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INDIA NEWS

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Four-phased Lok Sabha polls from Feb. 16

The nation will go to polls on February 16, 22, 28 and March 7 to elect the 12th Lok Sabha (lower house of the Parliament). The Election Commission announced the four-phased schedule on the New year day, formally starting the election process. Elections to five state assemblies — Gujarat, Himachal Pradesh, Nagaland, Meghalaya and Tripura — will also be held along with Lok Sabha Elections. The Election Commission said elections to six Lok Sabha seats in Jammu & Kashmir will also be held on February 16, 28 and March 7.

Counting of votes in the entire country, except the eight constituencies in J&K will start on March 9, in Meghalaya it would take place on February 23 itself as the new assembly has to be constituted by March 1. According to the schedule, the last date for filing nominations for Meghalaya and Tripura is January 27 and in the remaining states mentioned about it is January 28. Counting in all the constituencies will begin on March 8 except Meghalaya, where it will be held on February 23. In Jammu and Kashmir, the counting will begin on March 9.

Chief election commissioner Mr. Gill said the polling process will be over by March 15 to pave way for

the formation of the new government so that it can complete the formalities of passing a vote on account by March 31.

Gill said that all the parliamentary constituencies in Arunachal Pradesh, Assam, Haryana, Himachal Pradesh, Manipur, Meghalaya, Punjab, Ra-

jasthan, Sikkim, Tripura, Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Delhi and Lakshadweep will go to the polls on February 16. Mizoram, Nagaland and Pondicherry will vote on February 22 and Goa, Gujarat, Himachal Pradesh and Daman and Diu on

(Continued on page 5)

US to build positive relationship with India: Celeste

US Ambassador to India Richard Celeste has said his country will continue its efforts to build a positive relationship with India irrespective of which coalition or party came to power. Mr. Celeste, said that the United States had great respect for the democratic process which had taken deep roots in India as was evident from the overwhelming participation of people in the poll process.

He said US President Clinton and the people of the United States really wanted to have a strong long-term and broad based relationship with India based on mutual respect and common agenda for working towards welfare of humankind and building a peaceful world. He said that in the 21st century he could not imagine a peaceful and economically developed world unless India was playing a great role.

Mr. Celeste said the recent political developments leading to mid-term poll had not discouraged US Investors from coming to India as they were convinced that the country was set on its policy of economic liberalization. He said the recent currency crisis in the southeast Asian countries would not affect investment in India. The US business people viewed India differently and did not equate it with the situation faced by the Asian tigers. The new US ambassador also praised the process of decentralization of power which had gained momentum in the 1990s. The empowerment of states to take their own decisions in respect of projects had greatly encouraged US Investors.

Morgan Stanley ranks India among top three emerging markets

The financial powerhouse Morgan Stanley Dean Witter, in its 1998 outlook, has called India the most attractive emerging market in Asia and has classified the country as one of the three most attractive emerging markets in the world, next only to Brazil and Mexico.

The firm has, in its 1998 model emerging market portfolio, allocated 10 per cent weightage to India, next only to Brazil (18 per cent) and Mexico (16 per cent). The model emerging market portfolio has been designed by the firm's New York-based managing director and global emerging markets strategist Robert Jay Peloski and leverages off the work of 30 emerging market specialists around the globe.

The 10 per cent weightage becomes more crucial since Morgan Stanley's entire Asia weightage is only 19 per cent. "That means we are asking our clients to invest almost half the money they put into Asia, in India," explained Mr. Peloski. Morgan Stanley's exuberance, incidentally, stands out at a time when most foreign investors are going slow on Asia and India.

Morgan Stanley's 10 per cent weightage for 1998 is also ahead of the historic 6.5 per cent weightage accorded to India on the Morgan Stanley Capital International (MSCI) Emerging Market Index. The 1998 outlook is valid for a period ranging from 12 to 18 months and in this period, the firm will push India to its international investors.

Morgan Stanley is of the firm belief that India will not face the same currency-depreciation triggered fate that its Asian neighbors have faced. Moreover, it is positive that economic recovery will come in the next six to 12 months. "We believe India is a strong domestic demand story unlike other south-east Asian economies," said Mr. Peloski.

Mr. Peloski justified his firm's enthusiasm, "India has the right levels of uncertainty and for a host of reasons — ranging from politics to reasons — ranging from politics to currency. And which is why there are attractive valuations. If things were clear then valuations would be expensive.

Gujral urges NRIs to invest more in India

Prime Minister Inder Kumar Gujral reiterated that India's economic policies should be seen as a strength of Indian democracy.

"India is strong and its economic policies are sound. We are moving towards new international relations because of our foreign policy which has helped in establishing new relations with the US, Europe, South Asia and ASEAN," he said, inaugurating the 19th International Conference of Indians and Non-Resident Indians in New Delhi.

Though the country has had four Governments in the last two years, it has nevertheless moved forward in all spheres of activity, he said, adding that he was proud of the country's achievements, particularly in science and technology.

"Only two days back two countries approached India for launching satellites for them which points to the big strides India has made in 50 years of Independence through indigenous efforts," the Premier said.

There might be some hiccups like not getting a plot in time but these are minor problems which could be solved.

Elaborating on the socio-economic changes in the country, Mr. Gujral said, "We have made headway in several areas." He praised NRIs like Lord Swaraj Paul who have helped in building bridges between India and countries in which they are residing. He also appealed to them to invest more in the country of their origin, which is rapidly changing for the better.

India opens door to banking, financial reform

India has opened up the country's non-banking financial services (NBFS), including stock-broking to foreign companies, as part of the revised offer made to the World Trade Organization which recently signed an accord on trade in financial services. Official sources said that the government would allow up to 51 per cent foreign equity in five areas of NBFS, while in stock-broking it would be 49 per cent.

The five areas are financial consultancy, factoring, leasing, venture capital and merchant banking. Up to 51 per cent foreign investment would be allowed in NBFS companies incorporated in India. India, which made an improved offer over the commitment made by it to the World Trade Organization committee on trade in financial services in July 1995, has agreed to open 12 branches of foreign banks every year on the most favored nation basis.

This offer was, however, conditional as the total share of foreign banks could not exceed 15 per cent of the total bank branches in India.

On the insurance front, there was, however, no new commitment though some deletion was made in reinsurance and retrocession to facilitate market alignment, the sources said. In the old schedule, reinsurance could be taken with foreign insurers to the extent of the residual uncovered risk after obligatory or statutory placements domestically with Indian insurance companies. This amounted to 10 per cent of the premium of the overall market being reinsured abroad.

This limit of 10 per cent has been deleted in the new schedule of offer. This was just a market alignment and certainly not a new offer. India has made some modification in freight insurance as well. While freight insurance of Indian imports would be on cost inclusive freight value exports would be on freight on board value.

India has also committed to give most favoured nation treatment on permanent basis in these areas. This could not be described as a substantial commitment as it only meant that trade in those areas of financial services committed by India would be on a non-discriminatory basis. On venture capital, the sources said funding has to be entirely out of equity for foreign companies wanting to set up this non-banking financial service in the country.

Foreign NBFS would be allowed stock broking through establishment of locally incorporated joint venture company with foreign equity not exceeding 49 per cent. The foreign equity participation would be limited to recognised foreign stock broking companies.

Investments in other financial services companies by branches of foreign banks licensed to do banking business in India individually should not exceed 10 per cent of owned funds or 30 per cent of the invested company's capital, whichever is lower. Public sector enterprises could invest surplus funds in term deposits only with scheduled commercial banks incorporated in India.

India to become largest milk producer

Competition from the private sector and the sustained increase in "farm-gate" prices could enable India to become the largest milk producer in the world during the 1998-99 marketing season with an output of 74 million tonnes, says the Food and Agriculture Organisation. The FAO says India would equal the production level of the United States by the end of the 1997-98 (April to March) season with an output of 71 million tonnes.

"Assuming normal weather conditions and an average rate of production increase during the 1997-98 (April to March) marketing year could see milk output in India rising to 71 million tonnes and placing it on a par with the United States, the world's largest milk producing country," says the FAO. The FAO in its "Food Outlook" journal says growth in Indian milk production has been sustained by an expansion in internal demand.

Global output of milk is expected to increase by one per cent in 1997, says the FAO adding it was after several years of stagnation that milk production had begun to emerge from the trough caused by the decline in output in the Commonwealth of Independent States and some eastern European countries.

Science Congress reviews the last 50 years

The 85th session of the Indian Science Congress at Hyderabad from January 3 to 7 reviewed the progress of science and technology in the last 50 years and suggested new initiatives in its progress, according to Indian Science Congress Association General Secretary Prof. A.S. Mukherjee.

Prime Minister Gujral inaugurated the annual science gathering of over 5,000 scientists at the Osmania University. Chairman of Atomic Energy Regulatory Board Professor P. Rama Rao is the General President of the Science Congress session. Several prestigious science awards were also presented at the session. At the time of independence the country had only 20 universities and 60 national laboratories with negligible industrial R&D. At present there are 200 universities, 400 national laboratories and 1300 in-house R&D institutions of industrial undertakings.

“As we cross the Golden Jubilee milestone, the focal theme (of the Science Congress) motivates us also to develop an outlook for the future, especially in the context of the rapid changes that have occurred more recently in the world economic and political scenarios,” says Professor Mukherjee.

India-Oman Fertilizer Project implementation to begin in July

The implementation of US \$1.2 billion India-Oman fertilizer project to be set up in Oman, is expected to start in July. The Government has already approved the proposal of RCF and KRIBHCO for investment in the Oman India Fertilizer Project (OIFP) which they are jointly promoting with Oman Oil Company. The Joint Venture Oman India Fertilizer Company (OMIFCO) in Oman, agreement for which was signed on 2nd April, 1997 in New Delhi, is expected to be incorporated in January, 1998. As a step towards steady progress of the implementation of the project, the Project Information Memorandum (PIM) to the Export Credit Agencies (ECAs) and the arranging banks has been issued on 18th December 1997. The arranging bank is expected to be selected by the end of February 98.

The OIFP is amongst the biggest overseas ventures by Indian companies. It envisages to set up world class ammonia-urea complex with an installed capacity of 1.5 million metric tons per annum (MTPA) of

granulated urea and 330,000 MTPA of merchant ammonia. The entire urea will be lifted by Indian partners augmenting fertilizer availability in India. The project will be financed through a debt equity ratio of 3:1. Regarding another major joint venture being pursued in Iran, bid responses along with package will be received up to middle of March, 98. Invitation to bid were issued in November, 97 in respect of this urea project to be set up at Qesham Island in Iran. The joint venture partners are IFFCO and KRIBHCO from India and Qesham Free Area Authority (QFAA) from Iran. The project is expected to produce 1500 MTPD ammonia and 2200 MTPD urea and is estimated to cost US \$470 million.

In addition to OIFP and India-Iran Qeshm Fertilizer Project, a Joint Venture Project in Jordan to produce 224,000 MT of Phosphoric Acid per annum, jointly implemented by SPIC and Jordan Phosphate Mines Co. Ltd. has been commissioned and started commercial production from

May 1997. A Joint Venture between OCP, Morocco and Chambal Fertilizers and Chemicals Ltd. (CFCL) to produce 33,000 ton of phosphoric acid at an estimated cost of US \$228 million is being set up in Morocco. All Government clearances have been granted and a Joint Venture company under the name “INDOMAROC PHOSPHORE SA” has been formed. As much as 50% of the JVC equity will be held by CFCL. The project is expected to go into production in 2nd quarter of 1998.

The Government is following a conscious policy of encouraging Indian companies to have joint venture fertilizer production facilities with buy-back arrangements in other countries, which have rich reserves of natural gas and rock phosphate. Natural Gas which has limited availability in India is the preferred feedstock for the production of nitrogenous fertilizers. Similarly, India depends to a great extent on the imported raw materials for production of phosphatic fertilizers.

Four-phased Lok Sabha polls from Feb 16 . . .

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February 28 and 3 on March 7. The Commission, Gill said, has decided to forward its recommendations to the governors of the five concerned states for issuing notifications calling upon the state legislative assembly constituencies to elect members to the concerned state legislatures.

There are 21 casual vacancies in various state legislative assemblies. By-elections for filling these vacancies will also be held simultaneously, as per the schedule for the elections to the concerned parliamentary constituencies. As the tenure of the Meghalaya Assembly ends March 1, 1998, counting for the two parliamentary constituencies in Meghalaya and all the Assembly constituencies in the state will be taken up on February 23. Counting in three constituencies of Jammu & Kashmir going to poll on March 7 will be taken up on the March 9.

Gill noted that in pursuance of its recommendations, the central government have issued necessary amendments to rule 90 of the conduct of election rules thereby enhancing the maximum limit of election expenses in any one parliamentary or assembly constituency.

It also noted that the President has issued an ordinance on December 23, 1997 amending the provisions of Section 159 of the RP Act. By this ordinance, the chief electoral officers have been enabled to requisition the services of employees of local authorities, universities established by "central, provincial, or state acts" any other institutions, concerns or undertakings, a concern or an undertaking established under a central, provincial or state act or a company within the meaning of sec-

tion 617 of the Companies Act, 1956 controlled, or financed wholly or substantially by funds provided, directly or indirectly, by the central government or a state government.

The EC placed on record its appreciation for all the political parties for supporting its proposals on the above matters and the central government for taking prompt action for facilitating smooth conduct of the current elections. The model code of conduct for the guidance of political parties and candidates comes into operation with immediate effect in the entire country. In terms of the recently announced policy of the EC regarding registration of new political parties, processing of any fresh application or their registration would remain suspended till completion of the election process March 15, 1998.

Notifications for the general elections will be issued for Meghalaya and Tripura, on January 20 and for Arunachal Pradesh, Assam, Haryana, Manipur, Punjab, Rajasthan, Sikkim, Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar, Haveli, Delhi, Lakshadweep, Andhra Pradesh, Bihar, Karnataka, Tamilnadu, Uttar Pradesh and Jammu and Kashmir next day. The Commission said that political parties, candidates and the government should ensure reducing avoidable expenditure on the polls.

The terms of the state assemblies of Meghalaya, Nagaland and Tripura, each with 60 seats, are due to expire on March 1, 17 and May 13 respectively while the assemblies of Himachal Pradesh (68 seats) and Gujarat (182 seats) were dissolved on December 24 and 25 respectively.

1,043 companies to take part in machine tool fair

As many as 1,043 companies, including 439 foreign firms, are to participate in IMTEX 98 and its concurrent exposition TOOLTECH 98 — the largest exhibition of machine tools, manufacturing and technology solutions in South and South-East Asia — to be held in New Delhi from February 24 to March 3, 1998.

Organized by the Indian Machine Tool Manufacturers' Association (IMTMA), IMTEX 98 is the tenth in the series of IMTEX exhibitions held so far. Machine tools worth Rs. 2,100 million will be displayed over a gross space of 55,000 square meters at Pragati Maidan in the heart of the Capital. The net space of the exhibition is 30,000 square meters, a third of which has been booked by foreign participants.

As many as 604 Indian companies are participating in the eight-day specialized business fair, in a total area of little over 20,000 square meters. A significant share is from Maharashtra with over 190 manufacturers displaying their latest range of machine tools and manufacturing solutions.

SOFTWARE TECHNOLOGY PARK OF INDIA

The Software Technology Park of India (STPI) has made significant achievements since its inception in 1991.

- More than 750 units have been approved, out of which about 575 units have commenced operations and remaining units are in various stages of establishment.
- The export revenue of the STP units is showing continuous growth of over 100% every year. The STP units have exported Rs.1780 crores worth of software during the year 1996-97 with a growth rate of 145%.
- There has been a remarkable shift in focus of industry to offshore projects and services. STP contributes about 90% of the total national offshore software export.
- STP units are contributing nearly 50% of software exports.
- With the setting up of more STP centres software industry has dispersed to new locations like Pune, Thiruvananthapuram, Gandhinagar, Bhubaneswar etc., which were not known to be software centres.
- STPI has been providing incubating infrastructure to small and medium enterprises which is very essential for the growth of the software industry.

Satire and Spice: Cartoons from India

**(An exhibition organized by the Indian Council for Cultural Relations;
co-sponsored by the Asia Society and the Discovery Channel)**

There is a saying that you can judge the freedom in a country by the freedom the cartoonists enjoy. With its nine hundred and fifty million people, India is not only the world's largest democracy but a cartoonist's paradise. Whether its politics, world affairs, city life, every-day problems or any burning issue of the day, cartoonists have a field day providing a daily dose of a light-hearted, insightful, satirical commentary on the Indian way of life — a smile for breakfast and a thought for the day.

This cartoon exhibition displays a selection of over a hundred cartoons and caricatures drawn by three generations of India's most renowned cartoonists, viz. Abu A. Graham, Supper Dar, R.K. Laxman, Mario Miranda, Ajit Ninan and K. Shankar Pillai. The exhibition covers events of the last decade of the pre-independence era and 50 years of freedom. The first of its kind to travel out of India, it seeks to provide a colorful kaleidoscope of a vibrant, throbbing democracy at work.

Date: January 16-28, 1998, 9:30 am - 5:30 pm

Venue: World Bank - Lobby, 1818 H Street, NW Washinton, DC 20433

The tour will also travel to:

Chicago: Daley Center, February 9 -23, 1998 (Contact: Anup Singh, Consul, 312/595-0415 x45)

Houston: Museum of Printing History, March 5 -20, 1998
(Contact: Swashpavan Singh, Consul General, 713/626-3153)

New York: Asia Society, Park Avenue, April 2 -19, 1998 (Contact: Samantha Hoover, 212/327-9278)

Indian Space Program – 1997

In the 50th year of Independence, India launched an operational Indian remote sensing satellite, IRS-ID, using the indigenously designed and built Polar Satellite Launch Vehicle, PSLV, on September 29, 1997. It has ushered in an era of technological self-reliance for space-based remote sensing. The nation continues to derive space-based services for resources survey and management using the world's largest constellation of four remote sensing satellites, IRS-IB, IRS-IC, IRS-ID and IRS-P3.

The Dissemination of IRS data all over the world, under commercial agreements, shows the leading edge that India has established in this advanced technology. The plans to launch IRS-P4 for remote sensing of ocean next year, IRS-P5 for cartographic applications the following year and IRS-P6 for resources survey by the year 2000, indicate that these remote sensing services will continue to play an important role in the development of the country. The applications of remote sensing is extending to newer areas. The generation and implementation of locale-specific action plans under the Integrated Mission for Sustainable Development (IMSD) is progressing well in the selected areas covering 175 districts all over the country.

India continued to derive the services of INSAT system for telecommunication, television broadcasting, meteorology and disaster management. The services are now provided by four satellites, INSAT-ID, became inoperable on October 4, 1997. The INSAT space segment capacity is now being augmented by procuring a satellite from the ARABSAT Organization. The satellite is already in the geo-stationary orbit and will be moved to an INSAT location at 55 degree east longitude and, after testing commissioned into service in a phased manner. With the planned launch of INSAT-2E next year, further expansion of INSAT services will continue.

The International Telecommunication Satellite Organization (INTELSAT) will also be leasing a few transponders on board INSAT-2E under a commercial agreement with the Department of Space. Thus additional capacity for use by INTELSAT is being built into the satellite Work on INSAT-3 series of satellites.

Under the Jhabua Development Communication Project development training and education is being provided

via INSAT to villagers in 150 districts of Madhya Pradesh for which direct reception television sets have been installed with talk-back provision in block headquarters. The feedback received so far from this pilot project that started in 1996, has indicated that an interactive type of satellite based media can be a powerful means for imparting education to the grassroots level people especially those living in remote and inaccessible areas. The exclusive channel of INSAT for the training and developmental education is being used effectively by several agencies for interactive training.

Satellite communication has become an important infrastructure for the communication network in the country. In order to regulate and ensure an orderly growth of this system the Union Cabinet has approved a policy framework, which provides for offering transponder capacity on INSAT system to non-governmental users also on commercial terms. Indian private entrepreneurs will also be permitted to establish communication satellites.

With PSLV having become an operational launch vehicle, all the future IRS series of satellites are planned to be launched by this vehicle. A Korean satellite and a German satellite are also being flown on board the next flight of PSLV-C2 along with the Indian satellite, IRS-P4.

The progress that has been achieved in the development of GSLV, including the testing of its strap on stage, indicates that, soon India will be able to launch its INSAT class of communication satellites from the country. Indian sounding rockets has been launched by the Norwegian Space Agency from the North Polar region for conducting atmosphere investigation. This is expected to lead to commercial agreements for procurement of sounding rockets from ISRO by Norway.

The SRODS-C2 SATELLITE launched India's ASLV in May 1994 has been providing valuable scientific data on Gamma-ray astronomy and upper atmospheric research. The X-ray astronomy payload on board IRS-P3 launched in March 1996 is also functioning well sending valuable scientific data. Exciting scientific results on several types of celestial objects have been obtained from IRS-P3 X-ray astronomy experiment.

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Indian Space Program – 1997

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India's role in promoting the role of the space-based remote sensing for various applications has been recognized by the world community with the Indian Space Research Organization (ISRO) taking over the Chairmanship of the International Committee on Earth Observation Systems (CEOS) in November 1997. The next annual meeting of CEOS is being hosted by India. That an Indian space scientist has been elected the Chairman of the United Nations Committee on peaceful uses of outer space shows that the country is held in high esteem by the international space community.

The Center for Space Science and Technology Education, sponsored by the UN, has completed two courses since the establishment in November 1995 for the benefit of students in Asia Pacific region and the third course is now in progress.

Indian Space systems today form an important part of the national infrastructure. The country's space capability has been recognized world over while commercial benefits have also started accruing.

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