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# INDIA NEWS

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## Prime Minister Gujral Addresses The United Nations General Assembly

Addressing to the 52nd session of the United Nations General Assembly, Prime Minister Gujral made a strong case for a permanent seat for India in the United Nations Security Council.

The Prime Minister recalled to the General Assembly Nehru's words 37 years ago from the same podium, that the aim of the UN goes beyond managing security and keeping peace. It should work to eliminate the causes of war and conflict. "We are prepared to bear the full responsibilities of permanent membership," he said in his address, highlighting that India's size and its readiness for constructive engagement in world affairs would be an asset to an expanded Security Council.

Referring to the need for the world body to evolve and adapt itself to the rapidly changing environment, Mr. Gujral welcomed the Secretary General's reform plan. He pointed out that reform of the UN should not be merely a budget trimming exercise but must restructure the UN to equip it to respond effectively to the priorities identified by the overwhelming majority of its membership.

The Prime Minister pointed out that international peace and security, and



*Prime Minister Gujral addressing the 52nd Session of the UN General Assembly in New York on September 24, 1997.*

development were inextricably linked, one being impossible to achieve without the other. Referring to human rights, Mr. Gujral said it was important to launch an assault on poverty and under development, promotion of awareness of rights, and a policy of affirmative action for the uplift of socially and economically vulnerable sections.

In making a case for India's claim to permanent membership, the Prime

Minister also explained that India now had an "enhanced engagement with the ASEAN" as a full dialogue partner and as a participant in the ASEAN Regional Forum. Referring to globalization, nationalism and sub-nationalism, Mr. Gujral said that there is an "absolute need for extreme caution to prevent established nation States from being destabilized either through too hasty a push towards globalization, or the pull of sub-national demands."

## India Has Gained From Liberalization

“India has gained from the liberalization of the economy,” Lord Meghnad Desai, Professor, London School of Economics, said in New Delhi. Delivering the Sukhamoy Chakravarty Memorial Lecture on “Planning: New Directions and Perspectives” at the India Habitat Center in New Delhi, he said in the Seventh and Eighth Plan the GDP averaged six per cent, the highest average ever.

Real per capita income increased by 49 per cent over the decade 1986-96, the highest decade growth recorded, he said, though other factors like continuous good weather had also played a role in it, he added.

Suggesting a higher growth rate, he said that now it was possible for India to go for five to six per cent growth rate since external resources were available. The problem of poverty could then be tackled on both fronts — via a higher growth rate and well-directed redistributive policies.

Planning for the post 20th century had to come to terms with new material conditions. It is a world in which trade and capital flows are strong currents. The economy had to be seen no longer as a car going down some turnpike but rather as ship which had to negotiate strong currents, he pointed out.

## INSAT-2C To Become Operational By 1998

India is on the threshold of yet another unique application of satellite-based communications when mobile services using national satellite, Insat-2C would become operational from early 1998. Though transponders for mobile satellite service had been existing ever since Insat-2C was launched in December 1995, there was delay in setting up the ground (HUB) station and development of the mobile terminals as the country had to go in for S-band terminals which was not available anywhere in the world. The development of the ground facilities had now been completed by the Center for Development of Telematics (C-DOT) which was contracted by the Department of Telecommunications (DoT) to set up the facilities. C-DOT alongwith comsat of the US had also come up with a brief-case sized terminals, which weighs just 5 kg. It could be carried anywhere and linked to Insat-2C for voice, fax and data transfer.

## FDI Proposals: USA Tops the List

USA continues to be the largest investor and upto June 1997 accounts for 25.9% of total foreign investments approvals. This is worth \$ 9.6 billion. Among the states the highest number of approvals has been accorded to Delhi. This accounts for 16.9% of the total and is worth \$1.4 billion.

Priority sector and core sector account for more than 70% of the total approvals and 11% of the approvals relate to consumer industry. Total inflow approval ratio is over 22% and it stands at around 50% if mega projects are excluded.

The lag between inflows and approvals is on account of varying gestation periods of projects approved, with greater delays in inflows in mega projects which account for almost 50% of the approvals.

## NRIs, OCBs Allowed 100% Ownership In 25 Areas

In continuation with the policy of economic liberalisation, the Union Government has allowed 100 per cent equity holding of Non Resident Indians (NRI) and Overseas Corporate Bodies (OCB) in sectors including mines, food products, textiles, coal, transport equipment, electricity generation and a host of manufacturing goods. An official announcement to this effect was made by the Finance Ministry.

In the list of 25 industries opened up for 100 per cent equity holding, the Reserve Bank of India (RBI) has been empowered to give automatic approvals for Foreign Direct Investment (FDI) to NRIs and OCBs. The new list of industries opened up for 100 per cent foreign equity holding and RBI's automatic approval is in addition to 35 industries in which FDI has been liberalised. This facility will be available only to individuals of Indian nationality or origin residents outside India and OCBs where the NRIs hold at least 60 per cent equity.

## Economy to Grow By 6-7% In 1997-98

The economic prospects for 1997-98 are favourable and the growth rate could be between six and seven per cent, according to all the available indicators, states the annual report of the Reserve Bank of India.

There is a growing recognition that it is possible to achieve and sustain real Gross Domestic Product (GDP) growth rate of seven per cent or more in the near future,

states the report. The average real GDP growth rate during the eighth five-year Plan (1992-97), estimated to be at 6.5 per cent, was distinctly higher than the targeted growth rate of 5.6 per cent. More importantly, the real GDP growth rate during the last three years averaged over seven per cent, which was not only unprecedented for the economy but also impressive in terms of cross country comparisons. Besides, a high growth performance has been achieved along with notable improvement in several macro-economic fundamentals in the economy including a lower order of fiscal deficit, a higher saving rate, a moderation in price increases, sustainable external payments situation and a relatively stable exchange rate environment.

## US Senator Pledges Increased Partnership With India

Senator Jesse Helms, Chairman of the powerful Senate Foreign Relations Committee, has declared that "for too long, the promise of partnership between the United States and India has gone unfulfilled" and asserted "we have got to change that." The senator predicted that the demise of the cold war and "the beginning of a new era of prosperity and free trade between our nations can bring a grand partnership between our two democracies."

Mr. Helms, who was the keynote speaker at the 14th annual convention of the Indian-American Forum for Political Education, told the convention, "I want us all, each of us, in our own way silently to pledge to work together to make it happen." He lauded the economic policies adopted by the Prime Minister, Mr I. K. Gujral, whom he described as a "reformer who understands the importance of the free enterprise system and a free market."

### STATEMENT ISSUED BY THE EMBASSY OF INDIA ON THE DEATH OF MOTHER TERESA

The extraordinary place that Mother Teresa held in the hearts of all Indians, regardless of their religion, has been evident in the great outpouring of grief at her death, all over India, especially in Calcutta.

This was also underlined by the decision of the Government of India to accord her a State funeral, with full military honours, an honour that has been given before only to former Heads of State and Heads of Government.

In a fitting tribute, the gun carriage in which the body of Mother Teresa will be conducted in procession by the military, is the same gun carriage that was used for the funeral of Mahatma Gandhi, following his assassination in 1948. This gun carriage has been used after that only once at the funeral of Prime Minister Jawaharlal Nehru in May, 1964.

In this hour of grief, the people of India had received great support and sympathy from people all over the world, who grieved with them. Thousands of mourners have passed through the Indian Embassy in Washington, as well as the Indian Consulates in New York, Chicago, San Francisco and Houston, to sign the condolence book and pay tribute to Mother Teresa. A delegation led by the First Lady Hillary Rodham Clinton attended the funeral service at Calcutta. These gestures bear testimony to the unique position that Mother Teresa held in the hearts of people from all walks of life, and the deep sense of loss that all of them have felt.

The Embassy of India expresses its gratitude, on behalf the people of India, to all those who share in our grief.



*Mrs. Hillary Clinton paying homage to Mother Teresa in Calcutta*

# INFRASTRUCTURE NEWS

## Tremendous Opportunity for Investment in Power Transmission

The Minister for Power, Prof. Y.K. Alagh has said that there will be a tremendous opportunity for investment in India's power transmission, when it gets the legal sanction. He said, a Bill on this will be introduced in Parliament, to amend the electricity laws to recognize transmission as an activity independent of generation and distribution. This will also facilitate joint ventures between public and private companies.

The Government, he said, is promoting a number of pithead power stations from where electricity can be evacuated to different parts of India through both AC as well as HVDC links. Prof. Alagh was addressing a roundtable meeting of the Canadian Chief Executive Officers in Toronto. The earlier changes made in the Legislative framework governing the power industry allows the private investors to set up generating companies which can supply power in bulk to the grid and also directly to the consumers with the consent of the State Governments.

Further modification of the policy permits the private developers to set up power projects of any capacity, based on any fuel except nuclear. It also allows liberal capital structuring and an attractive return on the investment. Some constraints which have come in their way are being reviewed and would be overcome shortly.

The premier power generating company of India, The National Thermal Power Corporation is in the process

of creating additional capacities in cooperation with the State Governments as well as private utilities. With a good track record in setting up and operating power projects, any collaboration with it in making investments in Indian power industry, can help in reducing the risk which the private entrepreneurs, particularly foreign, have hitherto expressed, Prof. Alagh said.

A standing independent group was set up last week to frame parameters for direct negotiations, following offers from several foreign companies showing keen interest in India's power generation. This will facilitate quick investments and project implementation. The Minister pointed out that to overcome shortages, India needs to add something between 7 to 8 thousand MW of new capacity every year for the next 15 years, giving vast scope for investment in various sectors of the Indian power industry.

Apart from these, efforts are also being made to increase the plant load factor by renovation and modernization, energy conservation, providing subsidized lending, augmenting the availability of fuel and so on. Besides, the renovation and modernization scheme, a Program for Accelerated Generation, Evacuation and Refurbishing (PAGER) has also been launched with satisfactory results. This has stepped up the growth rate in power, Prof. Alagh added.

## Investing in India's Infrastructure: A New Approach

The Minister for Power, Prof. Y.K. Alagh, has said that India has opened

many of its markets for investment by private and foreign companies to strengthen its infrastructure, including Power. It is constantly streamlining the procedures and expect a large number of projects to be available on the shelf for investment. Legal and institutional frameworks have been established for this and independent regulators are also under way. Bidding procedures are also being streamlined. Prof. Alagh was speaking in Toronto at the Conference Board of Canada.

Outlining the initiatives being taken to tone up the power sector and electricity generation, he said that a standing independent group was set up last week under the chairmanship of the former Chief Justice of India, Mr. P.N. Bhagwati to frame parameters for negotiations for "showcase power projects". This follows offers from various foreign companies expressing keen interest to take part in India's power generation. He said, this will facilitate quick investments and project implementation. He expressed the hope that many governments will now like to avail of this facility and make investments in our country's electricity generation industry.

Referring to availability of fuel, he said, it is incorrect to say that it is a constraint in augmenting power generation in India. This has been receiving considerable attention at the highest level in the recent months. The indigenous coal industry is being prepared to produce at least 50 million tones of more coal for power generation in the Ninth Plan.

The Government has also permitted captive coal mining and steps are also being taken to decontrol the price of various grades of coal. Legal mea-

asures are to be taken in the coming months to allow private coal exploration and mining in India. The Government recently agreed to the setting up of 12,000 MW liquid fuel based capacity including naphtha, to meet shortages in Power, in the shortest time possible. For augmenting availability of gas, LNG terminals are proposed to be set up, both on the West and the Southern Coasts of India, for which a number of offers are being received from investors, both Indian and foreign.

The other measures include recognizing transmission as an activity independent of generation and distribution, setting up of Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, renovation and modernization of old plants, subsidizing the lending rates and the launching of a scheme called 'Program for Accelerated Generation, Evacuation and Refurbishing (PAGER)', Prof. Alagh added.

### **DOT TO INVEST RS. 7000 MILLION TO STRENGTHEN NATIONAL INFORMATION INFRASTRUCTURE**

The Department of Telecom has decided to strengthen the National Information infrastructure which could act as a catalyst for development in the telecommunication sector. The guidelines for the eligibility criteria tariff and other related matters regarding private sector participation in Internet services are expected to be finalized within a month. The Department would evolve a policy to ensure that level-playing field is provided to all players in the area of Internet service providers. At a minimum level this would require an investment of Rs.7000 million in the next two years.

A high level committee has been set up to work out the detailed guidelines and eligibility criteria for companies wanting to be licenced at internet service providers. This committee would be headed by Dr. Bimal Jalan, Member Secretary in the Planning Commission.

Earlier the cabinet had in principle given clearance to strengthen the information backbone which would include the state of the art data and communications system as well as to do away with VSNL monopoly for providing service to internet users. Secondly, in principle approval has been given by the government for permitting entry to the private sector Internet service providers and to waive the licence fee for a period of two years. The interconnection charges to be paid by the Internet service providers for connection with national Internet backbone will also be kept promotional only.

### **ORDINANCE PROMULGATED TO BOOST INFRASTRUCTURE PROJECTS**

With a view to give a boost to infrastructure projects, the President has promulgated an Ordinance to provide for straight-line method of depreciation for capital assets in the power sector. The Ordinance has been promulgated under Article 123 of the Constitution and seeks to amend Section 32 and Section 80-1A of the Income Tax Act, 1961. The new measure will enable power generating units to depreciate their capital assets using the straight-line method at the same rate at which it is reimbursed by the State Electricity Board under the Electricity (Supply) Act, 1948.

Section 80-1A has been amended by this Ordinance mainly to provide certain tax incentives to industrial undertakings engaged in the business of power generation, commercial production of mineral oil, construction of highway infrastructure and those located in certain industrially backward districts of the country. The benefit of deduction available to undertakings commencing production of mineral oil in North Eastern region, has now been extended to other parts of the country.

The Ordinance has also extended the cut-off date for availing tax benefits by undertakings which generate, or generate and distribute power to March 31, 2000. The benefit of deduction available to infrastructure facility has been extended to housing and other development activities which are an integrated part of a highway projects within a period of three years.

This will facilitate in improving the financial viability of many BOT (Build, Operate and Transfer) projects, in the Road Sector. This deduction is available in respect of assessment year 1998-99 and subsequent years. The time limit for availing the tax holiday has been extended from twelve years to twenty years in respect of highway projects.

# ‘Indo-US Relations — Start of A New Friendship’

**PRIME MINISTER SHRI I.K. GUJRAL'S OPENING REMARKS AT THE MEETING  
WITH THE COUNCIL ON FOREIGN RELATIONS, NEW YORK ON SEPTEMBER 23, 1997**

Mr. President, in India, a nation of nearly 960 million people has been celebrating the Golden Jubilee of our Independence. Our joy on this occasion is laced with a mood of introspection, not only about the fifty years of freedom, and our successes and failures during those years, but also about the new millenium that is at our doorstep. As I look ahead, I am reminded of the words of Daniel Webster — “We see before us a probable train of great events.”

Indians today are engaged with India as never before. In the last 5 decades democracy has entrenched itself in an unassailable manner all over the country. There is a pervasive sense of change, at a faster pace and for more pointed results. The pulse-beat of the economy has picked up. The mood of our businessmen, industrialists and farmers is upbeat. Social change, empowering the hitherto backward and oppressed sections in the country, has accelerated. The myriad diversities and pluralism of my country have found mature expression. One reflection of this is the existence of a coalition Government at the Centre. Our experience of coalitions is relatively new, but the learning process, as befitting a mature democracy, responsive to the mandate of the people, has been both agile and fast.

India is now one of the most participatory democracies in the world. Two million democratically elected people govern the country from the Panchayat (Village Council) level to the Parliament. At the apex level, single-party rule is now regarded as outside the realm of possibility, as coalitions have become more the norm rather than an aberration. Some of the largest states have coalition governments of two and

more parties. The Union Government is in the hands of the United Front, a coalition of 13 parties with a Common Minimum Programme for development and social justice, supported from outside by the Congress and the Communist Party of India (Marxist) parties. This has accelerated the process of decentralisation of resources and power from the Union to the States and from the States to the Panchayat system. The election of 1996 clarified several central issues relating to the shape and substance of Indian democracy in the years to come.

Three of these are defining issues — relations between the Union and the States, definition of national identity, and rapid entry into the political arena of hitherto politically and socially peripheral segments of society. The question of national identity has assumed aspects of a nationwide battle, conducted through words and elections, between two streams of thought — one exclusivist, the other pluralistic. The pluralistic school is seemingly winning. It is spearheaded by the United Front that holds power at the Union level.

Social elements that were not adequately represented in Parliament's Lower House, known as the Lok Sabha, forcefully asserted themselves in the 1996 elections. Approximately half of the members of the Lok Sabha are drawn from the backward castes and hitherto oppressed classes representing mainly small and middle farmers and landless workers. The backward castes now rule in seven States either by themselves or in coalition with one or more parties. Among these states are Maharashtra and Uttar Pradesh, the most important States by virtue of industrialisation and population, and Gujarat and Bihar.

India's economic reforms, in accordance with our needs and priorities, are an ongoing process. Any reform process must carry with it the people of the country and help serve the interests of the less privileged. Such sensitivity is only natural for democracy. Democracy itself allows such priorities to find due reflection, and provides the only real foundation for enduring, irreversible change.

Our economic reforms have significance for the United States, which is India's largest trading partner and its single largest source of foreign investment. Many multi-national corporations are already in India. In certain sectors, which are of particular interest to the US, India is forging ahead. There are over 500 computer software companies in India, and India's software exports have grown over 30 times in the last eight years. The Indian market is growing, and will continue to grow significantly in the years to come.

A new generation of Indian industrialists and entrepreneurs has emerged. In a number of industries, Indian companies now enjoy global ranking. The changes in the Indian economy offer significant opportunities for our friends and partners. In the coming years, India must be one of the few countries in the world where every year there is a need to add tens of thousands of megawatts of power, thousand of kilometres of roads and highways, millions of telephones and millions of tonnes of nitrogen or cubic meters of gas. In this sense, India is the world's pre-eminent development frontier, and the opportunities for further Indo-US cooperation are obvious.

*(Continued on next page)*

A great deal of our foreign policy is now tuned to our economic and infra-structural needs. You may be aware of the success we have achieved in the short span of 16 months in improving our relations significantly with our immediate neighbours in South Asia. A mood and a climate for cooperative development and security prevails in most of South Asia. India's relations with Sri Lanka, Bangladesh and Nepal have never been so good. What is more important is that the policy of good neighbourliness, labelled by foreign affairs analysts as the 'Gujral Doctrine', is built around a broad national consensus and will, I am sure, survive the ups and downs of the fortunes of political parties in future elections.

May I now turn to the very important issue of Indo-US relations. I had a most constructive meeting with President Clinton yesterday afternoon. As the world's largest and oldest democracies, we share certain basic beliefs, as in the Rule of Law and in the essential, inviolate and equal dignity of all human beings. An active engagement between us can only serve the interests of peace, stability and maintenance of mankind's democratic rights and freedoms in an increasingly uncertain world.

We have a heavy schedule of bilateral visits ahead of us, leading up to the likely visit of President Clinton to India in 1998, and it is important that we took this time to appreciate each other's views and approaches. We value your understanding even in matters where differences have existed. India began its campaign for a nuclear weapon free world, almost as soon as it was born. Our disarmament credentials need no clarifications. We have been in the forefront of discussions leading to the Chemical Weapons Convention because we regard this as a genuinely nondiscriminatory multilateral disarmament treaty. India was among the first countries in the world to support the Treaty. We actively participated in the decade-long negotiations, and became an Original State Party. Indeed,

India was elected unopposed as the first Chairman of the Executive Council of the Organisation for Prohibition of Chemical Weapons.

The initiative for banning nuclear weapon tests comprehensively is a four decade-old Indian initiative. However, we were obliged to refrain from signing the CTBT as it emerged in 1996. Likewise we have not signed the NPT because it is a Treaty that makes an arbitrary and discriminatory distinction amongst nations. Moreover, these Treaties, in their present form, do not address our security concerns in creating forward movement towards a nuclear weapon-free world but tend instead, to perpetuate a discriminatory nuclear order. Now, with the end of the Cold War, the role and utility of nuclear weapons is being reconsidered even in the United States. Many distinguished Americans have in recent months highlighted the diminishing utility of nuclear weapons and the need to do away with them in order to prevent future proliferation and enhance global security. This welcome development could provide our two countries an opportunity to work together in an area where understanding has so far eluded us. Our peaceful nuclear experiment in 1974 has not been followed by any subsequent test. We have scrupulously refrained from weaponisation. This voluntary restraint is unique in the nuclear age. However, we are also surrounded by nuclear weapons and we cannot remain indifferent to the threat posed to our security. We do not wish to be a nuclear weapon state, but, in the present circumstances, the need to keep our nuclear option open is unavoidable.

We want our friends in the United States to understand that we cannot lower our guard as far as security is concerned. However, let me also say that we are not pathologically obsessed by security. We wish to strengthen the atmosphere of cooperative development and security in our regions, and do not wish to carry the dubious baggage of the 20th Century into the 21st.

There are other areas in Indo-US relations that we want to reinvigorate. I have in mind cooperation in the frontier areas of science and technology. Our Green Revolution benefited greatly from US assistance as well as cooperation with American scientists. Now, as we are on the threshold of a quantum leap in our economic possibilities, we remember that period with nostalgia. Some of our existing mechanisms for cooperation in science and technology, and education and culture, need to be revitalised. We need to jointly look for innovative ways to facilitate these contacts. Our bilateral cooperation in combating narcotic trafficking and terrorism is another area in which useful and effective work is already being done, and could be further strengthened. In economic matters, it is my view that any points of friction need to be juxtaposed to an appreciation of long-term benefits, and the perception of enduring priorities.

Another area on our broader canvas must necessarily be our interest in joining other nations in the task of reforming the UN. This is an issue on which we have had some degree of dialogue. India's claim to a permanent Security Council seat is based on the strength and the global reach of our foreign policy, our commitment to the UN processes, including peacekeeping operations, and on the strength of our conviction in the democratic functioning of multilateral arrangements.

We believe that we qualify on the basis of any global, objective and non-discriminatory criteria. We look forward to working closely with the US on this critical aspect of UN reform, as we have in the past on various other facets of UN functioning. To sum up, Mr. President, I believe that there exists, today, an objective basis on which Indo-US relations can enter a qualitatively new phase in the years to come. This revitalised, reinvigorated and strengthened relationship will be moulded, I believe, by three distinctive realities:

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**Opening Remarks . . .** (Continued from page 7)

First, the commonalities that we share — democracy, an open society, rule of law, pluralism and the dignity of the individual. These, I believe, must become a dynamically influencing factor in strengthening our relations.

Second, a nation of 960 million people is today firmly on the path of economic reform and progress. We are committed to the goal of bringing India into the forefront of the global economy. This endeavour opens up infinite possibilities for a new dimen-

sion to Indo-US relations. The opportunity should not be lost.

Third, the role of India as a factor of peace and stability, in its own region and beyond, must find due recognition in forging a reevaluation of the scope and direction of Indo-US relations, in the interests of both countries.

Mr. President, I believe that these factors, taken together, can give a new content and thrust to the friendship between our two nations. I am also looking forward to the visit of Presi-

dent Clinton to India next year. His visit, I understand, will be preceded by the visits of Secretary of State Madeleine Albright and Commerce Secretary William Daley. Let me conclude, Mr. President, by hoping that our two friendly nations will continue to be partners for mutual benefit in these great events, and the opportunities they offer.

I have consciously kept my opening remarks brief to leave more time for interaction with all of you. Thank you.”

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