If we have to achieve results, there is a need to change the manner in which governments function. There is no space in our government or in our society for corruption and arbitrary action. We are

not prepared to tolerate this at any cost. Government servants must work with a sense of public service and they should be held accountable to the people. Governments will have to be made more transparent and accountable. The recently passed Right to Information Act is a landmark step in this direction.

India is on the road to progress. The whole world is watching us with expectation. It is possible for us to eradicate poverty, ignorance and disease within our lifetime.

This has been made possible by the advances in science and technology.

There comes a time in the history of a nation when it can be said that the time has come to make history. We are today at the threshold of such an era.

The world wants us to do well and take our rightful place on the world stage. There are no external constraints on our development. If there are any hurdles, they are internal.

We must seize this moment and grab this opportunity. We need to have the resolve to make our country prosperous. We must have the self-confidence to realise that we are second to none, that Indians are as good as the best. Our political system and leadership must show sagacity, wisdom and foresight so that we are able to make the best of this moment and make India a truly great nation.

Let us come together, as one nation, strengthened by our plurality, to work shoulder to shoulder and build a new India. An India where there are no barriers between the government and the people. An India where each and every Indian can stand proudly and proclaim that he is an Indian. Let us work together to build such a nation... Jai Hind. ■

(For full text of the speech, visit www.pmindia.nic.in)

I am aware that the government of Pakistan has put some checks on the activities of terrorists from its soil. However, it is not possible to achieve success through half-hearted efforts. It is necessary that the entire infrastructure of terrorism is totally dismantled.

Parliament passes landmark employment guarantee bill

A historic bill that aims at eliminating rural poverty in India became law when it was passed by both houses of Parliament in late August. The National Rural Employment Guarantee Bill, which seeks to ensure a minimum of 100 days of employment in a year for each rural household in the country, was passed in the lower house, the Lok Sabha, with 52 amendments.

The amendments, including one that stipulates a minimum daily wage of at least Rs. 60 (\$1.4) for poor people in 200 of the country's nearly 600 districts, were introduced to make the bill "more comprehensive and ensure the alleviation of poverty from the country by 2020."

The new bill also widened its ambit from "every poor household" to the "every household" in the rural sector, and assured that women would be given priority in at least a third of the total number of beneficiaries.

The proposed law, which was passed by the Lok Sabha on August 23, is applicable to the entire country for five years and is likely to cost the government Rs. 400 billion (\$9.2 billion) annually.

Analysts say this is the first step towards a welfare state in a country where nearly 70 percent of the 1.1 billion population live in villages, a large proportion of them victims of joblessness and poverty.

"This legislation is for the poor of this country," Rural Development Minister Raghuvansh Prasad Singh told the Lok Sabha in a speech peppered with couplets and witticisms while replying to a marathon discussion that lasted nearly till midnight on August 22.

The scheme would provide work on development projects such as building roads, improving rural infrastructure, afforestation, flood control, digging wells, constructing canals and water conservation.

"We are trying to kill two birds with one stone. By this scheme we will eradicate poverty, give employment and enhance the pace of our developmental activities," said the minister.

The Congress Party-led United Progressive Alliance (UPA) coalition government had, in budget 2005-06, raised the allocation for the Rural Development Ministry to accommodate the job guarantee scheme. Several other rural schemes will be merged with the new scheme and states will be asked to bear 10 percent of the cost.

The proposed legislation makes it incumbent upon the state and the central governments to provide jobs for not

less than 100 days to every household whose adult members volunteer to do manual work.

"The 100 days can be divided among the able-bodied members in the family," the minister said.

The beneficiaries would receive minimum wages at the rate fixed by respective states, the least amount being Rs. 60 a day. The wages would be disbursed on a weekly basis, and not later than a fortnight after the work is done.

The states would have to give jobs within 15 days of receiving an application, failing which the applicants would be paid "unemployment allowance." The Left parties have demanded that this period be extended as states would find it difficult to provide jobs in certain seasons, but the government did not accept the suggestion. Panchayats, or vil-

lage councils, will help plan and implement the schemes under the proposed law.

The districts would be selected based on the population of backward castes, the prevailing wages and productivity — not political intervention, insisted the minister.

The state has to appoint a person below the rank of a block development officer as programme officer to monitor the scheme. The Centre is entitled to block funds if there are complaints of irregularities.

The bill was moved on August 18, with Congress Party President and UPA Chairperson Sonia Gandhi highlighting it as the cornerstone of the Manmohan Singh government's agenda for social transformation.

Speaking during the debate on the bill in the Rajya Sabha, the upper house, Prime Minister Manmohan Singh categorically said India's economic reforms programme would continue in right earnest. The UPA government will continue to pursue its economic liberalisation programme even while laying emphasis on social welfare schemes, he said.

But social reform cannot be undertaken at the cost of the nation's financial health and citizens would have to pay fair charges for electricity, water, petrol and diesel, he said during the debate.

The prime minister's statement came in the wake of an official report warning of major fiscal constraints due to various welfare schemes. But the report drew comfort from the otherwise stable macro-economic environment in areas like inflation and growth.

"If the economy grows by 7-8 percent, we will have enough resources to finance the rural employment guarantee scheme and also other schemes which our government is formulating," he said. ■



"If the economy grows by 7-8 percent, we will have enough resources to finance the rural employment guarantee scheme," Prime Minister Manmohan Singh said.

Economy to grow despite global worries, says RBI

The Reserve Bank of India (RBI) has said there were several domestic factors that indicate a confidently growing economy in a stable environment despite global uncertainties. The domestic macro-economic factors, which are more relevant for India, continue to be positive, said the country's central bank in its first quarterly review of the annual statement on monetary policy for the fiscal year 2005-06.

"The performance of the industrial sector is strengthening and the indicators of growth in services are positive," said the report.

"The upturn in industrial activity is supported by a pick-up in investment demand as reflected in the production and import of capital goods. Credit growth continues to be strong," it added.

According to the RBI, while the onset of monsoon was delayed, it has progressed well subsequently. Uncertainties, however, remain on its progress during the season and, consequently, the impact on agricultural output.

On roadblocks in the way of achieving higher economic growth, the report said supply constraints could emanate from inadequate infrastructure, especially in power and ports, to support higher levels of domestic and export demand.



"On balance, though uncertainties remain, the domestic growth impulses appear to have been reinforced in the first quarter," said the bank.

The RBI review report said that, during the current year, inflation had so far remained on the expected lines.

"The inflation so far has been manageable. There is no evidence yet of generalised demand pressures, though credit growth is unusually strong," said the report.

However, the progress of the monsoon and movements in international oil prices would be the major determinants of supply factors that may continue to dominate the price situation, it added.

The RBI said the stance of monetary policy would depend on macro-economic developments, including global developments and the overall balance of risks.

Factors such as global uncertainties, volatile global prices of oil, overhang of liquidity, high credit growth, enlargement of trade deficit, infrastructure constraints and delayed monsoon could prompt a change in the stance of policy.

"In sum, the Reserve Bank's current assessment of macro-economic outlook and the overall stance remain broadly unchanged from the annual policy statement," the statement said. ■

India's first 'Outcome Budget' measures performance

Finance Minister P. Chidambaram on August 25 tabled in Parliament India's first 'Outcome Budget' that measures the country's development programmes in terms of actual outcomes, as opposed to mere fiscal outlays. The 725-page document is the culmination of Chidambaram's promise in the Budget speech to evolve a mechanism with the Planning Commission to assess development outcomes of all major schemes.

"The Outcome Budget would be a pre-expenditure instrument to help realise the ministries' vision through clearly defined outcomes as a supplement to current systems built around post-expenditure scrutiny," he told the Lok Sabha. "It will further strengthen a citizen's right to information by putting critical data and information on expected outcomes in the public domain, public scrutiny, which will help ensure value for money," he said.

The finance minister said he would

make the Outcome Budget an annual exercise, adding that it would also include non-Plan expenditure in the next fiscal, as against covering just plan expenditure in the current year.

Speaking to reporters after tabling the document, Chidambaram said the government would also table a Performance Budget at the end of the fiscal to indicate the extent of physical targets achieved.

The general Budget, Outcome Budget and the Performance Budget should together give a much better picture of what has been physically achieved based on the fiscal outlays made every year, he said, hoping the exercise would become broad-based.

"I sincerely hope some states begin the Outcome Budget this year and the rest would follow next year."

Some of the important steps outlined in the Outcome Budget to convert fiscal outlays into physical outcomes include specific definition of

programmes into measurable terms and benchmarking the standards and quality of the schemes.

It would also help ensure the right flow of money at the right time and prevent the non-utilisation of funds. Besides, crucial decisions can be taken more effectively to target limited funds into proper schemes.

Industry welcomed the tabling of the first Outcome Budget, saying it provides an indication of projects which would be implemented during the current fiscal. For instance, said president of Indian Merchants Chambers Rajesh Kapadia, while people are aware of the golden quadrilateral highway project to link the four metros, little was known about its progress.

"Now the Outcome Budget has clearly said the north-south and east-west highways will be completed by the end of 2006-07 and golden quadrilateral highway during 2005-06 itself," he noted. ■

Government clears construction of 7 new airports

The Indian government has approved the construction of a new greenfield airport at Mopa in Goa, Civil Aviation Minister Praful Patel has said. He also revealed plans for the construction of greenfield airports at Navi Mumbai, Chakan near Pune, Ludhiana in Punjab, Kannur in Kerala, Pakyong in Sikkim, and Kohima in Nagaland.

These proposed projects will follow in the footsteps of the two ongoing greenfield airport projects in Devanahalli near Bangalore and Shamshabad near Hyderabad, the Minister told Parliament in a written reply.

The government has already entered into concession agreements with the project companies of these greenfield airports, the minister said.

The Bangalore International Airport Ltd. had already exe-

cuted the relevant project agreements and the financial closure had been achieved on June 23. According to the concession agreement, the new airport at Devanahalli should be completed within 33 months from that date, Patel said.

The project agreements for Shamshabad Hyderabad airport were in different stages of execution, he said. The Hyderabad International Airport Ltd. is required to complete the project in 36 months from the date of financial closure, expected this month.

There is no proposal for a second airport at New Delhi currently, the Minister disclosed. ■

Civil Aviation Minister
Praful Patel

GE India to triple revenues to \$3 bn. by 2008

General Electric (GE) plans to triple its revenues in India from the current \$0.8 billion to \$3 billion by 2008 and has set up a corporate growth team to drive its strategy in the country.

"India is clearly one of the most exciting growth markets today. Many of India's needs are synergistic with several GE businesses," GE India's CEO Scott R. Bayman has said.

"We want to leverage that breath and diversity of what we have to offer to make a compelling 'One GE' proposition."

One GE is an enterprise-wide initiative by the company to deliver solutions to customers on one platform.

Anil Chawla, who earlier spearheaded GE's commercial finance business in India and Southeast Asia, will lead the growth team. The team will work in partnership with government to accelerate its development priorities and identify areas of partnership. "We see the energy, commercial finance, transportation and advanced materials businesses as growth drivers," Bayman said. ■

Power projects to be cleared in 24 weeks

The government on August 11 decided to set 24 weeks as the timeframe for appraisal and approval of power and coal projects in the country.

"The time-bound appraisal or approval will expedite implementation of power and coal projects," Information and Broadcasting Minister S. Jaipal Reddy told reporters after a meeting of the Cabinet Committee on Economic Affairs (CCEA) that was chaired by Prime Minister Manmohan Singh.

Reddy said there was a special dispensation envisaged for appraisal of selected power projects by a committee headed by the power Secretary.

■ Cabinet okays revival of Dabhol power project

The CCEA also cleared the revival of the Dabhol power project, which had come to a standstill and was in limbo for the past four years over a tariff dispute.

Reddy said details of the cabinet decision would be announced in Parliament.

The government plans to set up a holding company with state-owned National Thermal Power Corporation and GAIL (India) Ltd. as main partners to revive the mega project and a five million tonne liquefied natural gas terminal. ■

India to set up semiconductor plants: Maran

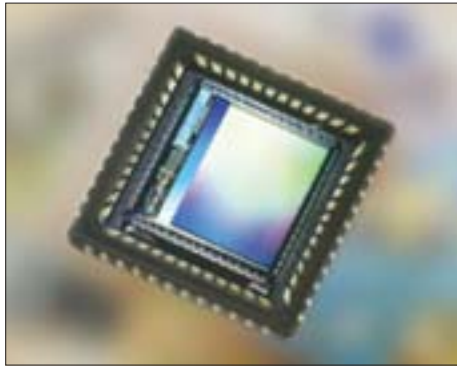
A \$4-billion project to set up semiconductor plants in collaboration with IBM and U.S.-based Indian Equipment Manufacturing Company (IEMC) is underway, Communications and IT Minister Dayanidhi Maran said on August 5.

"The process started just a week back for the project which can cost up to \$4 billion," Maran told reporters after inaugurating a computer component manufacturing unit of Xenitis near Kolkata.

"In principle, the government of India is participating in this project of IBM and IEMC... China has five such plants. We have none. We are requesting all state governments and chief ministers to come forward for the project which requires abundant supply of clean water besides technology and human resources," Maran said. "IBM will provide solutions for the project and about five units will be set up."

A semiconductor is a miniaturised electronic device, typically a computer chip for processing or memory, which controls the flow of electricity by varying conductance between two materials.

Maran said the Centre would take e-governance to every corner of rural India and, as a first step, the government is



setting up at least one computerised community service centre (CSC) for every five villages to target a total of 100,000 villages in the next two-and-half years.

"We will set up these CSCs with public-private participation beginning in October this year. The CSCs will offer cradle to grave information and act as data centres where a villager can avail of every public record beginning from his birth certificate to income tax certificate," said Maran. "They will even be able to book train tickets from there."

Maran said an undersea cable landing station will be set up to connect the Andaman Islands with Singapore, especially in view of frequent earthquakes and the tsunami. West Bengal and Tamil Nadu are competitors for the project.

"They both want the landing station. A feasibility study is on for the

project," he said.

A cable landing station is the location where a submarine cable physically lands in the country. The sub-sea cables are bandwidth providers to the country, an essential commodity for IT and ITES companies. There are currently seven submarine cables with landing stations in India, including Sea-Me-We-2 (SMW-2), SMW-3, SAFE, FLAG and i2i, with certain cables having two landing stations. ■

Outsourcing no longer central issue in the U.S.: Mulford

U.S. Ambassador David C. Mulford has said outsourcing of services to India remained a sensitive matter in his country but was no longer a central issue.

"The issue of outsourcing is still sensitive because it is linked to loss of jobs, but it is not the central issue back home," Mulford told the business community at a function organised in Kolkata on August 18 by the Indian Chamber of Commerce.

"A majority of the population in the U.S. views it as a global phenomenon. People tie it with modern technology and the intensity of the issue has declined," he said.

Mulford said private enterprise and free markets were key to long-term progress. The U.S. commitment to develop deep economic and commercial ties with India has never been stronger, he remarked.

"U.S. exports to India are up by 50 percent and India's exports to the US are up by 15 percent for the first quarter of 2005," he noted.

"We have put behind a number of troublesome commercial disputes and are working cooperatively to boost trade and investment.

"The recent open skies agreement with India is already increasing air traffic and creating new jobs, and India is finalising a large order for Boeing aircraft," he said.

The U.S. had helped facilitate a new business grouping called the CEO Forum that comprises 20 of the most prominent business leaders of the U.S. and India, he said.

"The wheels are now in motion for us to expand the U.S.-India strategic partnership, putting in place economic policies that will unleash private investment and create new jobs across India, including West Bengal."

Mulford stressed on the need for India to meet its energy requirement through renewable technologies, including civil nuclear.

Emphasising the need for regional stability through strategic and military cooperation, he said Prime Minister Manmohan Singh's recent visit to the U.S. took the bilateral relationship to an all-time high.

It was during Prime Minister Singh's visit to the U.S. the the U.S.-India CEO Forum was set up. ■



U.S. Ambassador to India David C. Mulford

Chamba

Florence of the Himalayas

Situated in the northwest corner of Himachal Pradesh that juts into Jammu and Kashmir is the scenic tourist destination of Chamba, an ancient temple town perched on a small plateau overlooking the river Ravi and surrounded by breathtaking views of the Himalayas.

Chamba is often referred to as the Florence of the Himalayas, for like the Italian city, it abounds in street and curb-

side art treasures as well as a host of magnificent temples and idols.

Located just 56 km from the famous hill resort of Dalhousie, Chamba — the headquarters of Chamba district — is well known for its splendid architecture and is a base for numerous treks.

The capital of an ancient kingdom, Chamba was founded in 920 AD by Raja Sahil Varma who named it after his favorite daughter Champavati. Sandwiched

between the Dhauladhar and Pir Panjal ranges, Chamba developed its own style of architecture and art, in the isolation provided by the lofty mountains. Much of this heritage has been preserved.

Above Chamba is one of the world's great reserve forests — the Sara-Kiri reserve, home to the nomadic Gujjars. The town is the starting point for the trek across the Sach Pass to Pangti, one of the most inaccessible areas in the country. ■

Tourist attractions

Lakshminarayan Temple: This is a cluster of six ancient temples carved in stone, with tall *vimanas*. Dedicated to both Shiva and Vishnu, these temples were built around the 8th century AD. The Lakshminarayan Temple, the oldest in this group, is richly ornamented.

Bhuri Singh Museum: A collection of fine miniatures from the Kangra, Basholi and

Chamba schools of painting is found in this museum. There are also murals and paintings from the Rang Mahal Palace, which was damaged by fire.

Chaugan: It is a large grassy meadow that forms the heart of the Chamba town and the centre of all its cultural activities. Each year, the colourful Minjar Mela celebrating the harvest is held here.

Hari Rai Temple: This 11th century temple located near Chaugan has an exquisite bronze image of the Chaturmurti — the four-armed Vishnu — enshrined in the sanctum.

Chamunda Devi Temple: Barely 1 km from Chaugan, this temple overlooks the river Ravi. Dedicated to the goddess Chamunda Devi, the temple is embellished with fine woodcarvings.

Katasan Devi Temple: Located 30 km from Chamba is this popular place of pilgrimage. The temple has a beautiful view of the Chamba Valley.

Sarol: Lovely landscaped gardens, a sheep breeding centre and apiary make Sarol, about 11 km from Chamba, an interesting place for picnics.

Jhamwar: Located amid dense forests, Jhamwar, some 10 from Chamba, is noted for its apple orchards.

Saho: Situated on a high plateau on the banks of the River Sal, Saho is famous for the temple to Chandrashekhar — Lord Shiva, with his moon crown.

Salooni: Located 56 km from Chamba, Salooni is another place with breathtaking views of the snow-capped ranges. ■

Chamba in spring



TOURIST INFORMATION

How to Get There

By Air: The nearest airport is at Chandigarh.

By Rail: The nearest railway station is at Pathankot, 122 km from Chamba town.

By Road: Well connected by road from Dalhousie.

Climate

Winter: Temperature ranges from 8 degrees Celsius to 15 degrees Celsius.

Summer: Maximum temperature is in the range of 15-38 degrees Celsius.

Best time to visit

April-November.

Where to stay

Hotel Akhand Chandi, Hotel Iravati, Mount View, Hotel Chamunda.

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

An aerial view of Chamba





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