

INDIA NEWS



(India)...”one of the leading drivers of the high-technology world and has contributed significantly to the increase in US productivity by providing Indian manpower, know-how and entrepreneurship.”

— *President George W. Bush while meeting with Deputy Prime Minister of India, Shri L. K. Advani on June 10, 2003*



Ambassador Lalit Mansingh unfurling Indian national flag as part of the Independence Day celebrations at the Embassy Residence in Washington, DC.

— *August 15, 2003*



INDIA NEWS

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Address to the Nation by the President of India, Dr. A.P.J. Abdul Kalam on the Eve of Independence Day – 2003

Thursday, August 14, 2003

What should we be remembered for?

My dear citizens of India,

On the eve of the 57th Independence Day, I extend to you my best wishes for your happiness and prosperity. My salutations to all of you at home and abroad. Let us on this occasion remember with gratitude the selfless service rendered by the personnel of the armed forces and also those of the para-military forces, who guard our frontiers on the land, at the sea and in the air.

Let me dedicate this Independence Day broadcast to those great souls who pioneered the Independence movement. We remember them with reverence and gratitude, not for their religious, political, language, caste and creed affiliations, but for the 90-year saga of sacrifices to realise the singular and noble vision of heralding an independent India.

What should we be remembered for?

Let us for a moment pause to reflect what it is that for which we would like to be remembered by the future generations. Will we be remembered for how many churches our generation has added, will we be remembered for how many mosques our generation has added, will we be remembered for how many temples our generation has added or will we be remembered for how many gurudwaras our generation has added? No, not at all. We will be remembered only if we give to our younger generation a prosperous and safe India resulting out of economic prosperity coupled with our civilizational heritage.

At this point of time I would like to share with you an experience which I had at Raj Bhavan, Srinagar during my recent visit to the three regions of Jammu

& Kashmir. A number of children from different schools of the city and neighborhood interacted with me and sang with me the national anthem. At the end of our interaction, three students approached me and introduced themselves. One was a Hindu girl, second was a Muslim boy, and third was a Sikh boy. They asked me - "Mr. President, please tell us now when will we become prosperous, free from poverty and fear of terrorist attack? Allow us to go on a mission to penetrate the minds of the extremists and bring about unity of minds." These children represent the 300 million strong youth of the nation. The questions of the students engulfed me, resulting into a poetic verse:

"Oh Almighty, create thoughts and actions in the minds of the people of my nation, so that they live united.

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Ambassador Lalit Mansingh reading President Kalam's address to the nation on the eve of Independence Day during a celebration at the Embassy Residence in Washington, DC — August 15, 2003



PRESIDENT KALAM'S ADDRESS

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Light the minds of the religious leaders of my country to evolve a bridge among religions with compassion and love.

Embed the thought 'Nation is bigger than the individual or party' in the minds of the leaders.

May God, bless my people to work and transform the country into a prosperous nation in a decade."

Aspirations of people

In one year's time I visited 23 States and three Union Territories. I interacted with various cross sections of people; and exclusive dialogue with Members of Parliament and legislators of certain states and also presented the developed India plan to the joint session of the Parliament in Feb 2003.

The dialogue with the people, and written responses from many citizens gave me an insight into the aspirations of the people to get into action of transforming India into a developed nation, in less than two decades. Whether it was a remote village in Kerala, or a far away rural set up in Nagaland or Uri in J&K the area close to Line of Control, I would like to emphatically state that the feelings and aspirations for prosperous India are the same.

Our Strengths

For India to become a developed nation, we must give thrust to the Nation's core competencies. The GDP has to grow annually by 8 to 10% with consistency over years instead of the current 5%. This year, it is reassuring that our economy in three sectors — agriculture, manufacturing and service are in the ascent phase. If we put united efforts to keep up the momentum we can reach 8% growth rate in about a year. We should ensure that the benefits of this growth should reach the economically weaker sections of the society.

We should reinforce our gains in the agriculture, power, ICT, industrial and education sectors, space, nuclear, and defence technologies, chemical, pharmaceutical and infrastructural industries, oil exploration and refining, and more importantly on the critical technologies.

When we are consolidating our strengths, we should develop increased safety consciousness to prevent loss of valuable human and material resources in road, rail, air, power, industrial and other accidents. The relief mechanisms have to reach the accident sites at right time.

The core competencies, resources and safety consciousness should be the basis on which the country can embark on a national mission for transformation.

Vision to Mission

We need to evolve and develop specific integrated missions sector-wise to take the country forward on the path to self-sustaining development. These missions will provide the thrust for the realization of developed India in a time bound manner. They will also provide large scale employment opportunity for the youth through creation of various types of industries and enhancement of the national infrastructure. I would like to discuss five specific missions.

Networking of Rivers

First mission on the Networking of Rivers is under active consideration of my Government and from the task team evolving the plan of action; we must move on to a mission mode programme including the ecological enhancement plan for executing the project. This mission will eliminate the periodical problem of drought and floods experienced in a number of river basin states and provide both water and power security. In addition nation has to embark on water harvesting and desalination of sea water as national missions.

Quality Power

Availability of high quality uninterrupted power should be ensured at an affordable price, which is key to economic growth. This is our second mission. The existing capacity of about 100 thousand Megawatts would need tripling by the year 2020. To achieve it, apart from hydel, thermal and nuclear power systems, we need to give thrust on sustainable energy resources like biomass, wind and solar farms of 800 to 1000 MW capacity and efficient transmission and distribution.

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Providing Urban amenities in Rural Area (PURA)

Providing urban facilities to rural areas is another important mission about which I have talked to you earlier. In the long term interest, it is necessary for us to make the living in the villages attractive proposition for our people by reinforcing the rural habitat and providing modern economic linkages. To achieve this, economically viable cluster of villages have to be created through a mission mode programme into physical, electronic, and knowledge connectivities, leading to the self sustained economic prosperity for the groups of villages. It is essential that PURA has to become a business proposition to be run by small scale industrialists, entrepreneurs, and societal establishments.

Information and Communication Technology (ICT)

Mission of Information and Communication Technology (ICT) and related services is one of the wealth generators for the nation. We should aspire to increase the business volume by 15-20 times in ten years duration. The benefit of ICT must reach all parts of the country through telemedicine, tele-education and e-governance. We have to embark on creating ICT infrastructure and developing knowledge products to promote selective self reliance in the ICT Sector and thus achieving a competitive edge globally.

Tourism

With vast civilisational heritage of the country, from the Himalayas to Kanyakumari, J&K, Central India, North Eastern states, Bihar, Western States, the large coastal line, Andaman Nicobar and Lakshadweep Islands have a lot to attract the tourists. After my visit to almost all the regions of the country, I have realised that the tourism industry has a tremendous potential for wealth generation and should operate as our fifth mission with higher targets. To succeed in this mission the infrastructural requirements are very essential and are to be improved. Thrust is required to be given for the inland water navigation, hotels, communication and tourist promotion. If we promote sustainable tourism, it will become India's core competence.

These mission areas need action and will provide the multiplier effect and give the necessary momentum to all sectors of the economy.

Enriching the village life

During my visit to rural areas in certain States, I realized that hard earned money of the rural people, instead of being deployed for the education of the children and environmental improvements including their habitat, was being wasted in undesirable practices like alcoholism and other addictions. In certain States I realized that the ratio of male and female was not proportionate. These prompted me to evolve a declaration in consultation with the rural population for administering it to the village citizens. They participated in it with enthusiasm. The oath for enriching the village life is as follows:

- Children are our precious wealth
- We will give equal importance for male and female children in providing education and rights for growth of our society.
- Earnings come out of hard work. We will not waste it in gambling and liquor. We will become the role models for our children.
- We need to tell our children about the importance of education as learning gives knowledge and knowledge makes the children succeed.
- We need to jointly protect our forest and prevent pollution.
- We will plant at least five trees/saplings.

It is essential that, the reputed leaders and social workers while visiting the rural areas can administer this oath in a similar way. Social workers, women self-help groups and non-governmental organisations have to take up this task as a mission. For India to develop we need vibrant villages.

Challenges

Divisive forces use terrorism as a tool in the name of ethnic groupism, religious fundamentalism and sometimes political ambitions as a rationale for terrorism leading to conflicts among the nations. People are used as war tools. Within the next two decades, we will encounter a totally new situation of acute shortages of water, energy and minerals.

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PRESIDENT KALAM'S ADDRESS

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No single nation will be able to handle the situation by itself. Humanity will require mega missions for harnessing solar energy, drinking water from sea water through desalination process and bringing minerals from other planets. In such a situation, the present reasons for conflict will become insignificant and unwarranted. I call upon the neighbouring countries to see this perspective and have a bigger vision. India has definitely taken a significant peace initiative with all its neighbours. The recent visit of Prime Minister to China definitely paves the way for resolving certain outstanding issues.

Recent terrorist attack in J & K through suicide bombing resulting in number of casualties, of both service and civilian personnel, is a cause for serious concern. No religion had mandated killing others as a requirement for its sustenance or promotion. These cowardly acts borne out of utter frustration deserve severe condemnation and actions for preventing recurrence of such events.

Tasks before us

I am convinced that developed India 2020 vision transforming into a mission is a national challenge and requires nationwide participation. While my government is committed for such missions, every citizen of India should ask in what way he or she can contribute to these missions directly or indirectly. It is difficult to spell out all specific possibilities of tangible contribution by our citizens. I would like to mention a few here as examples:

Educationists should build the capacities of spirit of inquiry, creativity, entrepreneurial and moral leadership among the students and become their role model. Today the professional education is becoming a commercial venture. It is not affordable for even middle class people, what to talk of people below poverty line. The State governments, universities and the management of educational institutions should review, streamline the admission process and bring down the cost of education without sacrificing the quality. Education is enlightenment; it is not trade.

In the health sector, the major challenge is to develop Anti-HIV/AIDS vaccine to prevent further

spread of the disease. Another humane issue is to ensure that HIV affected children are not discriminated in schools and hospitals. It is essential that voluntary organizations and religious leaders of the locality provide a humane touch to these members of the society by removing the fear from the minds of the people. Can we dream and act for a HIV free India?

The farming community needs to increase their productivity through the mission Second Green revolution using technological advances. Also dry land cultivation needs a thrust. The large-scale industries have to increase their productivity and quality so that the market share can be increased for economic growth and GDP. They should aim to become multinational companies and global leaders.

Judiciary is a prime pillar in our democratic set up and should be able to administer natural justice with speed and nobility.

Media has to become a partner and positive critic in national development and celebrate the individual successes and the collective efforts of rural India.

Governmental tasks

The Government, with the support of R&D labs, can provide technological upgradation to small-scale industries and remove procedural and systemic bottlenecks in executing missions. Actions emanating from the Government in all their public dealings should become fully transparent through E-Governance.

Parliamentarians and Legislators belonging to each constituency should become mission facilitators for their constituency and also resolve inter/intra - constituency conflicts. I am reminded of a Tamil epic which provides the code of conduct for the people in high and responsible positions:

அரசியல் பிழைத்தோர்க்கு அறம் கூற்றாவதும்
- சிலப்பதிகாரம்

From Silappathikaram

(Aara-Sial Pizai-thourku Arram Koo-traa-vathum)

It means, people who are in high and responsible positions, if they go against righteousness, the

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Address to the Nation by the Prime Minister, Shri Atal Bihari Vajpayee from the ramparts of Red Fort on the occasion of Independence Day

August 15, 2003

New Delhi

Dear countrymen,

My hearty greetings to all of you on the sacred occasion of our Independence Day.

Each year on this day, we gather at the Red Fort and unfurl our beloved Tricolor. The Tricolor is a symbol of our freedom, of our self-respect, and of sacrifices and martyrdom.

People belonging to the older generations would certainly remember the time when young boys and girls would form themselves into small groups, take the flag in their hands, and go around villages and city streets singing, Vijayi Vishwa Tiranga Pyara, Jhanda Uncha Rahe Hamara. (May our beloved and victorious Tricolor fly high in the world.)

Today we bow our heads in homage to the memory of all the leaders, fighters, and martyrs of our Freedom Struggle.

My greetings to all the jawans of the three Armed Forces and to the security personnel. We gratefully remember those brave soldiers who laid down their lives while guarding our frontiers or in the battle against terrorism.

This year the festival of freedom has arrived bringing the message of good rains in most parts of the country. We hope that the areas, which have not yet received adequate rainfall, would do so.

The last year went by in grappling with the crisis of drought. We assisted all the drought-hit areas to the fullest extent, sent adequate foodgrains there, and ensured that there was no hunger anywhere. We also took care of the mute cattle.

Felicitations to our farmers, who with their hard work, have filled the granaries in the country.

Felicitations to our industrious workers, skilled



managers, and far-sighted businessmen, whose successes have attracted the attention of the entire world. Today, India's economy has grown to be the fourth largest in the world.

Greetings to all scientists, teachers, litterateurs, artistes, and to dear children.

Felicitations to all the people of Indian origin living abroad. They have made a remarkable contribution to raising India's stature in the world. We are proud of them.

Today, we offer our salutations to Mother India, whose children we all are. Whatever be our religion, caste, region, or language, we all are one. This unity is our strength.

We should cherish the diversity that underpins

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PRIME MINISTER VAJPAYEE'S ADDRESS

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this unity. But we must, under all circumstances and at any cost, keep our national unity and integrity intact. This is the most important message of Independence Day.

Sisters and brothers, this is the sixth consecutive time that I have been speaking to you from the ramparts of this historic Red Fort. This has been possible only because of your affection and support.

The dream of India as a great nation, which we had seen during the Freedom Struggle, continues to inspire us even today. To some extent, this dream has been realized. Yet, a lot more remains to be accomplished.

Despite all the hardships, and braving all the challenges in these fifty-six years, India is standing in the world with her head held high.

The nation's security is supreme to us. India cannot be dependent on others for her security. Therefore, the first act of my Government five years ago was to make India, for her self-defence, a nuclear weapons state.

The world is changing. New challenges are emerging before us. We have to make India stronger both economically and socially.

In the past five years, India's prestige in the world has gone up, thanks to our pro-active foreign policy. The international community's way of looking at us has undergone a big change. The world is now recognizing India:

- As the world's largest democracy;
- As an emerging global economic power;
- As the confluence of a modern nation and an ancient civilization;
- As a powerful country, dedicated to the ideal of peace.

Sisters and brothers, it is our policy to establish friendly and cooperative relations with all our neighbors. We believe in resolving all disputes peacefully. Our frequent initiatives to normalize rela-

tions with Pakistan are not a sign of our weakness; rather, they are an indication of our commitment to peace.

In recent months, there has been some progress in normalizing relations with Pakistan. Nevertheless, terrorist activities are still continuing. The test of our neighbour's sincerity lies in whether he is prepared to stop cross-border terrorism totally.

We hope that Pakistan abjures its anti-India outlook. The people of both countries wish to live in peace.

I have been telling our Pakistani friends that we have spent fifty years fighting. How much more blood is yet to be spilt? The two of us need to fight against poverty, against unemployment, and against backwardness.

We should increase trade and economic links between our two countries. When we share a two thousand kilometer long border, it makes no sense for us to trade via a third country.

Let people travel to and fro. Let more and more elected representatives visit each other's country. Let us expand bilateral cultural relations.

Let us open some new doors, new windows, and new light-holes in the walls that divide us.

The love that the two-year-old girl Noor from Lahore received in India carries a message, which our friends in Pakistan should understand.

On the occasion of Independence Day of both our countries, I invite Pakistan to walk together with India on the road to peace. This road is decidedly bumpy. There are even mines strewn along this path. Yet, once we start walking, we will find the hurdles getting out of our way.

I had gone to Srinagar a few months back. I'm going there again at the end of this month. The atmosphere there is changing.

Last year, from the ramparts of this very Red Fort, I had declared that elections in the State would be held on time, and that they would be free and fair. Not everybody believed in it then. But, we fulfilled our promise.

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The free elections there have yet again demonstrated the fact that the people of Kashmir have rebuffed terrorism from across the border.

The people of Jammu, Kashmir and Ladakh have faith in democracy. They want peace. They would like to see happiness return to their lives.

Those people who, while talking about Kashmir, advocate the right to self-determination, wish to divide India on communal lines for the second time. They will not be allowed to succeed in this.

This year, more than one lakh tourists went to Kashmir. There was a large turnout of pilgrims going on the Amarnath yatra. Nearly six thousand students from different parts of India are today studying in Kashmir. Next week, we shall launch mobile telephone services in the State.

The knotty issues in Jammu and Kashmir can be unraveled only through dialogue. We shall take forward the efforts that have been initiated in this direction. People who have been uprooted have to be resettled in their homes.

Dear Countrymen, the progress that India has made in recent years has given me new hope and confidence.

- An India, which was used to borrowing from abroad has started lending to others.
- An India that was perennially troubled by a paucity of foreign exchange, has today accumulated nearly US \$ 100 billion of foreign exchange reserves.
- The prices of essential commodities are under control. There is no shortage of anything in the market.
- Poverty is declining. It is our resolve to eradicate it faster.

There are no waiting lists now for telephone or gas connections. The number of mobile phone users has gone up from 8 lakh to 1.5 crores. In the coming year, 1.5 crore more mobile customers will be added.

We are all aware of the poor condition of our roads. Even fifty years after Independence, there were nearly two lakh villages, which were unconnected by proper roads. For the first time, the

Centre has started the Pradhan Mantri Gram Sadak Yojana to connect them with good roads.

In the first five decades of Independence, only 550 kilometers of four-lane highways were built. In other words, only 11 kilometers a year. Now, we will build 24,000 kilometers of highways at the rate of 11 kilometers a day.

The Rs. 54,000-crore National Highways Development Project is progressing rapidly. Three lakh people are working on it everyday. Next year, this number will go up to six lakh per day.

Lakhs of young Indians have got attractive employment in the field of computers. Sitting in our cities, they are providing services to hospitals, factories, and offices in various countries. Software exports have zoomed from Rs. 8,000 crore to nearly Rs. 50,000 crore.

Our country is now ready to fly high in the field of science. I am pleased to announce that India will send her own spacecraft to the moon by 2008. It is being named Chandrayaan I.

We have increased the amount of lending to agriculture and related sectors. Interest rates have been reduced. We shall soon constitute a National Kisan Commission to encourage new experiments in farming, promote investments in agriculture, and study the various problems faced by our farmers.

The Green Revolution and the White Revolution of previous decades have imparted much strength to Indian agriculture. Now India needs a new revolution – the Food Chain Revolution. Its aim is to achieve a doubling of the average income of the Indian farmer by 2010. An important part of this revolution is to reduce wastage of foodgrains, fruits and vegetables worth thousands of crores each year.

Based on the success of Kisan Credit Cards, we have decided to provide credit card facility to all eligible artisans, weavers, and fishermen. The rate of interest on loans given to them will be reduced to 9 percent a year. A contributory insurance scheme will also be started for their benefit.

Under the Antyodaya Anna Yojana, 1.5 crore poor-

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est families in the country are being given 35 kilos of foodgrains each month at the rate of Rs. 2 a kilo of wheat and Rs. 3 a kilo of rice. Never before were foodgrains provided at such cheap prices. This is the largest food security program in the world.

With the launch of the Sarva Shiksha Abhiyan, no child, especially the girl child, will be deprived of primary education. To implement this program effectively, 2.5 lakh new teachers will be appointed this year itself.

The Mid-Day Meal Scheme for children up to class five is going on in some States. Now, we have decided to run it throughout the country. Later, this will be extended to students up to class ten. This National Program will be known as "Akshaypatra". I appeal to voluntary organizations, religious establishments and women's self-help groups to come forward to implement this program in an effective way.

I know what people in under-developed States have to suffer due to the lack of good hospital services there. Therefore, under the Pradhan Mantri Swasthya Suraksha Yojana, six new hospitals with modern facilities, like those available at AIIMS in Delhi, will be established in backward States in the next three years.

Friends, for decades a debate was going on about a project to link our rivers, as a way of freeing India from the curse of floods and droughts. Now we have taken up this challenge. I am pleased to inform you that work on two river-linking projects, with the cooperation of State Governments, will be taken up before the end of this year. We will mobilize necessary resources for these projects.

Never before had housing construction taken place at the kind of speed witnessed in the past five years. Never before were housing loans available at such low rates as now. Lakhs of people have got employment in the housing sector.

India has limitless potential in tourism. Take the case of this historic Red Fort itself. It has been taken up for comprehensive restoration for the very first time in its 350 years. I can see that a

beautiful garden is coming up in the ground in front of me. It can be befittingly called the "August 15 Park".

I would like you too to emulate this example by undertaking such beautiful projects for the conservation of heritage in your own village or town.

The over-riding objective of our policy of economic reforms is just this: We want to create a dynamic economy that not only succeeds against global competition, but is also caring and compassionate towards the poor and the neglected.

We express our condolences for those who have become victims of untimely death in recent mishaps and natural calamities.

Sisters and brothers, the hands of young Indians are today scripting India's bright future. An ancient nation with a history of several thousand years has once again become a Young Nation and is all set to create a new history.

Today, in this nation of a 100 crore people, 60 crore are less than thirty years old. This generation is better educated than any generation in the past, and more ambitious than any generation in the past. It is a generation that has made up its mind not to fall behind anyone in the world in this age of competition.

Today, the doors of opportunity are opening up for our young people all over the world. These opportunities will only increase in the coming years and decades. Therefore, we should educate our youth in science, technology and other new disciplines from now itself.

I appeal to all, that we listen to the heartbeats of this Young India; that we understand the dreams of this Young India; that we encourage this Young India in every way possible; and, that we give proper guidance to this Young India.

Countrymen, today there is a paramount need that we maintain peace in our society and strengthen the bonds of brotherhood. Development requires peace, goodwill and mutual cooperation. Those who wish to divide the society on the basis of religion, caste or community are doing harm to the country.

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India is a multi-religious nation. It is against both its nature and culture to practice discrimination or to do injustice to anybody on the grounds of faith. We should always care for the minorities and be attentive towards their welfare.

Peace talks in the North-Eastern States are yielding positive results. The hands that took up the gun now wish to participate in the development of their region. The Government is ready to welcome them.

Friends, it is our responsibility — the responsibility of the Government as well as of the society — that we provide equal opportunities to our brethren belonging to the Scheduled Castes, Scheduled Tribes and Backward Classes and make them partners in the system. To ensure that economic and social justice fully reaches them is not only our Constitutional duty but also our moral obligation.

We have removed the difficulties that had cropped up in the proper implementation of the policy on reservations. Untouchability in our society is on the decline. However, we have to completely remove this blot.

We have established a new ministry for the development of Adivasis. We have also set up a separate Commission for them. For the first time in fifty years, the list of Scheduled Tribes has been revised and over a hundred new communities have been added to the list.

Friends, after the experience so far, I have come to the conclusion that there is an imperative need for greater commitment and accountability in our system of governance, which has the responsibility of implementing policies and decisions. There is delay in government offices even for getting the right work done. Delays breed corruption.

My Government is prepared to fight corruption at all levels. We have decided to enact the Lok Pal Bill, which had been pending for several decades. In spite of opposition from some people, I have personally brought the Prime Minister within the ambit of its investigation, so that you can even book your Prime Minister if he commits any wrong.

Stringent steps are being taken against economic offenders.

Sisters and brothers, the Government of the Na-

tional Democratic Alliance has completed five years. All the previous experiments in running coalition Governments at the Centre had failed. We have succeeded.

Today there is a tremendous hunger for development among the people. They want such a stable government which is determined to improve their living conditions and also capable of doing so.

In our polity today, there is, on the one hand, a growing trend towards wanting to work together, but, on the other hand, there is also a scenario of disarray.

Our States have governments of different political parties. The Centre has established cooperative relations with them. Political discrimination on account of ideological differences is unacceptable to us.

The proposal to reserve 33% seats for women in Parliament and State Legislatures, as a means of women's empowerment, has now become a national resolve. Today, there are over 10 lakh women members in our panchayats and municipal bodies. I congratulate them for their good work.

However, it is regrettable that it has become difficult to pass the Bill for Women's Reservation in its original form because of a lack of consensus in Parliament.

Now a new proposal has been brought forward that seeks to create 33% double-member seats, in which one of them is reserved for women. This is a practical suggestion. All the supporters of women's reservation should consider it with a positive outlook. If there is any other suggestion on which a consensus is possible, the same should be implemented. There should be no further delay in realizing this goal, for which our sisters have been waiting for a long time.

Dear Countrymen, today the nation is at such a turning point from where it can take a big leap forward. The yearning to achieve the lofty vision of making India a Developed Nation by 2020 is gathering strength all over the country.

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In just one generation, India can be liberated from the curse of poverty, unemployment and underdevelopment. This is not a daydream. It can be turned into reality. Many countries in the world have demonstrated it.

Look behind a little. India has marched forward by overcoming many a formidable crisis. Today, when the era of resurgence has arrived, why should there be any doubt in anyone's mind?

What is needed is only this:

- That all of us move together.
- That all of us move with discipline.
- That we adopt a new work culture.
- That we work with a long-term perspective.

When this ancient and great nation combines talent and hard work, and strives its utmost in pursuit of a common vision, it will certainly succeed in building a bright future for itself.

Nearly 40 years ago I had written a poem, from which I would like to present a few lines to you.

*Together, we have to march
Obstacles will come, let them.
Dark clouds of apocalypse will gather, let them.
Even if embers smolder under our feet,
Or flames rain over our heads,
Smilingly, we shall light the fire
With our own hands, and burn,
But together, we have to march.
In laughter or in grief, in hurricanes,
In immortal sacrifices beyond count,
In greens or in ruins,
In insults or in accolades,
In pain, too,
We have to thrive
Heads held high, hearts swelled with pride.
Together, we have to march.*

Thank you.

Sisters, brothers and dear children, join me in saluting:

Jai Hind! Jai Hind! Jai Hind!"

Meeting of the India-US Defense Policy Group

August 7, 2003

Washington, DC

THE India-US Defense Policy Group (DPG) met in Washington on August 6-7, 2003. This was the 5th meeting of the DPG and the 3rd meeting since December 2001. The DPG was headed on the Indian side by Defense Secretary, Shri Ajay Prasad, and from the US side by the Under Secretary of Defense for Policy, Mr. Douglas Feith. In addition to the meeting of the DPG, Mr. Ajay Prasad also called on the US Deputy Secretary of State, Mr. Richard Lee Armitage and General Richard Myers, Chairman, Joint Chief of Staff of the US. Secretary of Defense, Mr. Donald Rumsfeld also dropped in at the meeting of the DPG where he spoke of the strategic significance of India and the value of closer India-US defense relations.

The DPG is the apex body for a structured dialogue with the United States for cooperation in the field of defense and security issues. It reviews, provides policy guidance and approves activities of the various bilateral groups under the DPG dealing with military to military cooperation, defense acquisitions, production, etc. and cooperation in the sphere of research and development. The DPG also provides a forum for high-level policy dialogue on security perspectives. It brings to the table a large number of components of defense establishments of both countries.

It is a matter of satisfaction, and an indication of the rapid growth and promise of India-US defense relations, that this was the third meeting of the DPG in less than two years. It reflects the convergence of security perceptions in many areas and a commitment of both sides to enhancing cooperation in the area of defense.

The 5th meeting of the DPG took place in a very cordial and cooperative atmosphere. The progress of military to military cooperation since the last DPG was reviewed. Satisfaction was expressed on the various bilateral exercises involving US and Indian forces in 2002 and 2003 such as the air-

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Democracies against terrorism: India-US Cooperation

Address by Mr. L. K. Advani, Deputy Prime Minister of India at
Chicago Council on Foreign Relations

June 12, 2003

I AM pleased to have been invited to address such a distinguished gathering of scholars at one of Chicago's most prestigious academic institutions.

I am particularly thankful to Dr. Marshal Bouton for having organized this event. For many decades now, including during his long stint at the Asia Society, Dr. Bouton has been an indefatigable advocate of closer Indo-US relations. We recognize him as a great scholar and one who has done much to promote understanding and cooperation between India and the United States.

Recalling Swami Vivekananda's association with Chicago

Chicago has particular significance in the history of India's relations with United States. It was here that 110 years ago, Swami Vivekananda, India's great messenger of spiritual unity and cultural solidarity of mankind, participated in the World Parliament of Religions.

The young and brilliant Swamiji enthralled his audience with his great wisdom. His stay in this unfamiliar city was, however, not without difficulties. Many American friends helped him out, including the Hale family of Chicago, whose house became his permanent home in this city.

When Swami Vivekananda pleaded that he did not possess the necessary documentary credentials to ask the sun if it has the right to shine.

Over the last century or so, the message of Swami Vivekananda, in its wisdom and strength, has permeated many facets of Indo-US relations. It may interest our American friends to know that Swamiji wrote a beautiful poem "To the Fourth of July" on the anniversary of the American Declaration of Freedom. I quote here a few lines from that poem:

*All hail to thee, thou Lord of Light!
A welcome new to thee, today,
O Sun! Today though Sheddest Liberty!
Move on, O Lord, in thy resistless path
Till thy high noon o'erspreads the world
Till every land reflects thy light,
Till men and women, with their uplifted head,
Behold their shackles broken, and
Know, in springing joy, their life renewed*

Therefore, Distinguished Friends, our relationship has been bound by our common commitment to freedom, democracy, tolerance and the rule of law. These committed and shared values have helped us tide over turbulent times. Today, they form the bedrock of a vastly expanded partnership for the future.

Convergence of views and interests in the post – Cold War era

It is true that, for several decades after India became a free nation, the relations between our two countries did not fully conform to our shared values or to our common commitment to democracy. The Cold War cast a shadow over Indo-US ties. Now that the Cold War is well and truly a closed chapter in world history, let academics examine and debate who in the US and India did what and why. Forward-looking politicians, policy-makers and other stakeholders are more interested in the present realities and future opportunities. And as I have often stated during my current tour, not only have Indo-US ties turned unrecognizably for the better in the past few years, but the prospects for the future look even brighter.

Yes, there will always be difference over this or that issue between two sovereign nations. But the convergence of our interests and views has now reached such critical mass that it has clearly begun to outweigh our differences.

See ADVANI'S CHICAGO COUNCIL ADDRESS, Page 12



ADVANI'S CHICAGO COUNCIL ADDRESS

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Both India and the United States have been the prime targets of international terrorism, although our country has suffered its barbaric deeds for a much longer time — for over two decades. More than 60,000 of our citizens, including two Prime Ministers have fallen victim to this scourge.

Prime Minister Shri Atal Bihari Vajpayee, addressing the US Congress in October 2000, had said that “distance and geography” provide no nation any immunity against international terrorism. The very next year, the horrific incidents of September 11 took place in the United States. For the first time, these incidents brought the menace of terrorism to the forefront of American — and global — consciousness. On December 13 of the same year, our Parliament, the seat of our democracy, was attacked by terrorists from across the border.

What was earlier dismissed as a tactical nuisance quickly came to be seen as a strategic threat seeking to undermine the very foundations on which the American society is built.

The Ideological and operational source of terrorism

It is now well known that, both ideologically and operationally, the main source of international terrorism lies in India's western neighbourhood.

Pakistan had long been, and continues to be, a source of terrorism primarily against India, but whose reverberations are also left elsewhere. Many groups based in Pakistan carrying out terrorist activities against India have links with Al Qaida. That is why I have often said that India and the United States are threatened by the same source of terrorism. I am told by my American interlocutors that the US Government now also perceives these links.

It is also no secret why the planners and perpetrators of terrorism have made India and the United States their main targets. I can cite three reasons for this. Firstly, both our countries are democracies, and the ideology of terrorism abhors democracy. This is because terrorism is the very antithesis of democracy. Whereas democracy offers choice, terrorism seeks to coerce.

Secondly, both India and the United States are open societies. The main concept of an open society is alien and antithetical to terrorists, although, paradoxically, terrorist groups need and exploit those very liberties and freedoms that an open society offers, which they deny to their own people.

Thirdly, both India and the United States are plural and non-theocratic societies, which grant their citizens the freedom of faith. In contrast, those behind international terrorism hate all those who do not belong to their own faith — or, rather, to their own

narrow-minded and intolerant variant of their faith. Indeed, they exploit the name of religion to inflame sentiments. They invoke non-existent religious sanction to justify their inhuman acts, by claiming that killing and suicide attacks are meant for the greater good of their community.

This is the ideology of jihadi terrorism. This is what thrived in Taliban-ruled Afghanistan, with the active support of Pakistan. And this is what has continued to target India even after the fall of the Taliban regime.

Friends, if India had been the



L.K. Advani, Deputy Prime Minister addressing the press during his recent visit to Washington, DC. India's Ambassador Lalit Mansingh and the Deputy Chief of Mission, Mr. Alok Prasad are also seen in the picture.

— June 10, 2003

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target of only a few non-state terrorist organizations from across the border, we could have dealt with them relatively easily. The truth, however, is that support to such organizations has, since the early 1980s, become a matter of our neighbour's state policy. No civilized nation can justify support to terrorism — support to killing of innocent children, women and men in thousands — on any ground. But Pakistan has been doing precisely that.

The truth about Kashmir

And Pakistan has been doing so by invoking the issue of Kashmir. Why and how this is being done, is well known to this distinguished audience. Suffice to say, by quoting from an apt formulation by a scholar, that “Pakistan regarded partition of 1947 as “necessary and inevitable but fundamentally incomplete (without the incorporation of Muslim-majority Kashmir), while India regarded partition as unnecessary and tragic, but fundamentally complete”.

Since three open wars could not secure Kashmir for Pakistan, its rulers thought of support to cross-border terrorism as a way of bleeding India and eventually achieving their aim. Which is why, terrorism in Jammu & Kashmir was advertised as a “freedom struggle”. The futility of this dangerous course is now more clearly known than ever before.

The strongest rebuff to Pakistan's claims on Kashmir has come from the recent successful elections in the State of Jammu & Kashmir. It is a tribute to the people of Jammu & Kashmir that, in spite of facing not only threats but bullets, and notwithstanding open calls from across the border for boycott of the polls, they came out in large numbers in exercise of their right to vote. It was also a tribute to India's democracy. I may, in all modesty, add that these elections which have been hailed across the world for their free and fair nature.

My esteemed friends, India lives in what has often been described as a tough neighbourhood. In spite of being a target of relentless terrorism from across our border, we have once again offered the hand of friendship to Pakistan. We hope that it sincerely implements its own promise of putting a complete halt to cross-border terrorism against India and dismantles the terrorist infrastructure, which it has fostered over many years.

To our north, Maoist insurgents operate with impunity and with devastating consequences for friendly Nepal. This has implications for our own security, as India and Nepal have open borders. To our east, insurgent groups from India have sought refuge in Bangladesh and Myanmar and receive support from some elements in these countries that are inimical to India. We are cautiously optimistic of the peace process in Sri Lanka but the threat of terrorism in that country has not receded.

This terror network extends beyond India's immediate neighbourhood. Groups based in Afghanistan and Pakistan are reported to have operational and financial ties with terrorist outfits in the Middle East and South-east Asia. These have been reports of contacts between the Maoist insurgents in Nepal and the Shining Path guerillas in South America. We are, thus truly faced with the threat of global terror.

India's efforts to fight terrorism

In March 2002, the Indian Parliament enacted the Prevention of Terrorism Act (POTA). It is a comprehensive piece of legislation, designed specifically to tackle terrorism and compares well to the US Patriot Act. Apart from POTA, India has at least eleven other pieces of legislation dating from the Indian Penal Code of 1860 under which unlawful or criminal acts which may amount to terrorism can be dealt with.

The Indian legislative framework also provides for a number of laws, regulations and administrative arrangements to deal with illegal financial flows and financial transactions suspected to have linkages to serious criminal activities. In order to strengthen the control over financial and terrorist networks, POTA defines “proceeds of terrorism” in a broad manner to include all kind of properties which have been derived or obtained from the commission of any terrorist act, or even acquired through funds traceable to a terrorist act.

In addition to domestic legislation, India has used a number of bilateral, regional and international mechanisms to address the menace of global terrorism.

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Indo-US cooperation in fighting terrorism

I now come to Indo-US cooperation in fighting terrorism. There is now profound realization in both countries that the survival of the values that we cherish depends critically on a firm and uncompromising posture towards all forms of terrorism, wherever it rears its head.

India and the United States established a Joint Working Group in Countering Terrorism in early 2000. Five meetings of the Group have been held so far. The Joint Working Group has proved to be a useful mechanism for exchange of information, intelligence sharing, anti-terrorism training programmes, etc. and for strengthening institutional links between crime prevention agencies in the two countries.

In the JWG, there is an effort to explore ways of intensifying exchange of information, especially regarding review of threat perceptions, early warning, cooperation of administrative and judicial matter to prevent and suppress the commission of terrorist acts and to facilitate action against perpetrators of such acts. While these efforts have been useful and important, this area calls out for greatly expanded cooperation between our two countries have been held at the expert level.

Apart from the JWG and the Cyber Terrorism Forum, issues relating to the fight against terrorism figure in almost all bilateral discussions between India and the United States, including at the highest level.

Over the last two decades, India has consistently sought to prioritize the need to combat terrorism in international forums, particularly in the United Nations. India is a party to all the 12 international terrorism at the 51st session of the UNGA. India and the United States subsequently worked closely together in producing a jointly acceptable draft, which has the support of the G-8, the European Union and several Asian, African and Latin American countries.

We believe that an early conclusion of this comprehensive convention will send a strong political signal of the commitment of the international com-

munity to address terrorism. The opposition to this initiative has come from a group of nations which would not surprise anyone.

Even as India and United States pursue the campaign against terrorism, our two countries continue to build on the progress we have made in other areas. We have been engaged in intense cooperation in a wide spectrum of areas including defense and missile defence, commercial and economic cooperation, science and technology and the new frontier areas of space cooperation, civilian nuclear cooperation and high technology trade. Faster progress in these areas will further deepen the broad political support that exists in India for better US-India relations, just as I am told that bipartisan consensus exists in the US for better relations with India and all sections of US society are represented in this consensus.

Stronger Indo-US relations: Imperative for the future

It also seems to me that a fundamental change has taken place in US perceptions of India – India is no longer seen as confined to South Asia but central to the Asian balance of power. Our relations should be based on an increasing convergence of our interests. While we acknowledge this in the abstract, I think both sides could do better in showing greater sensitivity to each other's fundamental concerns.

Stronger India-US relations are an inescapable imperative for the future. We have many common interests: stabilizing the Asia-pacific region; countering terrorism, religious extremism and narcotics trafficking; dealing with the possibility of failures of states in the region; ensuring access to energy resources and reserves in Asia, maintaining freedom and security to sea-lanes in the region; preventing and countering proliferation of weapons of mass destruction and delivery systems, which has acquired new meaning in view of the possibility of their acquisition by the terrorist groups; and advancing economic stability and prosperity in these uncertain times.

As the two largest democracies in the world, India and the United States have a special responsibility for the maintenance of global peace and stability. We owe it to ourselves and to the rest of the world.

I thank you.



Deputy Prime Minister Mr. L.K. Advani's address at the World Affairs Council

June 11, 2003

Los Angeles

I AM delighted to be amongst you today at the World Affairs Council, Los Angeles, and to have this opportunity to share a few thoughts with such a distinguished gathering.

I am especially pleased that I have been able to come to the West Coast during my current visit to your great country. The West Coast of the United States is a testimony both to the immense diversity of your country and to the distinctive strengths of its diverse regions. Thanks to Hollywood, we in India, like the rest of Asia and the world, are familiar with this part of the United States. But from a geo-political point of view also, the West Coast has a special relation to Asia. It is a reminder that the United States is not only an Atlantic nation linked to Europe, but also a Pacific nation linked to Asia. I am mentioning this because it has an important bearing on the theme of my address today.

Understanding what is “strategic”

I have been asked to speak on Indo-US relations in a strategic perspective. Generally, when we use the term ‘strategic’, we intend to convey a combination of meanings. It refers to long-term goals as against immediate or short-term objectives. It refers to important missions as against relatively less weighty efforts. It calls for a forward-looking orientation, as against a weakness that often bogs nations down in problems and difficulties of the present. It demands sustained and focused attention as against episodic or sporadic consideration. Since attainment of success carries a far greater importance in a strategic undertaking as against a non-strategic one, it demands a clear roadmap and a carefully devised system of implementation.

So, is there a basis for a strategic perspective in the relations between India and the United States? Do our two countries share a common view and a

common set of values that require us to pursue certain long-term and important goals in the 21st century and beyond? Do these goals have any significance for the needs and concerns of the rest of the world? Do we have a clear and broadly congruent understanding of these goals? Can we create a roadmap for our undertaking? And do our two countries feel strongly enough about achieving success in this undertaking.

As far as India is concerned, my answer to all these questions is in the affirmative.

Two Natural Democracies

We are two large and populous countries in the world. Naturally, all big countries with significant populations are required to cooperate for the good of the world community. We are not only large and populous, but we also share other attributes that are important for the good of the world community. We are both democracies, a fact that has, historically, not sufficiently contributed to the depth and content of our bilateral relations. If the 20th century is going to be remembered for any one great achievement, apart from the spectacular advances in science and technology, it is the spread of freedom and democracy around the world. Totalitarian systems collapsed. Many a dictatorship got demolished.

India, unlike many other developing nations, did not have to wage a struggle for democracy. It became democratic as a natural corollary of attaining freedom from British rule. At independence, India established a democratic polity with a Constitution that enshrined the rights and liberties of people, blending them with age-old human values and a vision of social equality and justice. This early vision has blossomed into a firmly rooted, secular, federal, multi-party political system. People talk of

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India's democracy with a sense of wonder. The forging and consolidation of our political, economic and emotional national unity in a vast and diverse land with a population of over one billion people, has been an achievement that we can be truly proud of. I believe it is also of some significance for the world.

We are proud of the fact that elections are held at regular intervals in India. Not even once in the past 55 years has a change of government taken place through any kind of violent or undemocratic means. As in the United States, the will of the people has always prevailed.

Both India and the United States are open societies, with constitutionally mandated and non-discriminatory civil liberties for citizens. We both have a free and vigorous press, which we consider a pillar of our democratic system. Both cherish, and zealously guard, freedom of thought, speech and association. I should add here, with special emphasis, that we both also value freedom of faith. Persecution on the basis of faith is alien to our cultures.

There is yet another important attribute we share. We both are assimilative and integrative societies. We do not believe in exclusivism and exclusion. We not only tolerate diversity, but also celebrate it as a distinctive and enriching feature of respective national identities. Yet, in spite of all the diversity, there is a strong unity that defines both India and the United States. At a time when the world is shrinking to a Global Village, when all countries are becoming increasingly inter-dependent on one another, it has become all the more necessary to recognize "Unity in Diversity" as a universal ideal.

One might wonder why these commonalities are important for a strategic relationship between our two countries. My answer is that, it is precisely these shared attributes that the world of the 21st century is going to need in greater and ever greater measure. Preserving and promoting these values is an important mission for any nation that possesses them, and for any two such nations to do

so collaboratively. This, I wish to submit, is a strong basis for a strategic relationship between India and the United States.

There is another basis. Other factors apart, one of the tests of whether two countries can have a strategic relationship is whether their best minds resonate with each other, and also whether their ordinary citizens have a good feeling about each other. On this yardstick, the answer to the question "Can India and USA have a strategic relationship?" is self-evident. Even though geo-political factors sometimes affected our bilateral relations negatively, they have never succeeded in impacting people-to-people perceptions about one another. Similarly, we know that the best representatives of India and the United States have always admired the intrinsic strengths of our two societies. The names of Swami Vivekananda, Mahatma Gandhi and Rabindranath Tagore on the Indian side, and of Walt Whitman, Ralph Waldo Emerson and Martin Luther King on your side readily come to mind.

Friends, today the relations between India and the United States are characterized by an unprecedented dynamism and willingness on both sides to impart breadth and depth to them. Several factors have contributed to this positive development. I wish to mention a few of them.

Yesterday – Estranged Democracies; Today – Engaged Democracies

First of all, the end of the Cold War meant the lifting of a distorting influence on our bilateral relations. Wrong perceptions about India and her foreign policy had got accumulated in policy planning establishments in this country. These have substantially disappeared in the past decade and more. Our two countries used to be called "Estranged Democracies". Today we are two "Engaged Democracies". High-level contacts have become frequent and substantive. They have deepened the India-US partnership and led to the emergence of a closer, qualitatively new and more purposeful relationship. Regular consultations have been instituted in diverse fields and a framework established for exchange of views and cooperation. The visit of President Clinton to India in 2000, the first by an American President in 22 years, was a land-

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mark event in our bilateral relations. The warmth with which our people received him spoke for itself. While in Washington a few days ago, on behalf of our Prime Minister Shri Atal Bihari Vajpayee, I extended an invitation to President Bush to visit India. We hope to welcome him in India soon.

The second factor that has contributed to the upswing in our bilateral relations is the growing profile of Indian-Americans in your country. Not only has their number gone up rapidly over the past two decades, but also their achievement curve has become remarkably steep in recent years. Reflecting the diversity of India, the community enjoys the distinction of being one of the highest earning and best educated in America. They are loyal Americans, but they retain strong socio-cultural links with India. They have contributed enormously to improvement of Indo-American relations, by networking with governments and political establishments in both countries. Today I wish to pay special compliments to them for their invaluable contribution.

India's Success: Economic Reforms without Social Unrest

There is a third factor, and it deserves to be dealt with at some length because it points to the immense opportunities that now exist for strengthening economic ties between India and USA. Today there is a growing recognition around the world that India is a steadily emerging economic power in Asia with enormous strengths and opportunities in diverse areas. The rising strength of India's economy is an outcome of the policy of economic reforms. These reforms, we can claim with legitimate pride, are being implemented without social turmoil or political upheaval. Today there is complete political stability in the country. Under the leadership of Prime Minister Shri Atal Bihari Vajpayee, the government of the National Democratic Alliance has completed five years in office.

Liberalization and opening up of the economy have unleashed the energies of our talented people and have taken the country to a higher trajectory of growth and prosperity. To take only two examples, the revolution in production of food grains has made the country self-sufficient in food, with a

growing export surplus. The average life expectancy of an Indian has more than doubled since Independence. In terms of Purchasing Power parity, India presently has the fourth largest economy in the world. The Indian economy is robust and healthy and has registered an average annual growth of 5-6% since 1992. Simply put, India is already double the size of the economy it was ten years ago. Inflation has been restricted to low single digits; food grain reserves stand at a comfortable 46 million tones; foreign exchange reserves crossed US \$79 billion; merchandise exports are growing at a fast pace.

India has a well developed banking system, a vibrant capital market, skilled manpower and professional management available at competitive rates, a strong, mature and dominant private sector, large manufacturing capabilities, a well-developed R&D infrastructure, competent technical and marketing services, and an independent judicial system for enforcement of contractual rights and obligations.

India's development has not been merely more-of-the-same variety. There have been fundamental shifts, which affect the quality of life of our people. India has achieved rapid strides in science and technology. Remarkable successes have been made in our harnessing of nuclear science and space technology. India has in position a system of satellite-based communication linking remote regions of the country. It has made a giant leap forward, particularly in software development, and is acknowledged as an emerging IT superpower.

The Indian economy is also being propelled by the service sector, in particular by knowledge-based industries. Starting from scratch a few years ago, Indian software exports have reached US \$10 billion per annum. By 2008, India's software industry is expected to cross US \$87 billion, with US \$50 billion coming from exports. Information Technology is gradually becoming India's signature tune as it seeks to consolidate its position as an IT superpower, even as it explores new areas of strength in fields like biotechnology and bio-informatics.

Yet, so much remains to be done. The provision of
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safe drinking water, basic health facilities, universal literacy, electricity and other basic necessities of life, are among the formidable challenges facing India.

Our Resolve: Infrastructure Improvement

Other sectors where fresh investment is needed are hardly a secret – any visitor to India is immediately exposed to them. For example, infrastructure (roads, ports, airports, railways, bridges) and energy (power, coal, oil and gas). In most of these areas private sector involvement on a commercial basis is a relatively recent phenomenon. We must move forward in these sectors as we raise our present annual economic growth rates a couple of notches higher. Our government is determined to do so. I believe we enjoy the broad political consensus to make it possible.

In that context, it is deeply satisfying that India's four largest metropolitan cities will soon be linked through a high-speed 'Golden Quadrilateral' and India's northern and southern ends and western and eastern extremities will be connected through new highway corridors. In scope, it is comparable to FDR's great leap of faith in connecting America after the Second World War. Similar quantum leaps are being made in other areas as well. In the last few years, telephone connections and cellular phone subscribers have increased exponentially.

The insurance sector too has been opened up. Government of India now permits 100% Foreign Direct Investment in many new sectors, ranging from airports and urban infrastructure to drugs and pharmaceuticals, from hotels and tourism to mass rapid transit systems. Even defence production, earlier the sole preserve of the Government, has now been opened to the private sector and 26% FDI is allowed as equity in Indian defence production units. There are many significant new avenues in which US companies and businesses can cooperate with their Indian counterparts or invest in India. We do not expect this as largesse. I am told by many US corporations, that their

investments in India, in diverse fields, are among their most successful and most profitable international operations. This is truly a partnership for mutual benefit.

Potential for Indo-US economic cooperation

Liberalisation of the Indian economy has also contributed to a steady improvement in India-US trade relations. The post 1991 India-US trade pattern reveals several significant trends. First, there has been a very notable increase in trade, which has more than doubled in the past five years. Second, there has also been a shift in the pattern of trade, with a number of new items coming to the market. Third, a more harmonious dialogue on trade and economic issues has emerged involving cooperation and consultation rather than confrontation and threats. Being strong advocates of frontier technologies, we are often on the same side during international deliberations in new and dynamic areas like IT, bio-technology and entertainment industries.

Merchandise exports from India to USA grew by 21.4% in 2002 compared to 2001. This strong performance reflected the highest annual percentage growth in Indian exports to USA over the past decade and occurred against a backdrop of stagnant worldwide exports to USA in 2002. Moreover, it took place despite concerns over trading with India due to heightened tension in the subcontinent and travel advisories against visiting India that were in place during mid 2002. This trend has been largely maintained during the first quarter of 2003, when Indian merchandise exports to USA have grown by nearly 20% while US merchandise exports to India have grown by a further 26%, on top of the 9% growth registered in 2002. At the current pace, India's merchandise exports to USA in calendar year 2003 should easily cross \$4 billion, from \$11.7 billion in 2002, while two-way India-US merchandise trade should exceed \$19 billion, compared to \$15.9 billion in 2002, if trade in services is added on, then the total two-way trade is set to reach \$30 billion in 2003.

Growth has not been restricted to trade and a number of US companies operating in very diverse fields have quietly expanded their business and

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prospered in India. Virtually every major American IT firm has a presence in India. Over 250 of the Fortune 500 companies outsource their software requirements from Indian software houses.

Another noteworthy development in recent years has been that FDI is no longer unidirectional. Investment by Indian companies in the USA has also been growing significantly in recently years. As Indian corporations mature and become global players, we expect these trends to continue and grow.

Partners in the Fight Against Jehadi Terrorism

Beyond the economic challenges facing India, there are certain hurdles in the security sphere that have to be overcome. The biggest external threat to the country has been the wave of terrorism directed against it for over two decades. Well over sixty thousand innocent Indian lives have been lost in this madness. Our people, Parliament, temples, aircraft, trains and buses have all been attacked. The elderly, women and children – no one has been spared. The sponsors and instigators of this terrorism hail from the same common pool that also provides the terrorists that have been active against the USA. The epicenter of international terrorism lies in India's immediate neighbourhood. It gives me no joy in pointing fingers, but the involvement of Pakistan can no longer be ignored.

India and the United States have to work in active partnership to defeat the menace of terrorism fueled by religious extremism. I would say that this is an important component in the strategic relationship between our two countries, because jihadi terrorism is a threat not only to the security of our two countries, but to peace and tranquility around the world.

Friends, sometimes the barbarities committed by cross-border terrorism in India is sought to be rationalized and justified by invoking the issue of Kashmir. The facts of history and the reality of today are well known to all objective observers of Indo-Pak relations. The free, fair and inclusive elections we held in October last year in Jammu & Kashmir, despite determined attempts by the terrorists to sabotage them through violence, have

impressed the entire world community. But the infrastructure of cross-border terrorism remains in place as a result of the strong support that the terrorists receive by being aided, abetted and sponsored from abroad. I would urge Pakistan to heed the voices of sanity and give up its futile path of confrontation with India. We are determined to see that the scourge of terrorism is decimated and that the population of Jammu & Kashmir can prosper and live in peace.

Prime Minister Vajpayee has once again extended a hand of peace to Pakistan. It is up to them to demonstrate that they are sincere in implementing the promises they have made to the US and the international community, that they will dismantle the Jihadi terrorist infrastructure that they have spawned and fostered.

India and USA: Natural Allies

Friends, Prime Minister Vajpayee has often described India and the USA as natural allies. This is the vision that inspires our leaders and our people as we partner each other in building a peaceful, democratic and economically prosperous world. Not only are India and USA allies in the cause of democracy but also in exploiting the potential of the new economy. Our countries can harness our human, natural and knowledge resources to overcome older challenges – eradication of diseases, poverty, and human suffering – as well as the new ones that may emerge in the future. A strategic partnership can become a reality only if the major strands in the relationship – political, economic, and military – are tightly woven together. This is the purpose of my visit. The India-US strategic partnership is clearly here to stay, and will grow stronger over the years. Of course, differences will remain and we will continue to agree to disagree on certain issues. But as befits two mature and forward-looking democracies, we will move forward on the basis of our shared values and views on a larger set of issues, ever mindful of the fact that cooperation between the world's two largest democracies is essential for the peace, stability and prosperity of the world. It is in our hands to make this partnership work closely and effectively.

I thank you.





L. K. Advani, Deputy Prime Minister with U.S. Secretary of Homeland Security Tom Ridge. Discussions focussed on security issues such as border management, airport and sea-port security and cooperation on combat potential threats to internal security — June 10, 2003

Photo by: AHAMED NAZAR



L. K. Advani, Deputy Prime Minister with Attorney General John Ashcroft. Discussions were focused on cooperation in combating terrorism and in strengthening institutional arrangements for exchange of terrorism-related information — June 9, 2003

Photo by: AHAMED NAZAR



L. K. Advani, Deputy Prime Minister met with Vice President Richard Cheney as part of ongoing discussions on bilateral, regional and international issues — June 10, 2003

Photo by: AHAMED NAZAR



L. K. Advani, Deputy Prime Minister with U.S. Defense Secretary Donald Rumsfeld. They reviewed the progress of India-U.S. defense cooperation — June 8, 2003



Speech by Shri Brajesh Mishra, National Security Advisor of India, at the Council of Foreign Relations, India, United States and the New World Order: Prospects for Cooperation

May 7, 2003

New York

Ladies and Gentlemen,

It is a privilege to be here today with you to exchange views on India-US relations.

At the same time, you have put me in a bit of a spot by asking me to talk about the New World Order! Frankly I think it is still very much an evolving process. Are recent events a continuation of the post-Cold War readjustment of the world order, or do they signal a re-ordered “post-9/11” world order? The jury is still out on this, and the verdict will emerge only in the future.

I will, therefore, make some brief remarks on what I see as elements of the emerging world order and then talk about the India-US relationship in that framework.

History tells us that after a great war, the victorious forces seek to redesign the world order. But history also warns us that unexpected events and the interplay of diverse forces can divert or derail this effort.

Just look at the previous world order. At the end of World War II, the victorious Allies sought to guarantee collective security through the United Nations and its specialized agencies.

This blueprint for a New World Order did not last for even a decade. The UN Security Council was paralysed by the confrontation between the Eastern and Western blocs. Instead of multilateral cooperation within the UN, the Cold War became the world’s strategic paradigm for four decades after World War II.

With the fall of the Berlin wall came the next quest for a New World Order. Political leaders across the globe spoke about a new window of opportunity for peace and cooperation.

But optimistic hopes for the end of conflict were soon belied. Countries disintegrated under the onslaught of ethnic nationalism and religious extremism. The myth of self-correcting market forces was exploded by the East Asian financial crisis and similar afflictions in parts of Europe and Latin America. Conflicts claimed more casualties during the decade of the 1990’s than during the entire Cold War. Terrorism was beginning to announce itself on the world stage as a non-state actor of worrying proportions.

And then came September 11, 2001, demonstrating the reach of global terrorism and its ability to bridge the asymmetry in power and strength between the terrorist and his victims. The coalition, formed to fight this scourge, achieved its immediate purpose of restoring a popular government in Afghanistan, but its composition does not enable it to tackle global terrorism comprehensively since not all its members have a firm commitment to this objective. The military action in Iraq involved another “coalition of the willing”, and in the process opened up divisions within the UN Security Council, European Union and NATO.

Today, we hear two prognostications of the evolving new world order. The first is of a unipolar world with the United States taking the principal decisions on international political and economic issues. According to this theory, the dominance of U.S. power would drive the impulse to unilaterally shape the world in its image, brushing aside any dissenting opinion. The other model is one of a world comprising multiple political poles, suggesting that a certain level of tension between the poles will maintain an equilibrium in which the dominant pole can be kept in some check

While pondering on the viability of the model of a

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unipolar world, we need to recognize that the post Cold War order has been profoundly influenced by globalisation. Inspired by — and now itself driving — the technologies of the information age, it affects every aspect of human and group activity — political, economic and social. No country or society has remained immune from this phenomenon. The consequences of globalisation cannot be localised within national boundaries.

Demographic changes and migration patterns; the movement of natural resources — particularly energy and water; and issues like climate change pose challenges transcending national boundaries. Even States with the most advanced technical means are increasingly unable to fully control international flows of disease, illicit drugs, funds and weapons. The international information networks of terrorism and the proliferation of weapons of mass destruction among its state and non-state practitioners can only be countered by close cooperation between democratic societies through regular information exchanges and intelligence sharing.

Today, a regional epidemic like SARS becomes a global problem overnight. The ongoing arguments about whether more real-time information might have halted its spread prove the point of global interdependence.

Such global inter-dependence means that even a unipolar power needs cooperative action in pursuit of its various objectives. The current crisis over North Korea is an example.

The question is also one of resources. If a terrorist network is smashed in a failed or failing state — as Afghanistan was under the Taliban — there would obviously be costs for the reconstruction of the state. The external assistance for Afghanistan's reconstruction is now about \$250 million a year; it would need to be increased and sustained over many years. The cost of restoration after the last Gulf War was higher, and that of Iraq's reconstruction is expected to be much, much higher. No single world power, however rich, would want to take on this kind of financial burden, at the expense of its taxpayers.

On the second model, we should realize that in the real world, an arrangement not in conformity with geopolitical realities cannot be sustained. It is an unquestionable fact that the USA is the pre-eminent power in the world today. The American commentator, Fareed Zakaria, recently pointed out that USA spends as much on defence as the entire rest of the world put together; and this amount is only 4% of its GDP. The US economy is as large as those of Japan, Germany and Britain put together.

It would make poor political or economic sense for a country — or a group of countries — to set itself up as an alternate pole in opposition to the USA. Most countries advocating a multi-polar world also affirm that they attach great importance to relations with the USA. What they seek is an ethic of plurality and consensus which would ensure that collective decisions give due weightage to their legitimate interests and concerns. It is a non-confrontationist model, not based on outmoded concepts of balance of power, spheres of interest and military blocs.

Nearly sixty years ago, after the end of World War II, America was in a similar position of political, military and economic pre-eminence. Then, a mature American communitarian impulse inspired the creation of a multilateral global architecture. The United Nations, the World Trade Organisation, the World Bank and the IMF are all products of this internationalism.

The challenge today is not to demolish these edifices, but to address their shortcomings, some of which are serious. The United Nations system of collective security has not always functioned effectively. It needs reform. The Security Council needs reconfiguration. But we should not throw out the baby with the bathwater. As I pointed out earlier, even a powerful unipolar power requires multilateral agencies, which can maintain political, financial and economic order.

A reform is also required in the current non-proliferation architecture to make it serve the real purpose for which it was created. Restrictive regimes deny access of several countries to dual-purpose goods and technologies, without either rewarding responsible behaviour or punishing irresponsible proliferators.

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Deterrence, prevention and defence are accepted elements of a national security strategy. But today, the international terrorist is often an irrational individual, ready to sacrifice his and innocent lives for an extremist cause, acquiring weapons of mass destruction and using unorthodox techniques to overcome asymmetries of strength. There can be no deterrence against irrational behaviour. Prevention and defence are also almost impossible. In such cases, extraordinary measures have to be taken in the interests of security. This is where a smoothly operating world order with a functioning consultative mechanism can help to provide legitimacy.

It is from these strands that a new world order would be woven. What we need is a constructive and continuing dialogue on the management of global inter-dependence.

In the world order defined by the Cold War, India and the US were not really allies though, to be fair, nor were they enemies. India-US relations reflected a lack of engagement, coupled with wariness and a periodically recurring suspicion whenever the shadow of the Cold War fell over our region.

In the post-Cold War world (and even in the post-9/11 world order), the situation is dramatically different. We have shared geo-political interests and economic opportunities, which can bind an enduring partnership. This was the perception that led Prime Minister Vajpayee to declare, nearly five years ago, that the two countries could be “natural allies”, which have yet to fulfil the promise of their cooperation.

We know that President Bush fully shares this vision for an enduring India-US partnership. The US National Security Strategy released by the President last September states, “The United States has undertaken a transformation in its bilateral relationship with India based on a conviction that US interests require a strong relationship with India. We are the two largest democracies, committed to political freedom protected by representative governments. India is moving towards greater economic freedom as well. We have a common interest in the free flow of commerce, including through the sea-lanes of the Indian Ocean. Finally, we share an interest in fighting terrorism and in creating a

strategically stable Asia.” This is a succinct statement of our complementarities and convergences.

It is particularly refreshing that our two countries are now looking at the full scope and breadth of the Indo-US relationship. To speak very frankly, what really stunted the growth of our bilateral relations in past years was the tendency to look at India’s role only within a South Asian canvas and to see South Asia solely as the theatre of an India-Pakistan zero sum game.

India has broken free of these limiting confines, which the Cold War ideologies sought to impose. It has land borders of well over 3000 km with China and Southeast Asia. It has maritime borders with Indonesia and Thailand. Its exclusive economic zone spans the waters almost from the Persian Gulf to the Straits of Malacca. As your National Security Strategy recognizes, it straddles the commercial sealanes and the oil routes from the West to all of East Asia.

Our cultural and trade connections have historically extended along the Silk Route through Central Asia into Europe; and along what could be termed the Buddhist trail through Myanmar, Indochina, China and Southeast Asia to Japan.

Today, India has a population of over a billion people, upwardly mobile on the economic ladder. In terms of purchasing power parity, it is the world’s fourth largest economy, averaging an annual growth rate of over 5% since 1980 – the highest ever achieved over a comparable period by any democracy in the world. I might also mention that this growth rate was maintained through the turbulent period a few years ago when the so-called “Asian crisis” seized a few Asian economies.

Our economic fundamentals remain strong. Inflation is within the reasonably low single digits. Over the last few years, India has been attracting foreign direct investment at an annual rate of nearly 1.7% of GDP. American companies in India sometimes complain about operating conditions, but statistics show that they all have very healthy balance sheets. The inflow of American investments into India has grown significantly in the last few years. The case of Enron’s Dabhol Project is *sui generis*. It is not so

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well known that the financial exposure of Indian entities exceeds the foreign funds deployed in the project. It is more a case of an economically unviable project than a foreign investment venture turned sour.

I have set out these facts in some detail, illustrating India's wider political, economic, security and strategic interests, to reiterate that to view India solely through a South Asian prism would be an analytical error. In our view, the world made this mistake in May 1998, in its reactions to India's nuclear tests. Our security concerns, which prompted that decision, are better understood today.

We must acknowledge that USA was among the first countries to temper its reservations about our nuclear tests with an understanding of the larger picture of India's political concerns and economic potential. The visit of President Clinton to India in March 2000 – less than two years after the tests – was in that sense a landmark event. After this opening, President Bush has personally led the effort for a complete transformation in relations.

Given its past history, the Indo-US relationship needs to liberate itself from a number of misconceptions and prejudices of past years. I think we have made considerable headway on this path with good impact on our relations. Our leaders are in regular touch with each other on the phone and through letters. Regular exchanges of visits at the political and senior official levels have resulted in a harmonisation of our position on a number of issues.

Nowhere is this engagement more visible than in defence and security. Indian naval vessels took on the responsibility of escorting US vessels through the Malacca Straits last year. Joint exercises involving US Special forces and Indian paratroopers in India and Alaska, largest ever combined naval exercise in the Malabar series, institutional linkages between civilian, military and defence institutions of our Ministries of Defence, discussions on missile defence, purchase of defence equipment etc are some new developments. Working groups have been set up on counter-terrorism, the Defence Policy Group has been revived and a joint forum on

cyber-terrorism established to pursue defence and infrastructure protection projects.

India was one of the first countries to declare support to the USA in its global war against terrorism after the horrendous events of September 11, 2001. We extended unwavering support to operation 'Enduring Freedom'. We worked closely with our American and other colleagues in the Bonn process for restoration of representative government in Afghanistan and continue to participate in Afghan reconstruction efforts. On a diverse range of other subjects, India's interactions with USA and its reactions to US statements or actions have been governed by a pragmatic understanding of realities, rather than doctrinaire ideologies. I might mention our prompt and positive reaction to the New Strategic Framework unveiled by President Bush in May 2001, our support to the many welcome elements in the energy and climate change policies enunciated by the President and our convergent positions on the International Criminal Court. There are a number of other areas where we have been able to find common ground for joint action.

This does not imply that there are no longer any differences between our two countries, but there is certainly a realisation that there is far more that unites us than divides us. We have had differences including over issues like our nuclear programmes, but a sustained bilateral dialogue with a frank exchange of concerns has led to a far better mutual understanding on these issues.

I have been saying very candidly that a trinity of issues – high technology commerce, civilian nuclear energy cooperation and collaboration in space can take the Indo-US relationship to a qualitatively new level of partnership. India has consistently followed responsible policies on non-proliferation of nuclear and missile technologies and has strict export control regimes for dual-use technologies. The sharp contrast with others in our near and extended neighbourhood is evident for all to see. We believe that our discussions with our American partners on this subject are on the right path and hope that the road to free high technology commerce will soon be cleared of the hurdles of misconceptions.

We have to cover the same path for civilian nuclear cooperation and collaboration in space. Here again,

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I have to say that the obstacles come from remnants of cold war thinking and are not in consonance with our mutual interests. India has repeatedly asserted — and this is acknowledged internationally — that its nuclear and missile development programmes are entirely indigenous. We have not violated any of our bilateral commitments or international obligations. We will continue to restrict the development of these programmes to the minimum levels required for our national security.

When the world has recognized this reality, it defies logic to place obstacles on civilian applications of our nuclear programme and developmental projects of our space programme. These are areas where there are huge commercial possibilities for American companies (and companies from other countries).

We have, of course, undertaken that we would put all nuclear power projects of foreign collaboration under safeguards. I am aware that some US regulations and laws are constraining factors, but rules and legislation can be amended to respond to changed situations.

Let me also put the nuclear energy issue in an environmental perspective. If the huge additional power required for India's ambitious development plans is to be generated from fossil fuels, the con-

sequent drastic increase in carbon dioxide emissions could have disastrous effects on the global environment. This is, in fact, the logic for our decision to increase the percentage of nuclear power in our energy output.

In sum, therefore, the political leadership in both countries sees value in building upon the natural links between our two democracies in a globalising world. The India-U.S. relationship is not a single-issue relationship. Our friendship is based on a broad range of shared values, beliefs and interests. Societies of this size and complexity, by their very nature, cannot agree on all issues. Our disagreements are now increasingly discussed with the candour and confidence injected by the recent transformation of our bilateral relationship. Both combating terrorism and forging a new world order demand close and solid partnerships among democratic societies, which value freedom, pluralism and entrepreneurship. These are the values that unite India and the United States.

To fulfil this potential, we have to ensure that the firm broom of cold logic decisively sweeps out the cobwebs of Cold War misconceptions and blinkered mindsets. We are working hard at it.

Thank you.

PRESIDENT KALAM'S ADDRESS

(Continued from page 4)

righteousness itself will get transformed into a destroyer. Whoever deviates from righteousness, whether they are individual or states they are responsible for their own actions.

If a country is to be corruption free and become a nation of beautiful minds, I strongly feel that there are three key societal members who can make a difference. They are father, mother and the teacher. Let us join together and launch this movement from home and school to eradicate corruption.

Conclusion

We are a large country; we are also blessed with natural resources and highly motivated young human resource. We have to prioritize our thoughts on national development and make all other issues as "non-issues". This will ensure focus and thrust

for the development process. And it will prevent dissipation of energy and resources on the non-productive issues.

I appeal to the political leaders, religious leaders, opinion makers, media personnel and all Indian citizens to place a moratorium on all issues which are impediments to the development of the nation, from now and pledge ourselves to make the missions of Developed India a reality.

This will be the greatest legacy that we can proudly leave behind for our next generation. Let us sacrifice our today so that our children can have a better tomorrow. I pray to the Almighty to provide us the wisdom, knowledge, physical resources and ability to work hard to succeed in our missions. Allow me again, my dear citizens to wish you a very purposeful and happy Independence Day tomorrow.

'Jai Hind'



Address by Shri Brajesh Mishra, National Security Advisor of India at the American Jewish Committee Annual Dinner

May 8, 2003

Washington, DC

Your Excellencies,
Ladies and Gentlemen,

It is an honour to be invited to this distinguished gathering at the AJC Annual Dinner. The people of India admire the pioneering work of AJC, particularly in promoting human rights and combating religious discrimination. We also value your contribution to promoting US-India relations and India-Israel relations.

India has a historical affinity with the Jewish people. It is one of very few countries in the world with no history of anti-Semitism. Until the early 1990's, the constraints of the Cold War prevented this cordiality from extending to India's relations with Israel. Now we have full diplomatic relations, and a broad range of economic and, defence cooperation. We have increased the tempo of our high-level visits. We hope to receive Prime Minister Ariel Sharon soon in India on an official visit.

The end of the Cold War also ushered in a major transformation in India's relations with USA. Our Prime Minister has referred to the two countries as 'natural allies'. The US National Security Strategy report, released last September by President Bush, asserts that the two countries have common strategic interests.

India, the United States and Israel have some fundamental similarities. We are all democracies, sharing a common vision of pluralism, tolerance and equal opportunity. Stronger India-US relations and India-Israel relations have a natural logic.

I am pleased to see so many distinguished members of the United States Congress here today. They are friends of Israel. They are also friends of India. The Caucus on India and Indian-Americans in the House of Representatives has nearly 160 members. It is perhaps the largest single country-Caucus in the House, testifying to the growing bonds of friend-

ship between the world's oldest democracy and its largest.

The increasing contact between the AJC and Indian-American community organizations is another positive reflection of shared values of our peoples.

Ladies and Gentlemen,

Our principal theme here today is a collective remembrance of the horrors of terrorism and a celebration of the alliance of free societies involved in combating this scourge. The US, India and Israel have all been prime targets of terrorism. They have to jointly face the same ugly face of modern day terrorism.

This is a common challenge. Global terrorism did not start on September 11, 2001. But that date marks a global awakening to its reach.

The international coalition against terrorism has scored some successes. Terrorism needs to be rooted out wherever it exists.

After over a year and a half of the global fight against terrorism, it is far from over. The leaders of the Al-Qaeda remain at large. We keep hearing that they have the know-how and the material to build at least a crude radiological device. This is naturally a matter of extreme concern. We cannot ignore this spectre of globalization of terror and its intersection with WMD.

We see worrying signs of a regrouping of Taliban elements in southern and southeastern Afghanistan. And this is only a segment of the international terrorist network. It will, therefore, be a long haul and its success would require a genuine commitment to its objectives by every member of the international coalition.

It is most unfortunate that some diversionary arguments are still preventing a consensus on impor-

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tant anti-terrorist conventions. An agreed definition of terrorism still eludes the international community. Distinctions sought to be made between freedom fighters and terrorists propagate a bizarre logic, which glorifies massacres of one set of innocent civilians, while condemning killings of others.

Another fallacy motivatedly propagated is that terrorism can only be eradicated by addressing its 'root causes'. This is nonsense. Terrorist attacks against innocents have no justification. Democratic societies, which address the 'root causes' of alienation and anger through pluralism and socio-economic justice, are precisely the targets of terrorism.

As the main targets of international terrorism, democratic countries should form a viable alliance against terrorism and develop the multi-lateral mechanisms to counter it. Such an alliance would have the political will and moral authority to take bold deci-

sions in extreme cases of terrorist provocation. It would not get bogged down in definitional and causal arguments about terrorism. Blocking financial supplies, disrupting networks, sharing intelligence, simplifying extradition procedures — these are preventive measures which can only be effective through international cooperation based on trust and shared values.

A core, consisting of democratic societies, has therefore to gradually emerge from within our existing coalition, which can take on international terrorism in a holistic and focused manner. It would ensure that the global campaign against terrorism, is pursued to its logical conclusion, and does not run out of steam, because of other preoccupations. We owe this commitment to our future generations.

Thank you.



Francis Vaz

June 8, 2003

Washington, DC

On Saturday afternoon (7 June 2003) Francis Vaz, Minister Political in the Indian Embassy, passed away after battling a long illness. His wife, Yvette and close relatives were by his side. Francis was born on 11 September 1952 and joined the Indian Foreign Service in 1976. His diplomatic assignments included stints in Brazil, Mozambique, France, Turkey and Pakistan. As Joint Secretary in the Ministry of External Affairs, he headed the Africa and Consular, Passport and Visa Divisions. Francis was the epitome of dignity and grace and will be missed for his professional and personal qualities. The Indian Embassy is devastated by this loss and expresses its heartfelt condolences to the bereaved family.

A Memorial Service was held on Tuesday, June 10th, 2003 at the Church of St. Bartholomew, 6900 River Road, Bethesda, MD 20817 (Tel: (301) 229-7933).

In his tribute to Francis, Lalit Mansingh, the Ambassador of India has stated: "Francis was one of the finest officers I have ever worked with. His extraordinary intellect, clarity of thought and work ethic were unmatched. He never allowed his illness to compromise his contribution and service to his country. India has lost one of its most outstanding foreign service officers. Those of us who have had the privilege of working with Francis especially during his battle over the last three years, have witnessed his exceptional courage, dignity and complete dedication to his work. His unfailingly positive outlook and his remarkable willpower remain inspirational to all of us. Francis was to me a valued colleague, a true gentleman and a unique human being. I, my colleagues, and his friends will miss him deeply. Our thoughts and prayers are with his wife Yvette and his family".

India-US bilateral trade zooms in 2002

March 4, 2003

Washington, DC

As per US trade data released by the US Department of Commerce, worldwide merchandise exports to USA grew during calendar year 2002 by +1.98%. Out of the top 25 exporting countries to USA, growth rates for 14 were positive, while 11 countries witnessed decline in their exports to USA.

Merchandise exports from India to USA grew by +21.4% in 2002 compared to 2001, rising from \$9.74 billion to \$11.82 billion. This strong performance reflects the highest annual percentage growth in Indian exports to USA over the past decade. It is particularly noteworthy as it has occurred against a backdrop of lackluster growth in worldwide exports to USA in 2002, and despite concerns over trading with India due to heightened tensions in the subcontinent and travel advisories against visiting India that were briefly in place during mid 2002.

India has emerged as the 19th largest merchandise exporter to USA in 2002 (up from 22nd position in 2001) with a 1.02% share of total US imports (up from a 0.86% share in 2001). 2002 marks the first year that India has entered the list of top 20 countries exporting to USA; it is also the first time that India's exports to USA have exceeded 1% of US merchandise imports. It also marks the first time in recent years that the rate of growth of Indian merchandise exports to USA (21.4%) has outpaced the rate of growth in our India's services exports to USA (20%).

Growth has been more or less across the board and major Indian export growth sectors in 2002 include diamonds/gold jewellery (+39%), woven apparel (+9%), linen and other textile items (+23%), knit apparel (+13%), fish & seafood (+36%), carpets (+19%), machinery (+23%), iron and steel (+270%), iron and steel products (+15%), and pharmaceuticals (+136%).

Nine of the top ten items that India exports to USA witnessed export growth (the exception — "organic chemicals"). Sector-wise export performance is summarized as follows:

Diamond jewellery: India significantly increased its export of non-industrial worked diamonds to USA by \$700 million, from \$1.9 billion to \$2.6 billion. *Gold jewellery:* India increased its export of gold jewellery to USA by \$287 million (53%), from \$540 million to \$827 million. *Carpets:* India consolidated its position as the top exporter of carpets to USA with exports of \$384 million in 2002, and expanded its market share to 25%. *Frozen shrimp:* India increased its exports of frozen shrimp to USA by \$102 million, from \$280 million (2001) to \$382 million (2002). *Iron and steel:* India's iron and steel exports to USA grew from \$84 million (2001) to \$311 million (2002). *Iron and Steel Products:* Export of Indian iron and steel products have risen by 15% from \$266 million (2001) to \$306 million (2002). *Textile and Apparel:* This sector witnessed good growth despite quotas. Removal of quotas on some items with effect from January 1, 2002, and increased export of non-quota apparel items has helped. *Linen:* Total export of miscellaneous textile items have risen by 23% from \$496 million to \$612 million. Amongst them, for the first time, India is now the largest exporter of linen (bed/table/kitchen linen) to USA. *Pharmaceuticals:* India's pharmaceutical exports have zoomed from \$6 million (2000) to \$93 million (2001) to \$223 million (2002). India is now the largest exporter of antibiotics to USA. *Machinery:* Our exports to USA have risen from \$246 million (2001) to \$303 million (2002). *Auto parts:* India exports to USA have risen from \$100 million to \$132 million and considerable untapped potential remains. *Miscellaneous:* In 2002, compared to 2001, India's exports have grown in areas ranging from worked monument stone/slate (by 20% to \$143 million), to optical/medical instruments (by 39% to 107 million), to lamps (by 7% to \$71 million) to quilts (by 23% to \$68 million), to tobacco (by 97% to \$20 million). India exported tractors worth \$41 million to USA. India regained its position as the top exporter to USA of niger seed (used for bird feed), with \$10 million in exports.

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India is now the number one exporter to the USA of small/medium sized diamonds (\$2.6 billion), knotted and woven carpets (\$384 million), linen (\$366 million), large/medium sized frozen shrimp with shell-on (\$220 million), cashew nuts (213 million), antibiotics (\$138 million), woven silk fabrics (\$85 million), pepper (\$32 million), opium (\$31 million), guar gum (\$23 million), psyllium seed husk (\$22 million), woven jute fabrics (\$14 million), and niger seed (\$10 million).

During 2002, worldwide merchandise exports from USA dipped by -4.9% compared to 2001, declining to 21 of the top 30 US export destinations. It grew to only nine amongst them, including to India. Growth in US exports to India was + 9.1% and is particularly commendable when viewed against the backdrop of a -4.9% decline in overall US exports.

Overall, the picture is as follows:

India-US trade		
	2002	2001
1. Indian merchandise exports to USA	\$11.8 billion	\$9.7 billion
2. US merchandise exports to India	\$ 4.1 billion	\$3.8 billion
3. India-USA merchandise trade [1+2]	\$15.9 billion	\$13.5 billion
4. Indian IT/software exports to USA	\$ 5.7 billion	\$4.8 billion
5. Total Indian exports to USA [1+4] <i>{Merchandise + IT/software exports}</i>	\$17.5 billion	\$14.5 billion
6. USA services exports to India	\$ 3.1 billion	\$2.8 billion
7. Total USA exports to India [2+6] <i>(Merchandise + Services)</i>	\$ 7.2 billion	\$6.6 billion
8. Total India-USA trade [5+7] <i>{Merchandise + Indian IT/software exports + US services exports}</i>	\$ 24.7 billion	\$21.1 billion
9. Merchandise trade gap [1-2] <i>(in India's favor)</i>	+\$7.7 billion	+\$5.9 billion
10. Total trade gap [5-7] <i>(in India's favor)</i>	+\$10.3 billion	+\$7.9 billion

Economic and Trade News

- **Hewlett Packard to step up India operations**

IT services giant Hewlett Packard is looking to build on its presence in India. The company's 4,000 plus developers across India (including Digital GlobalSoft) are responsible for over 20% of the firm's software development activities. Now, HP is looking to step up its presence in India. Ms. Siaou-Sze Lien, senior vice president, HP Services Asia Pacific, told ET that there are a lot of growth opportunities in India and the country has significant offshore advantages. "We see India emerging as a hub for both call centre and software development activity," she stated.

HP is already said to be in the process of ramping up work allocated to its Indian operations in these areas. HP services focuses on a variety of development programmes in India. In addition, HP Labs also works in India on a range of cutting edge technologies related to next generation computing as well as expanding HP's portfolio of offerings. The company runs a Developer and Solution Partner Program (DSPP), which is designed to help independent software vendors (ISVs), developers and system integrators (SIs) create solutions based on HP's platforms. India also hosts the second advanced technology centre globally in Bangalore.

- **HCL Technologies plans to raise debt to fund Perot Systems buyout in JV**

The Shiv-Nadar-promoted HCL Technologies is planning to raise debt to fund its buyout of partner US-based Perot Systems from the 50:50 joint venture company HCL Perot Systems (HPS), sources familiar with the matter said. Analysts estimate the Perot Systems stake to be worth anywhere close to Rs 320 crore or \$70 million. While the latest data on the performance of the company is not available, as of June 2002 the entity reported a net profit of \$15.5 million of \$87.4 million. Analysts believe that the venture is a high margin business and a buyout will be a positive move for the HCL Technologies balance sheet. HCL Technologies has cash and cash equivalent of Rs 96 crore. It may thus need to mobilise resources to fund the buyout. Sources said that the two partners have not reached

a final agreement. The difference of opinion is largely on the valuation, sources added.

- **India market No. 1 for Java: Sun Microsystems India**

While India has been identified as one of the prime off-shoring destinations for IT services, its vast pool of engineering talent is also promoting the country as the number one destination for Java-based development. Java technology consists of a programming language and software platform. The software platform can run on top of several operating systems. The latest Java platform to be released is known as Java 2 and the version for small consumer electronics devices including such as mobile phones, communicators and so on has been labelled as Java 2 Micro Edition (J2ME). "In the last few years personnel trained in Java technologies have seen tremendous growth. India has over 6 lakh Java developers and this is growing by about 40% every year," says Mr. K. P. Unnikrishnan, head, marketing at Sun Microsystems India. He added that there is scope for this market since only 10% of the market has been tapped.

- **Shri Yashwant Sinha, Minister of External Affairs launches: "India 2003-04: Reliable Business Partner, Attractive FDI Destination"**

The Ministry of External Affairs (MEA) brings out a prestigious publication on investment opportunities in India on a regular basis. The revised edition, titled "India 2003-04: Reliable Business Partner, Attractive FDI Destination" was launched by Shri Yashwant Sinha, Minister of External Affairs (EAM) at a well-attended function organized by the Confederation of Indian Industry (CII) at Taj Palace Hotel, New Delhi, on July 8, 2003.

Among the audience were Delhi-based Heads of Diplomatic Missions, leaders of business and industry, members of the media and representatives of different chambers of commerce and business and industry organisations.

In his keynote address on the occasion, EAM high-

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lighted the volume of economic contents that dominates his day-to-day work, both in India, and during visits abroad. "I have not spoken or discussed so much on economic issues as Finance Minister as I have done as External Affairs Minister", he said.

This, he explained, indicates the importance of economic work in foreign policy formulations. International relationships, be they bilateral, regional or multilateral, are being dominated by economic issues.

Highlighting government partnership with CII, the Minister encouraged business leaders to lead and carry forward economic diplomacy. He spoke of PM's recent China visit where over 70 business leaders had accompanied him. Likewise, during his own visit to Latin America last month, he found the presence of a small business delegation with him crucial for the success of his meetings with his Brazilian, South African and Peruvian counterparts.

The Minister also highlighted the importance of involvement of the state governments in this process. He encouraged alliances with countries abroad, saying it was a two-way street. India was also now investing abroad and total investments since 1995 have reached nearly US \$3 billion, excluding investments of about the same amount in the hydro-carbon sector overseas.

EAM gave a brief account of the Indian economy, India's achievements over the past 12 years of economic reform and liberalization process — US \$82 billion equivalent of foreign exchange reserves, comfortable foodgrains stock, low inflation, etc. and claimed that we have managed the Indian economy very well. He offered to meet our business partners more than half way through, become equal partners with industrialized countries and promote South-South Cooperation. He highlighted the role of Indian missions abroad and said they have to come to the expectations of our business partners.

Mr. Sunil Kant Munjal, Vice President of CII and Mr. Tarun Das, Director General of CII highlighted their close partnership with the Ministry of External Affairs in promoting India's economic interests. Shri Tarun Das likened CII to be an extension of MEA in this regard.

This year's publication was produced in partnership with the KPMG. The highlights are its simul-

taneous publication in eight other major foreign languages, namely Arabic, Chinese, French, German, Japanese, Italian, Russian and Spanish; recognition of the role of state and local governments in trade, investments and technology transfers which is highlighted by giving exclusive one-page advertisement space to each state government for highlighting their FDI and other trade and economic development related initiatives; providing web linkages for all Ministries and State Governments, apex chambers of commerce and other economic organizations; production of the second part of the publication titled "Manual of Procedures" simultaneously, which is meant to be a guide for investors; and a CD-Rom with hyper links to web pages.

The publication can be accessed on MEA's website www.meadev.nic.in

- **Unilog in talks with Keane for outsourcing work to India arm**

European infotech consulting and solution provider Unilog Group is looking at outsourcing work to India to leverage its recently formed alliance with the \$900-million Keane Inc, a US-based IT services firm. Keane Inc has a wholly owned subsidiary in India with two software development centers with a combined strength of around 800 people. This will result in substantial growth in operations at Keane India.

The company is already planning to add 500 people in the next 12 months to cater to Keane Inc's off-shore requirements and is building a third development center in Gurgaon near Delhi. The new projects from the \$600 million Unilog will add one more business stream for the company resulting in further expansion. "Unilog officials have already visited our facilities and we are at an advanced stage of discussion with them for a couple of projects. The outsourced work from Unilog will accelerate our expansion plans," claimed Keane India managing director Parmindar S. Miglani.

- **ICICI Bank to raise \$300 M abroad**

ICICI Bank Ltd is planning to raise \$300 million by way of five-year external commercial borrowings. Confirming this, ICICI Bank CEO and MD K.V. Kamath said: "The overseas loan is basically for export-oriented companies." He said, "We will see

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Macro Economy

- The Indian economy showed buoyant trends despite a fall in agricultural output.
- According to the latest estimates released by the Central Statistical Organisation, GDP grew by 4.3% in 2002-03. Rise in GDP despite fall in agriculture showed the new resilience of the Indian Economy.
- Of the three major sectors, production declined by 3.2% in agriculture, while industrial growth picked up by 6% and that of services by 7.1%.

Agriculture

- The drought in 2002-03 — the worst in two decades — meant a 29.5 million ton fall in food grain output. This has been a major setback.
- But the trends were not uniform across major crops. More than half the shortfall in grain production was accounted for by rice alone.
- Among commercial crops the highest fall in production was in the nine major oil seeds

Industry

- Industrial growth was surprisingly buoyant with growth picking up from 4.3% in April 2003 to 5.7% in May 2003. Manufacturing recovery was stronger with the rates going up from 4.4% to 6.1% during these months.
- The better performance was mainly because of the capital goods and the consumer goods segments.
- In the case of the six infrastructure industries, growth has slowed down to 4% in April-May 2002-03 as compared to the 5.8% growth in the corresponding period of the previous year.

Foreign Exchange Reserves

- Foreign Exchange Reserves stood at US \$82 bn at the end of June 2003.
- Continued improvement in the balance of payment position is brought out by the steady increase in foreign exchange reserves over the previous three year. Foreign exchange reserves went up by \$16.9 in 2002-03 as compared to the \$11.7% billion increase in 2001-02 and the \$5.8 billion increase in 2000-01.

Capital Inflows

- Net Capital inflows into the capital account increased by around \$2 billion to \$ 12.6 billion. Foreign investments declined by \$2.3 billion to \$4.5 billion in 2002-03. While net foreign direct investments declined by \$1.4 billion to \$4.7 billion and net portfolio investments declined by around \$1 billion.

Merchandise Trade

- Exports for April-May 2003-04 showed strong surge. Exports grew by 11.1% in April-May 2002-03 as against the 10.5% growth clocked in the first two months of the previous year.
- Though oil imports rose by only 4.5% in the period the non-oil imports continue to surge by 19.5%.
- Consequently, the trade deficit has shot up to \$2.4 billion in April-may 2003-04 as against the deficit of \$1.4 billion in the same period of the previous year.

Inflation Rate

- GDP deflators show that agriculture prices have slowed down to 2% in 2002-03 despite the drought and the fall in production.
- Prices of industrial goods have gone up by 3.1%, which is marginally higher than in the previous year.
- Prices in the services segment rose by only 3.2 %, the lowest increase in the past twelve years.
- For the economy as a whole the GDP deflators show a price increase of 2.8%, which is also the lowest since 1991-92.

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how the export demand picks up in future. We are looking at an opportune time for raising international money.” Kamath, who earlier made a presentation in a seminar on international financing organised by the Indian Merchant Chambers in Mumbai on Tuesday, made a strong case for competitive exports. “If we want to be competitive in the international market, we have to provide finance to our exporters at a cheaper rate,” said Kamath.

- **Morgan Stanley to set up captive BPO in Mumbai**

Global banking giant Morgan Stanley is setting up a new business process outsourcing facility at the C L Raheja promoted Mindspace in Goregaon, Mumbai. According to sources familiar with the development, the project is estimated to employ over 1,600 people. Sources say that the Mumbai centre is likely to be the backbone of Morgan Stanley’s global outsourcing initiative. A significant portion of the investment bank’s back-end operation is likely to move to India, which includes investor query services, back-end processing and research back-up, among others. Sources say that the bank is also likely to outsource accounting related work from India. These sources also say that the number of employees may increase over a period of time.

- **Finance Minister sees \$100 billion forex reserves soon**

Finance Minister Jaswant Singh has said he expects foreign exchange reserves to cross \$100 billion soon. He also set a target of realising 63 per cent of the Centre’s expenditure from tax revenues by 2006-07.

Speaking at the conference of chief commissioners of direct and indirect taxes on Tuesday, Singh said foreign exchange reserves were buoyant and would touch the three-figure mark in the “not too distant future”. He added that the ratio of tax revenue to the GDP ought to touch 25 per cent from the current 16 per cent for the Centre and states combined.

Government officials said the total collection of indirect taxes had touched Rs 29,433.51 crore in the first quarter of 2003-04. This is 7.17 per cent more than the Rs 27,467.74 crore collected in the same period in 2002-03.

While Customs duty has increased by 9.73 per cent, excise has grown by 6.31 per cent. P.L. Singh, chairman of the Central Board of Direct Taxes (CBDT), said collections had reached 26 per cent of the revenue target at the end of June.

The finance minister said with the impressive growth in the manufacturing sector and with inflation run-

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Monthly Economic Indicators — July 2003

GDP Growth rate (2002-2003)	4.3% (revised estimates)	
Forex Reserves	\$ 83.3 billion (as on July 11, 2003)	
Foreign Direct Investments in April 2003		
Approval	\$ 83 million	
Inflows	\$163 million	
Cumulative Inflows	\$ 14.8 billion during 2000-01 to 2002-03 (as per the revised FDI estimates in accordance to IMF norms)	
Foreign Trade (April-May 2003-04)		
	<i>Amount in \$ million</i>	<i>Growth (%)</i>
Exports	8864	13.5
Imports	11223	8.6
Trade balance	-2360	



ning in single digit, the economy was looking up. He pointed out that exports were growing at 19 per cent, and imports were also rising. This buoyancy was in sharp contrast to last year, when the country faced a severe drought, an impending war in the Gulf and a standoff with Pakistan, Mr Singh explained.

The minister said as per the strategic plan drawn up by the Centre, tax revenues should be touching 63 per cent of the total budgeted expenditure by 2006-07. The figure currently is about 42 per cent. He said this was essential because the Centre was over-dependent on market borrowings to meet the revenue-expenditure gap.

- **SBI planning to raise \$2B from expatriate Indians**

The State Bank of India (SBI) plans to raise nearly \$2 billion from expatriate Indians through a new deposit scheme, taking advantage of high local interest rates, a senior official said. The official said the scheme was being launched in consultation with the central bank and details like the tenor and the coupon were still being worked out. "The road shows for this new scheme will kick off around the world in the last week of July," said the official, who declined to be named. "It aims to take advantage of the positive interest rate differentials between Indian and overseas markets."

The bank offers 5% to non-resident Indians on a

one-year rupee deposit. Subtracting the hedging cost of around 2.3%, the net return works out to 2.7%. A one-year dollar deposit would, in contrast, pay around 1.2%. The news drove up the rupee in early deals on Monday, boosting sentiment on prospects of the inflows bolstering already high foreign exchange reserves. India's foreign exchange reserves were at a record high of \$82.8 billion on July 4, helped by strong portfolio investment.

20 Indian companies on Forbes' global list

Twenty Indian companies figure on Forbes' Global 2000 list, a newly introduced classification of the world's biggest enterprises in terms of a composite ranking of sales, profits, assets and market value. Topping the Indian list is State Bank of India (268th position), followed by Reliance Industries (306th). The Indian list is mostly dominated by banks and financial institutions, and oil and gas companies.

Apart from SBI, there are seven other Indian banks and FIs on the list. They are: ICICI Bank (907th place), Bank of India (1,313), Bank of Baroda (1,344), Canara Bank (1,365), IDBI (1,403), Punjab National Bank (1,431) and HDFC (1,550). The Indian oil and gas companies included in the Forbes tabulation are Indian Oil (325th), ONGC (351), BPCL (956), HPCL (1,091) and GAIL (1,370). The two software majors, Infosys and Wipro, are very much there, figuring at 1,397th and 1,430th positions.

DEFENSE POLICY GROUP MEETING

(Continued from page 10)

borne joint exercises in Agra in May 2002 and in Alaska in September-October 2002, the joint air transport exercise in Agra in October, 2002, naval exercises in September/October, 2002, peace keeping command post exercise in Delhi in April, 2003 and special forces joint counter insurgency exercises in April, 2003. Similar combined exercises of greater complexity and sophistication were agreed on for the next 2-3 years. These exercises have been providing experience and insights into concepts, doctrines, technologies and operating procedures that have been valuable for the Indian armed forces.

There is also a growing defense supplies and re-

search and development relationship. The first batch of Weapons Locating Radars have already arrived and there is progress on India's request for Special Forces equipment as well as a Deep Submersible Rescue Vehicle, as indeed in many other areas. The backlog on the issue of export licenses for defense equipment is now largely overcome and the nascent procurement relationship has begun to progress smoothly. New proposals were exchanged to develop a defense technology relationship to include production, research and development and if possible in due course, joint development. A Master Information Exchange Agreement to facilitate information exchange on research and development was initiated by the two principals, Mr. Prasad and Mr. Feith.





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