

# India Review

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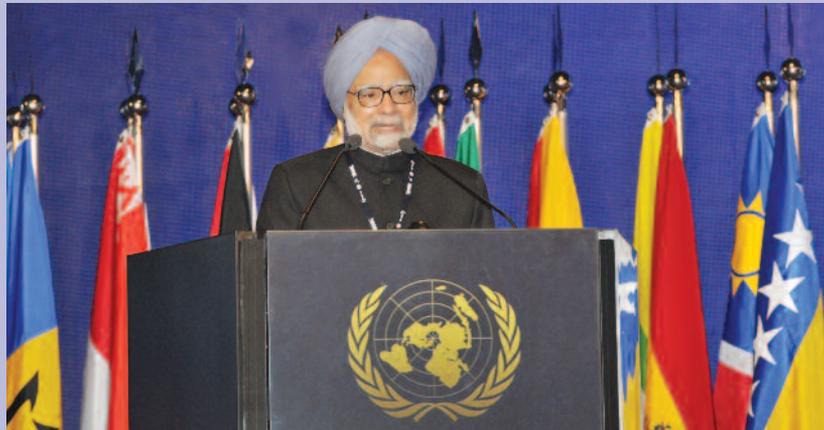
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Prime Minister Dr. Manmohan Singh in a group photo with the G-20 leaders at Los Cabos, Mexico, on June 18.

## G-20 pledges to support growth, free trade



### World renews commitment to 'The Future'

Prime Minister Dr. Manmohan Singh addressing the fourth Plenary Session of the UN Conference on Sustainable Development (Rio+20) at Rio de Janeiro, Brazil, on June 21.

■ **THIRD US-INDIA STRATEGIC DIALOGUE CONCLUDES**

■ **INDIA, U.S. DISCUSS SECURITY, DEFENSE PURCHASES**

■ **INDIA TO ACHIEVE \$500 BN EXPORTS TARGET**

# A tribute to Late Ambassador Dr. Abid Hussain



**ON JUNE 21, 2012,** one of India's most distinguished public servants Dr. Abid Hussain passed away in London. Dr. Abid Hussain had served as Indian Ambassador to the United States in the early nineties and I have received many messages of sympathy from a number of his admirers and friends in this country on his sudden demise.

Ambassador Abid Hussain as we all knew him, was a Renaissance man in many respects, the likes of whom are becoming a rare species in a world that is subject to so many rapid shifts and changes. What set Ambassador Hussain apart was the manner in which the elements so combined in him that he was both a warm, congenial, kind and gentle man as well as a superb spokesman for India and Indianness, blending both intellectual acuity with a vision that was holistic and humane.

In the last decade particularly, I was able to interact with Ambassador Hussain on many occasions. This was particularly so when I served as Ambassador to China. We collaborated on many occasions, in conferences and seminars where the focus was on the India-China relationship, and how we might be able to better tackle the challenges we faced as we sought to build better understanding between our two countries and peoples. It was a task that suited Ambassador Hussain perfectly. For, he was the quintessential diplomat, seeking to solve problems rather than compound them, always aware of the bottom line, a pathfinder through complex terrain, and perennially focused, laser like, on the tasks before us. What also distinguished him was that through every situation, he was the epitome of sportsmanship and good cheer, with his infectious laugh, and the twinkle in his eyes. He exuded optimism and

faith in the goodness of humankind. Through his presence and his example, he compelled us to believe in our shared humanity, breaking barriers, a diplomat, a human being, without frontiers.

There were many times, when I served as Foreign Secretary in New Delhi, that I would run into him at meetings, or, receive a brief note from him full of words of wisdom and



Dr. Abid Hussain

encouragement for the work I was doing. Those words of encouragement from him became very precious to me because I knew they were so well meaning and sincere. When I was appointed Ambassador of India to the United States, he was among the first to wish me well in my new assignment. I valued those sentiments greatly. A few days before his untimely demise, I received an email from him informing me that he was coming to Washington and was looking forward to seeing me. I was eagerly anticipating that visit when

the tragic news of his passing reached me.

Ambassador Hussain exemplified the best traditions of public service. He was Hyderabadi to the core in his courteousness and in his eloquence with words always delivered with sweetness and light. He reached out to people everywhere he was assigned throughout his long years in our civil service, in India and outside India. The people of Vishakapatnam where he was District Magistrate, remember him to this day, and there is an Abid Nagar in the city named after him. Here in Washington, where he served as Ambassador in a very different and challenging period in our bilateral relations, he is remembered with deep affection as the people's Ambassador, as a builder of bridges between Indians and Americans, and as a true professional. He understood the value and the importance of trade and business relationships as an engine of growth in our relations as we worked on the architecture of a 21st century India-U.S. partnership. His skill as a diplomat here in Washington will continue to inspire many generations of our tribe as we serve in the Embassy of India.

Ambassador Hussain was a true product of the Nehruvian era, who in his life epitomized the fundamental tenets of secularism, who understood the profound meaning of our tryst with destiny as we have sought to build a better India for our countrymen and women. The power of his example is a significant one, especially as we seek to impart more probity, transparency, idealism, uncompromising integrity and the concept of true and selfless service in public life.

I hope generations of civil servants to come will be energized by the power of the example that Abid Hussain personified through his life and work.

# Third US-India Strategic Dialogue concludes

The two countries discussed a wide spectrum of issues ranging from strategic to economic to defense to fight against terrorism

**I**ndia and the U.S. committed to further deepening their global strategic partnership, charted a vision for the future, centered on promoting shared prosperity, peace and stability during the third US-India Strategic Dialogue in Washington, D.C. on June 13. India's Minister for External Affairs S.M. Krishna and U.S. Secretary of State Hillary Clinton discussed a wide spectrum of issues ranging from strategic to economic to defense to fight against terrorism at the Strategic Dialogue.

It's a "unique opportunity to bring together all the threads of our

cooperation that constitute the extraordinarily rich tapestry of our relationship," said EAM Krishna at the opening session of the third annual dialogue.

"In the process of our engagement, we have built something more precious — friendship, goodwill, trust, mutual confidence, candor, and belief in the importance of a successful partnership," he said.

Echoing EAM Krishna, Secretary Clinton said: "The effectiveness of our partnership hinges on our ability together to convert common interests into common actions."

On the margins of this Strategic Dialogue, an unprecedented number of sub-dialogues, including the Global Issues Forum, Science & Technology Joint Commission Meeting, the Counterterrorism Joint Working Group, the Higher Education Dialogue, Cyber Consultations, the Information and Communications Technology Working Group, the Women's Empowerment Dialogue, Homeland Security Consultations were held.

The next meeting of the Strategic Dialogue is scheduled to be held in New Delhi in 2013.



EAM S.M. Krishna with Secretary Hillary Clinton at the U.S. Department of State on June 13. (Photo: Jay Mandal/On Assignment)



Heads of the G-20 countries pose for a photo-op at the convention center in Los Cabos, Mexico, on June 18.

## G-20 to support growth, free trade

The G-20 nations have endorsed the Indian stand that investment in infrastructure is critical for sustained growth, global economic recovery, poverty reduction and job creation

**T**he leaders of the G-20 nations have pledged support to economic growth by strengthening demand and restoring investors' confidence and vowed to remove barriers to cross-border trade.

"We are committed to adopting all necessary policy measures to strengthen demand, support global growth and restore confidence," G-20 leaders said in a declaration released at the end of the two-day summit in Los Cabos, Mexico, on June 19.

The declaration endorsed by the leaders, including Indian Prime Minister Dr. Manmohan Singh, U.S. President Barack Obama, German

President Angela Merkel, Chinese Prime Minister Wen Jiabao and Russian President Vladimir Putin, pledged all possible support to global economic recovery.

"Strong, sustainable and balanced growth remains the top priority of the G-20, as it leads to higher job creation and increases the welfare of people across the world," it said.

"We will implement all our commitments in a timely manner and rigorously monitor their implementation," the leaders from developed as well as emerging nations said in the declaration.

They agreed to refrain from any protectionist measures and remove barriers to cross-border trade.

"We are firmly committed to open trade and investment, expanding markets and resisting protectionism in all its forms, which are necessary conditions for sustained global economic recovery, jobs and development," it said.

"We underline the importance of an open, predictable, rules-based, transparent multilateral trading system and are committed to ensuring the centrality of the World Trade Organization (WTO)," it added.

The leaders extended by one year their vow not to put up new trade barriers at the G-20 summit and pledged to roll back any new protectionist measure that may have arisen, including new export restrictions and

WTO inconsistent measures to stimulate exports.

The G-20 nations also reiterated their commitment to working toward concluding the Doha round negotiations of the WTO, including outcomes in specific areas where progress is possible, such as trade facilitation, and other issues of concern for least developed countries.

However, the leaders did not give any deadline for the conclusion of the stalled Doha round of the WTO talks.

On oil price, the G-20 leaders said they requested the producing countries to ensure appropriate level of supply.

Wide fluctuations in crude oil and other commodities prices have negatively impacted emerging economies like India.

“G-20 members will remain vigilant of the evolution of oil prices and will stand ready to carry out additional actions as needed, including the commitment by producing countries to continue to ensure an appropriate level of supply consistent with demand.

“We welcome Saudi Arabia’s readiness to mobilize, as necessary, existing spare capacity to ensure adequate supply. We will also remain vigilant of other commodity prices,” the declaration added.

### **G-20 endorses India’s stand on infrastructure funding**

The G-20 nations endorsed the Indian stand that investment in infrastructure was critical for sustained growth, global economic recovery, poverty reduction and job creation. Prime Minister Dr. Manmohan Singh said India needs at least \$1 trillion in the next five years in infrastructure funding. He had maintained that fiscal prudence and austerity in debt-ridden countries must be matched by measured fiscal expansion by surplus nations.

This was endorsed by the G-20 leaders in a document that is formally called the G-20 leaders’ declaration.

“Investment in infrastructure is



Prime Minister Dr. Manmohan Singh with President Barack Obama at the G-20 Summit in Mexico.

critical for sustained economic growth, poverty reduction and job creation,” the declaration said, adding the recommendations made by multilateral development banks in this regard must be implemented.

“The Los Cabos Declaration fully reflects our initiative that investment on infrastructure in developing countries can play a major role in strengthening development and in stimulating global recovery,” Prime Minister Singh said, reacting to the document.

“The declaration indicates that multilateral development banks should be strengthened for this purpose. We would work with G-20 countries to transform their commitment to specific action.”

In his address during the plenary, Prime Minister Singh said with developing countries such as India already facing serious problems due to the negative impact of the global economic crisis, funds for growth was getting scarce.

“Infrastructure investment in developing countries assumes special importance in this context. It lays the foundation for rapid growth in the longer term, while providing immediate stimulus for their economies and also for the global economy, by providing a robust source of demand,” he said.

But that, he added, was possible only if they can get access to long-term capital to fund such investment, which was difficult when capital flows stood disrupted.

The multilateral development banks can play a major role in this context he said, especially after the first and immediate task of expanding their war chest to support programs in rich countries had been accomplished.

“We now need to take steps to substantially expand the resource base of multilateral development banks so that they have the firepower to help developing countries pur-

sue their development goals,” he said.

The leaders made it clear that growth could not be ignored and while austerity was important for debt-ridden countries, surplus nations must counter it with expansion.

“My overall assessment of the meeting is that there was general agreement that policy in all countries must shift to strengthening growth. There are many things that have to be done to achieve this, but there was also general agreement that the most urgent problem we must tackle is to reduce uncertainty about the Eurozone,” he said in his reactions.

The declaration also had several other observations that were in tune with what Indian interlocutors have been urging at successive G-20 Summits and other forums. These include the joint positions in promoting growth and jobs, no to protectionism, strengthening the global financial system, food security, need to arrest fluctuations in commodity prices and fighting corruption.

**Excerpts from Prime Minister Dr. Manmohan Singh's address at the Plenary Session of G-20 Summit:**

“Let me begin by thanking you for the warmth of your hospitality and the excellent arrangements made for this Summit.

The global economic situation is deeply worrying. The economic recovery is faltering and even the fast

“My overall assessment of the meeting is that there was general agreement that policy in all countries must shift to strengthening growth”

— Prime Minister Dr. Manmohan Singh

growing emerging markets are slowing down. This calls for policy action on several fronts. Of greatest concern at present is the uncertainty affecting the Eurozone. The sovereign debt crisis and the banking crisis now on the horizon have grave implications for the health of the entire global economy.

A new government in Greece is about to take office. We wish them well and are encouraged by the early statements of intent.

However, the risks of contagion in Europe remain because they reflect weaknesses in the banking sector arising from excessive sovereign debt and low growth prospects. A crisis in the European banking system can choke trade finance quite quickly, and end up choking economic growth not just in the Eurozone but in the world in general.

This Summit needs to send a strong signal to the markets that the Eurozone countries will make every effort to protect the banking systems and the global community will back a credible Eurozone effort and response.

However, there are some problems I would like to mention.

There is concern that the firewall available may not be adequate to deal with contagion. The resources currently expected to be mobilized by Europe and the IMF are less than was estimated a year ago, and the crisis is actually more serious.

Part of the solution lies in providing liquidity to cope with loss of market confidence. But liquidity does not help when solvency is in question. To address this problem, liquidity must be provided in parallel with effective adjustment programs that ensure an early return to debt sustainability. The adjustment program adopted should lead to an acceleration of growth, so that countries can grow out of the debt trap.

This brings me to the contentious issue of the relationship between austerity and growth. It can be argued that austerity now will lay the basis for sustained growth later. But there is also an alternative view that with growth impulses as seriously weakened as they are today, synchronized austerity across many countries may not be the right medicine.

Financial markets normally favor austerity, but even they are beginning to recognize that austerity with no

## India pledges \$10 bn to IMF for Eurozone

India pledged \$10 billion to the International Monetary Fund (IMF) to help Eurozone countries out of the current crisis and prevent adverse fallout on emerging economies.

“The International Monetary Fund has a critical, supportive role to play in stabilizing the Eurozone. All members must help the fund to play this role,” Prime Minister Dr. Manmohan Singh told the G-20 Summit.

“I am happy to announce India has decided

to contribute \$10 billion to IMF's additional firewall of \$430 billion,” he said appealing to other countries to make similar contributions.

He said the crisis in Eurozone remained worrying, as it was pulling down even emerging economies such as India and China, which were earlier on a high growth path.

“This calls for policy action on several fronts. Of greatest concern at present is the uncertainty affecting the Eurozone. The sovereign debt crisis and the banking crisis now on the horizon

have grave implications for the health of the entire global economy.”

The Prime Minister said while the performance of the Indian economy, now growing at 6.9 percent as against 8.4 percent in 2010-11, may look good to the world outside, it was not enough and that citizens expected more.

“Yet the fundamentals of the Indian economy remain strong and we are confident of bringing back the rhythm of high growth of 8-9 percent per annum,” he said.

## BRICS nations explore options to protect currencies

**T**he BRICS nations — Brazil, Russia, China, India, and South Africa — on June 18 explored mechanisms, such as swap arrangement and a reserve fund to protect their currencies against external risks. The mechanisms were discussed during a meeting hosted by Prime Minister Dr. Manmohan Singh with BRICS leaders on the margins of the G20 Summit in Los Cabos, Mexico.

“They (G20 leaders) agreed to ask their finance ministers and central bank governors to work on this important issue, in a manner compatible with internal legal frameworks, and report back to the leaders at the 2013 BRICS Summit.” Under swap arrangements, one country with a weaker currency seeks to hedge the exchange rate



Prime Minister Dr. Manmohan Singh with the leaders of BRICS nations on the sidelines of the G-20 Summit.

risk by swapping it with another currency with the hope that the transaction will be settled when the situation improves.

Besides Prime Minister Singh, the meeting was attended by Brazilian President Dilma Rousseff, Russian President Vladimir Putin, Chinese Premier Wen Jiabao and South African President Jacob Zuma.

The leaders primarily discussed the current global financial crisis. They said the trouble in Eurozone threatened financial and economic stability across the world, and required cooperative solutions.

In this context, they agreed to increase their contributions to global financial institutions such as the International Monetary Fund. India, later announced \$10 billion to the institution.

growth will not produce a return to a sustainable debt position.

I am not suggesting that fiscal prudence is not important. I am only saying that given the large adjustment needs, not all of it can be front-loaded everywhere. This is especially relevant within a currency area. Austerity in the debt-ridden members of the Eurozone can work only if surplus members are willing to expand to offset contraction elsewhere in the currency area.

The International Monetary Fund has a critical supportive role to play in stabilizing the Eurozone. All members must help the Fund to play this role. I am happy to announce that India has decided to contribute \$10 billion to the IMF's additional firewall of \$450 billion.

While many rich countries face difficulties, the less developed and developing countries are also facing serious problems because of the negative impact of the global crisis. Infrastructure investment in developing countries assumes special importance in this context. It lays the foundation for rapid growth in the longer term, while providing an immediate stimulus for their economies and also

for the global economy, by providing a robust source of demand.

We have expanded the resources of the IMF enormously, largely to support programs in rich countries. We now need to take steps to substantially expand the resource base of Multilateral Development Banks so that they have the firepower to help developing countries pursue their development goals. The G-20 Framework Working Group and the Financial Stability Board could examine how to enhance investment in infrastructure through country commitments and incentives in the regulatory framework.

Mr. President, let me say that I believe that the G-20 agenda is getting overburdened. We need to refocus on a few goals rather than dissipating energies on too many fronts.

Like other emerging economies, India too has slowed down. The global downturn and especially the impact on capital flows have played their part. Internal constraints have also affected performance and we are working to correct them.

Investment has been affected by the adverse global climate which impacts both foreign and domestic investors.

We are determined to create an environment that would boost investor sentiment and promote an atmosphere conducive to enterprise and creativity. Our policies will be transparent, stable and designed to provide a level playing field to both domestic and foreign investors.

We are focusing heavily on infrastructure investment and in this context we have set ambitious targets to keep infrastructure investment on track and also put in place a problem resolution mechanism to overcome implementation bottlenecks.

Like other countries, we too allowed the fiscal deficit to expand after 2008 to impart a stimulus. We are now focussing on reversing the expansion. This will require tough decisions, including on controlling subsidies, which we are determined to take.

In this context, I would like to mention a landmark effort underway in India to provide unique identity numbers for all residents with capture of biometric data. This massive database covering over a billion people will facilitate delivery of a whole range of financial and other services, through effective targeting and reduced leakages in subsidy schemes.”

# World renews commitment to 'The Future'

At Rio+20, the Heads of the States agreed to establish a set of sustainable development goals and a high-level political forum on sustainable development



Prime Minister Dr. Manmohan Singh addressing a Plenary Session of the UN Conference on Sustainable Development, at Rio de Janeiro, Brazil on June 21.

**P**articipating at the United Nations Conference on Sustainable Development (Rio+20) held in Rio de Janeiro, Brazil, from June 20 to June 22, the Heads of the States of various countries renewed their political commitment to sustainable development and agreed to establish a set of sustainable development goals (SDGs) and a high-level political forum on sustainable development.

The Rio+20 outcome document entitled 'The Future We Want' called for a wide range of actions, such as detailing how the green economy could be used as a tool to achieve sustainable development; taking steps to go beyond gross domestic product to assess the well-being of a country; strengthening the UN Environment Program (UNEP); developing a strategy for sustainable development financing; promoting corporate sustainability reporting measures; and adopting a

framework for tackling sustainable consumption and production.

"We consider green economy in the context of sustainable development and poverty eradication as one of the important tools available for achieving sustainable development and that it could provide options for policymaking but should not be a rigid set of rules. We emphasize that it should contribute to eradicating poverty as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the Earth's ecosystems," the outcome document noted.

Through the outcome document, the heads of the States and other participants at the Conference acknowledged the need to "further mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing

their interlinkages, so as to achieve sustainable development in all its dimensions."

More than 40,000 people, including parliamentarians, mayors, UN officials, chief executive officers and civil society leaders, attended the Conference. The event followed on from the Earth Summit held in Rio de Janeiro in 1992, during which the countries adopted Agenda 21 — a blueprint to rethink economic growth, advance social equity and ensure environmental protection.

Speaking at a plenary session of the Sustainable Development Summit, Prime Minister Dr. Manmohan Singh emphasized that economic development, social inclusion and environmental sustainability were three equally critical components of sustainable development. "The task before us is to give practical shape and content to this architecture in a manner that allows each country to develop according to

its own national priorities and circumstances,” he said.

Saying that the current consumption patterns in the industrialized world were unsustainable, the Prime Minister emphasized the need to find new pathways for sustainable living.

“At the global level, our approach to the problem should be guided by equitable burden sharing. It is for this reason that the first Rio Summit enshrined the principle of common but differentiated responsibilities. I am happy we have reaffirmed this principle as well as the principle of equity during this Summit,” he said.

**Excerpts from the speech of Prime Minister Dr. Manmohan Singh at the Fourth Plenary Session of the United Nations Conference on Sustainable Development Summit**

“We meet at a time of serious economic crisis and political ferment in the world. The Rio+20 Summit on Sustainable Development is timely because it focuses our minds on “the future we want” and how to realize it. Difficult though it may seem, we have to summon the imagination to balance the costs that we will incur in the present with the benefits that will accrue to future generations.

Economic Development, social inclusion and environmental sustainability are all equally critical as components of sustainable development. The task before us is to give practical shape and content to this architecture in a manner that allows each country to develop according to its own national priorities and circumstances.

For developing countries, inclusive growth and a rapid increase in per capita income levels are development imperatives. The 1992 Rio Summit correctly acknowledged that poverty eradication must remain the over-riding priority for developing countries. Those living at the subsistence level cannot bear the costs of adjustment and their livelihood considerations are important in determining how scarce natural resources such as land, water and forests are used.

Sustainable development also man-

## Quickfix guide to Rio+20

### What is Rio+20?

Rio+20 is the short name for the United Nations Conference on Sustainable Development held at Rio de Janeiro from June 20-22, twenty years after the landmark 1992 Earth Summit in the same city.

### Why do we need Rio+20?

According to the United Nations, if we are to leave our children and grandchildren a livable world, the challenges of widespread poverty and environmental destruction need to be tackled now.

### Theme

The official discussions focussed on two main themes — how to build a green economy to achieve sustainable development and lift people out of poverty; and how to improve international coordination for sustainable development.

### Sustainability

Sustainability calls for a decent standard of living for everyone without compromising on the needs of future generations while protecting the environment.

dates the efficient use of available natural resources. We have to be much more frugal in the way we use natural resources. A key area of focus is energy. We have to promote, universal access to energy, while, at the same time, promoting energy efficiency and a shift to cleaner energy sources by addressing various technological, financial and institutional constraints. In India, we are implementing an ambitious National Solar Mission as a critical option for our energy security.

Moreover, current consumption patterns in the industrialized world are unsustainable. We need to find new pathways for sustainable living.

Environmental sustainability is the third leg of the sustainable development architecture. Economic activity invariably results in negative spinoffs, either by way of local pollution, or by way of global effects such as Greenhouse Gas emissions. We need to tackle both.

Local pollution can be regulated and such regulation may impose costs on various economic actors. To ensure equity, there may be a case for targeted assistance to small producers to meet part of these costs and this should be built into policy. At the global level, our approach to the problem should be guided by equitable burden sharing. I am happy we have reaffirmed this principle as well as the principle of equity during this Summit.

This does not, however, mean that countries should not take proactive actions to promote sustainable development. In India, our efforts over the last two decades have yielded positive results. Over the period 1994-2007, our emissions-GDP intensity, excluding agriculture, has declined nearly 25%. Looking ahead, we have set a target to further reduce the emissions intensity of GDP by 20-25 percent between 2005 and 2020.

Over the period 1994-2007, our emissions-GDP intensity, excluding agriculture, has declined nearly 25%. Looking ahead, we have set a target to further reduce the emissions intensity of GDP by 20-25% between 2005 and 2020.

Many countries could do more if additional finance and technology were available. Unfortunately, there is little evidence of support from the industrialized countries in these areas. The ongoing economic crisis has made matters worse.

One of the key challenges that demands urgent global action is the worrying depletion of bio-diversity across our planet. The Eleventh Conference of Parties on Convention on Biodiversity is being hosted by India in October this year at Hyderabad. We look forward to working with the global community to make it a success.

The future we want should be a future in which there is ecological and economic space for sustainable growth for all.

Let us work together to attain the future that we all desire. With these words I once again thank you Mr President.”

# India, US discuss security, defense purchases

A wide range of issues relating to the neighborhood and the region were discussed

**T**he regional situation and India's purchases of military hardware were discussed on June 6 by Defense Minister A.K. Antony and his visiting U.S. counterpart Leon Panetta.

"A wide range of issues relating to the neighborhood and the region were discussed in detail. The ongoing defense cooperation and India's purchases of military hardware from the U.S. also came up for discussion," said an official of the meeting in New Delhi.

Secretary Panetta, who arrived in New Delhi on June 5 on a two-day visit, earlier laid a wreath at the India Gate memorial to the unknown soldier. He had met Prime Minister Dr. Manmohan Singh and National Security Advisor Shivshankar Menon after his arrival.

Secretary Panetta's visit, the last leg of a nine-day swing through Asia, came ahead of the June 13 India-U.S. Strategic Dialogue in Washington between External Affairs Minister S.M. Krishna and U.S. Secretary of State Hillary Clinton.

Pentagon has described India as a global power, which is meeting its responsibilities, and appreciated its work to help provide continuing support in Afghanistan.

"India is a global power, and they are meeting their responsibilities and we welcome that," Department of Defense spokesman Captain John Kirby said in Washington on June 5.

"With regard to the security concerns in the Asia-Pacific, Minister Antony conveyed that India supports unhindered freedom of navigation in international waters for all," the spokesman said.

During the talks, "both sides took note of the ongoing bilateral cooperation between India and the U.S. in the area of defense. They agreed that there were opportunities for enhancing bilateral ties in areas of mutual



Defence Minister A. K. Antony with the U.S. Secretary of Defence Leon E. Panetta, in New Delhi on June 06, 2012.

## 'Our defense partnership coming of age'

**T**he U.S.-India defense partnership "is coming of age" but both countries need to cut through the red tape to realize its full potential, particularly in the area of technology transfer, Secretary Panetta said on June 6.

"Expanded military exercises, defense sales and intelligence sharing are key examples of the relationship's maturation. Last year

alone we held more than 50 co-operative defense events," he said while delivering a lecture on Indo-U.S. relations at the Institute of Defense Studies and Analyses.

"But to realize the full potential of defense trade relations, we need to cut through the bureaucratic red tape on both sides," he added.

interest and concern," Kar said.

On defense trade, Minister Antony "emphasized that the priority for India is to move beyond the buyer-seller transactions and to focus on transfer of technologies and partnerships to

build indigenous capabilities".

Secretary Panetta assured the Indian side that the U.S. government would "initiate measures to facilitate technology access and sharing", he informed.

# 'Diamonds big contributor to India-US biz'

Inaugurating the JCK Las Vegas, a trade show for the jewelry industry, on June 1, Ambassador Nirupama Rao said that intra-industry trade in diamonds had been an important contributor to the growing commercial engagement between India and the U.S.

"Indian exports of diamond and diamond jewelry to the U.S. touched \$8 billion in 2011, whereas the U.S. exported \$4.6 billion worth of diamonds to India during the same period," she said. Noting the contribution of the gems and jewelry industry to the growth of the Indian economy, she pointed out that Indian gems and jewelry sector, which currently pegs at around \$36 billion, was poised to record a compound annual growth of approximately 13 percent.

### Excerpts from Ambassador Rao's speech on the occasion:

I must at the outset thank the organizers for inviting me to inaugurate the JCK Las Vegas 2012, the premium and the most comprehensive jewelry show in the United States. It is indeed a matter of pleasure and privilege for me to be at this important event.

At JCK 2012, GJEPC is also display-



Ambassador Nirupama Rao inaugurating the JCK Las Vegas 2012.

ing a 'Brand India' product gallery, which is a presentation of the best jewelry from India. Indeed, GJEPC has played a key role in making India a world leader in diamonds and gemstones and studded jewelry, as also gold and silver jewelry.

Jewelry, both gold and diamond, forms an intrinsic part of India's culture and heritage. History is adorned with references to the great diamonds of India.

Many of you may remember the very popular "Song of India" by the Russian composer Rimsky Korsakov and its memorable opening lines which said:

*"Thy hidden gems are rich beyond all measure*

*Unnumbered are the pearls thy oceans treasure  
Oh wondrous land! Oh land of India!"*

You will witness a glimpse of that wondrous, incredible India at the India Show later this evening. While we are proud of our tradition in jewelry making and design, we have also kept pace with the latest in sophisticated world class manufacturing in this field. I am pleased to note that the industry in India has responded well to global contemporary market trends and to the evolving demand for new designs and products including couture jewelry.

Indian exports of diamond and diamond jewelry to the U.S. touched \$8 billion in 2011, whereas the U.S. exported \$4.6 billion worth of diamonds to India during the same period. This trade therefore contributes significantly to the growing trade and economic partnership between our two countries.

### The full text of Ambassador Rao's speech can be read at:

<http://www.indianembassy.org/prdetail1956/remarks-by-ambassador-at-the-inauguration-ceremony-at-jck-las-vegas-on-1st-june%2C-2012>

## Key to San Diego



San Diego Mayor Jerry Sanders presenting Key to the City to Ambassador Nirupama Rao in San Diego on June 21.

## India Abroad 'Friend of India Award'



Ambassador Nirupama Rao addressing the India Abroad Awards ceremony in New York on June 29.



Ambassador Nirupama Rao presenting India Abroad 'Friend of India Award' to Professor Lloyd I Rudolph at the awards ceremony.

# 'Gandhi's message very relevant today'

Asserting that Mahatma Gandhi's message is still relevant for the world today, Ambassador Nirupama Rao has called for a pooling of individual capabilities for the advancement of the Asia-Pacific region.

"When we see the divisions and frontiers that divide humanity today, we must understand that the power to overcome them can only come from within ourselves," she said delivering the 29th Annual Mahatma Gandhi Memorial Lecture at the University of California at San Diego on June 21.

"Communication, as Gandhiji willed it, has to rest on openness, transparency, and truth. It has to rest on education," she said.

Noting that education, research & development, innovation are crucial and expanding areas of cooperation between India and the United States, she said: "It is our cooperation in this vital field that can provide intellectual sustenance to the idea of a strong India-U.S. partnership."

**Excerpts from Ambassador Nirupama Rao's speech on the occasion:**

In the troubled world we live in, where we are constantly searching for answers to the challenges that face so many regions, the talisman of non-violent action, and the passionate advocacy of inclusiveness, tolerance, cultural sensitivity, respect for diversity, and the understanding of the multiple identities that constitute each and everyone of us today, all Gandhian values, are precious legacies which we must constantly uphold.

In November 2010, before the Indian Parliament President Barack Obama spoke of how he was influenced and inspired by Mahatma Gandhi.

He said, "I am mindful that I might not be standing before you today, as President of the United



The video of the speech can be viewed at: <http://www.youtube.com/watch?v=JWwWyQProfw&feature=plcp>

States, had it not been for Gandhi and the message he shared with and inspired America and the world".

I thought I should highlight a few points relevant to contemporary life in my talk today. All of them draw their inspiration from Gandhiji. The first is awareness, which I see as riding oneself, of what Rabindranath Tagore called "the sheath of self" and to realize the infinite reserves of goodness and compassion that exist within the human mind.

It is understanding the strength of the spiritual reserves within us that instinctively make us bond with our fellow human beings.

The second point is about connectedness and connectivity and understanding the meaning of pluralism and diversity. Parochialism and closed mindsets lead us forth into violence and conflict.

The third point is communication: and communication, as Gandhiji willed it, has to rest on openness, transparency, and truth. It has to rest on education. It must involve the imaginative use of technology, including social media, as we saw being used by young Egyptian bloggers during the Arab Spring.

We share, as humans, the fundamental urge to learn and share (communicate) and prosper. We live today in a world of Internet search engines and collaborative systems of knowledge like Wikipedia.

Gandhiji was certainly an activist for free knowledge. He reached across geographical and political frontiers in an instantly appealing and comprehensible way: in the manner of all great communicators, as a votary for development, as a practitioner of peace. He is not dated in any manner.

He wished to create that communications software that enables the exchange of ideas, best practices in education, the study of foreign cultures, and the promotion of dialogue between civilizations, the maintenance of that harmony between heaven and earth.

**The full text of Ambassador Rao's speech can be read at:**

<http://www.indianembassy.org/prdetail1989/29th-annual-mahatma-gandhi-memorial-lecture-by-ambassador-nirupama-rao-%2821-june-2012%2C--university-of-california-at-san-diego%29>

## Indian classical dance gurus visit Embassy



1. Deepti Mukund, Chairperson, Indian Dance Educators Association (IDEA), introducing Indian classical dance gurus — Shobha Naidu (Kuchipudi) and Maneesha Sathe (Kathak) — at a lecture-demonstration event at the Embassy on June 21. The Embassy hosted the event in collaboration with IDEA.
2. Indian classical dance guru Shobha Naidu giving a presentation on Kuchipudi.
- 3&4. Disciples — Lavanya and Nithya — of Indian classical dance guru Shobha Naidu performing at the Embassy.
5. Indian classical dance guru Maneesha Sathe giving a presentation on Kathak.
6. Disciple Purvi Bhatt of Indian classical dance guru Maneesha Sathe performing at the Embassy.
7. Disciples — Uttara Bhav and Rupali Bhav — of Indian classical dance guru Maneesha Sathe performing at the Embassy.
8. Shruthi Mukund proposing the vote of thanks.
9. Indian classical dance gurus — Shobha Naidu (Kuchipudi) and Maneesha Sathe (Kathak) — with their students who performed at the Embassy.
10. Guests in attendance.

## NFIA delegates visit Embassy



1. Ambassador Nirupama Rao welcoming and addressing the guests at a reception for the National Federation of Indian American Associations (NFIA) delegates at the Embassy on June 7.
2. Lal K. Motwani, President, NFIA speaking on the occasion.
3. Dr. Parthasarthy Pillai, Chairman Congressional Luncheon Committee, NFIA proposing the vote of thanks.
4. Guests in attendance.

## Consulate EVENTS

### Consul-General's engagements



Consul-General Sanjiv Arora with Dr. Vinjamuri (Avasarala) Anasuya Devi, recipient of North American Telugu Association (NATA) Lifetime Achievement Award; Dr. Rathna Kumar, Director, Anjali Center for Performing Arts and A.V. N. Reddy, President, NATA at the Award Ceremony for the first NATA convention in Houston on June 29. Consul-General Arora was the chief guest at the event.

Consul-General Sanjiv Arora addresses the Young Professionals Group (YPG) of the World Affairs Council of Houston on June 27. Ronan O'Malley, Coordinator of YPG, is at his right.



# Tastes of India reach Fancy Food Show



Deputy Chief of Mission Arun K. Singh at the India Pavilion of the Summer Fancy Food Show held at the Walter E. Washington Convention Center on June 19.

**F**ourteen Indian companies exhibited their products, including basmati rice, Indian mangoes, spices, cake mixes, ready-to-eat foods, fruit juices, Indian beer and several other products at the Summer Fancy Food Show held

at the Walter E. Washington Convention Center on June 19. Deputy Chief of Mission, Arun K. Singh visited the India Pavilion at the food show.

The Ministry of Food Processing Industries, Government of India, had

also put up a stall to highlight the government policies in the food processing sector and the incentives being offered for foreign direct investment in this sector. A large number of visitors showed considerable interest in the Indian pavilion.

## Economy NEWS

# ‘India to make foreign aid more transparent’

**W**ith a view to dispensing funds to foreign countries with greater transparency and swiftness, External Affairs Minister S.M. Krishna said India had initiated a host of steps, including the setting up of a central aid agency.

“We believe in providing total transparency in all our operations. It’s a fact that in the last four-five years India has emerged as one of the big donors among developing countries for less developed and smaller countries,” Minister Krishna said on June 11.

“We have worked out a system to ensure transparency and will not be found wanting,” he said.



External Affairs Minister S.M. Krishna

India has scaled up aid and soft loans of over \$11 billion to developing countries. It includes \$7.5 billion to Africa, \$2 billion to Afghanistan, \$1 billion to Afghanistan, \$1 billion to Myanmar and substantial aid to neighboring countries like Nepal, Bhutan, Sri Lanka and the Maldives.

“It’s one of our key priorities to provide a structural framework for dispensing aid. All aid is now being channeled through the Development Partnership Administration (DPA),” Minister Krishna said. He said the DPA’s strength would be doubled over the next six months in view of the need to fast-track commitments made by India to various countries.

# RBI keeps key lending rates unchanged

**I**n a bid to control high inflation, the Reserve Bank of India (RBI) on June 18 kept key lending rates unchanged but said it was ready to provide relief in a turbulent global economic situation.

The move assumes significances as the RBI was expected to cut these key rates that would have translated in lowering of interest being paid by consumers on their loans for consumer durables, homes or automobiles.

Economic experts feel that the bearish consumer sentiment on account of high interest rates will continue.

However, the RBI said that though the economy was slowing down and that there was inflationary pressure, it would step in to pump more money into the system when required.

“Management of liquidity remains a priority. Even as the liquidity situation converges to the comfort zone, the Reserve Bank will continue to use open market operations (OMOs) as and when warranted to contain liquidity pressures,” the apex bank said in a statement.

“Recognizing that the global situation is turbulent, the Reserve Bank stands ready to use all available instruments and measures to respond rapidly and appropriately to any adverse developments.”

The apex bank stressed that since the last rate cut, global macroeconomic indicators have deteriorated and that the headline inflation numbers are far above the comfort range.

“Since the RBI’s annual policy statement in April, global macroeconomic and financial conditions have deteriorated. At the same time, the domestic macroeconomic situation too raises several deepening concerns.”

By not cutting rates, the apex bank has shown resistance to the pressure that was being built on it to cut rates. The pressure was exerted following the recent data which showed that the economy was facing low growth.

Following are the unchanged policy rates and ratios in percentage:

■ Bank Rate:	9.00
■ Repo Rate:	8.00
■ Reserve Repo Rate:	7.00
■ Marginal Standing Facility Rate:	9.00
■ Cash Reserve Ratio:	4.75
■ Statutory Liquidity Ratio:	24.00



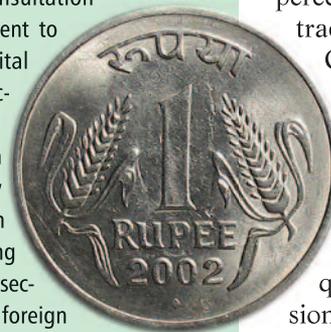
## RBI takes steps to revive rupee

**T**he Reserve Bank of India (RBI) on June 25 announced a series of measures, including raising limits for external commercial borrowings and government securities that would help revive the battered currency and the economy.

RBI said in a statement that it had taken measures in consultation with the government to liberalize capital account transactions.

It has been decided to allow Indian companies in the manufacturing and infrastructure sector and earning foreign exchange to avail of external commercial borrowing (ECB) for repayment of outstanding rupee loans toward capital expenditure and/or fresh Rupee capital expenditure under the approval route, the RBI said. “The overall ceiling for such ECBs would be \$10 billion,” the central bank said.

The existing limit for investment by Securities and Exchange Board of India (SEBI) registered foreign institutional investors (FIIs) in government securities has been enhanced by a further amount of \$5 billion.



As per the recent data released by the Central Statistics Office, India’s industrial output grew marginally by 0.1 percent in April due to poor show of capital intensive mining and manufacturing sectors.

The factory output, measured in terms of the Index of Industrial Production (IIP), declined by 3.5 percent in March, the first such contraction in factory output since October 2011, when it shrank by 4.7 percent.

The manufacturing purchasing managers’ index (PMI) for May suggested that industrial activity remains in an expansionary mode, and there is no question that the pace of expansion has slowed significantly.

However, the RBI cited that inflation continues to remain very high and much above the comfort level. “While growth in 2011-12 has moderated significantly, headline inflation remains above levels consistent with sustainable growth. Importantly, retail inflation is also on an uptrend,” the apex bank said.

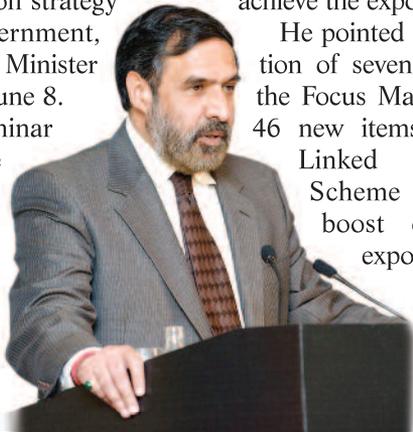
To tackle inflation, RBI raised its key lending rate 13 times since March 2010 but began reversing the rate cycle by cutting the repo rate by 50 basis points in April.

# 'India to achieve \$500 bn exports target'

India is on course to increase exports to \$500 billion in 2013-14 from around \$300 billion in the last fiscal, helped by market and product diversification strategy promoted by the government, Commerce and Industry Minister Anand Sharma said on June 8.

Addressing a seminar organized by the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi, Minister

Commerce and Industry Minister Anand Sharma



Sharma said the strategy of reaching out to newer markets in Asia, Africa and Latin America and provision of a stable policy environment would help achieve the exports target.

He pointed out that the addition of seven new markets to the Focus Market Scheme and 46 new items to the Market Linked Focus Product Scheme would further boost exports. India's exports increased by 20.94 percent to \$303.71 billion in the financial year that ended

on March 31, 2012, surpassing the government target of \$300 billion.

"We were clear in our mind that we could not wait for demand to revive in our traditional markets of the U.S. and Europe after these countries suffered the severe fallout of the global financial crisis," Minister Sharma said.

We recognized the need to expand the scope and coverage of the Focus Market Scheme which now covers 112 markets across the world," Sharma added. He said the strategy of diversification had paid off, and India's exports to Asia, Africa and Latin America had gone up significantly in the last three years.

## India's forex reserves grow to \$287.37 billion

After falling for five straight weeks, India's foreign exchange reserves grew by \$1.52 billion to \$287.37 billion for the week ended on June 8, 2012, official data showed.



The reserves had plunged by \$2.40 billion to \$285.85 billion for the week ended June 1, apparently due to the Reserve Bank of India (RBI) selling dollars to defend the rupee.

## Anand Mahindra gets global leadership award

Anand Mahindra, Vice-Chairman & Managing Director of Mahindra Group, and Alan Mulally, President & CEO, Ford Motor Company, have been honored with Global Leadership Awards for their outstanding contributions to the US-India growth story. The Indian and U.S. business



leaders were given the awards at the 37th anniversary leadership summit of the US-India Business Council comprising about 350 top U.S. and Indian companies.

## HCC among 10 global companies for green initiative

Mumbai-based infrastructure major Hindustan Construction Company has got the rare distinction of being the only Indian company to feature in the Climate Report released by the UN Global Compact and UN Environment Programme, an official said in Mumbai on June 20.

The UN report, titled "Caring Business & Climate Change Adaptation: Toward Resilient Companies & Communities" presents 10 case studies from around the world.

The case studies illustrate how businesses are responding creatively and effectively to address climate change opportunities, risks and impact in developing countries and emerging economies.

HCC's initiatives feature along with Coca Cola, Nokia and Eskom among the 10 global companies featured in the report, an official said. The HCC case study highlights its efforts toward water neutrality and focuses on two of its projects, the 'strategic oil storage cavern project', in Visakhapatnam and Delhi-Faridabad Elevated Expressway.

In Visakhapatnam, HCC has installed a waste water treatment plant to utilize the seepage waste water for construction, thus completing construction without external water supply to the project even during severe water scarcity in the region.

Installation of the plant enabled them to recycle and reuse nearly 95 percent of the waste water for drilling, dust suppression, concrete curing and other activities, saving an amount of water equivalent to nearly half year's supply for Vizag city.

On the Delhi-Faridabad Expressway, owing to the low rainfall in that region, HCC implemented several measures to conserve, recycle and reuse water, including creating an artificial rainfall-fed pond and rooftop rainwater harvesting.

The most notable part was a unique model for harvesting run-off rainwater from the expressway itself as a way to recharge aquifers in the surrounding areas. HCC Chairman and Managing Director Ajit Gulabchand termed the development as a great honor for the company and the country.

# Indian solar physicist wins prestigious US prize

**D**ibyendu Nandi of the Indian Institute of Science Education and Research, Kolkata has been awarded the prestigious Karen Harvey Prize for 2012 by the American Astronomical Society (AAS).

The first scientist from the Asia Pacific to get the prize, Nandi was awarded for his “advances in the use of kinematic dynamo models to elucidate the typical and atypical solar cycle, and for his outstanding leadership within the solar physics and space climate communities.”

The prize, according to an official announcement, is in “recognition for a significant contribution to the study of the sun, early in a person’s professional career.”

“The main thrust of my discovery is that the sun’s memory regarding its past activity is very short. This implies that very long term forecasting of solar activity and space weather is ruled out,” he told Asian Scientist Magazine.

Nandi said that he did his research at the IISER and a student from the



Dibyendu Nandi (in pic) is the first scientist from the Asia Pacific to get the prize.

Indian Institute of Science, Bangalore, Bidya Binay Karak, collaborated with him.

Nandi has published a series of papers on solar activity, including one that explained for the first time the disappearance of sunspots.

He was the lead author for this paper which was published in the journal Nature.

He is a part of ISRO’s Aditya’s mission to the sun which is slated for lift off later this year or in 2013.

## Indian elected nuclear operators’ group chief

**S**.K. Jain, the former Chairman and Managing Director of Nuclear Power Corporation of India Ltd (NPCIL) was elected as the Chairman of Governing Board of World Association of Nuclear Operators’ (WANO) Japanese chapter, to which India is affiliated.

“Jain will also represent WNO Tokyo Center in main WANO Governing Board,” said a statement issued by NPCIL. NPCIL is a member of WANO and affiliated to the Tokyo Center. WANO has four regional centers besides a corporate office in London.

## Sekhar Basu is new BARC director

**A**nuclear submarine propulsion and nuclear reprocessing and waste management expert, Sekhar Basu took charge as the new Director of the Bhabha Atomic Research Centre, an official said.

Basu, 59, was the Chief Executive Officer of the Nuclear Recycling Board and assumed his new charge on June 19.

An alumnus of the Victoria Jubilee Technical Institute, Mumbai, he started his career with BARC in 1974.

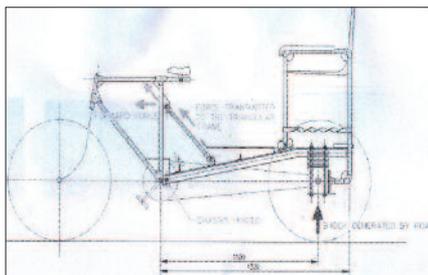
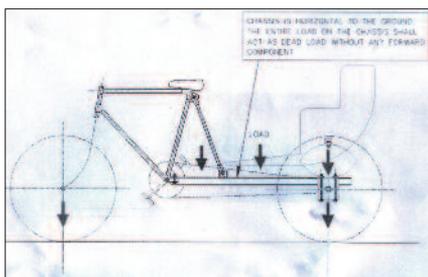
# Kolkata engineer designs wonder rickshaw

**A** Kolkata engineer has designed a cycle-rickshaw that uses passenger load to push the vehicle and reduces the puller’s drudgery by using bumps on the road for propulsion.

Pratik Kumar Ghosh’s wonder vehicle, which promises to improve the lives of thousands of rickshaw pullers, is easy to make and is also cheap.

“The rickshaw resembles conventional rickshaws and can be assembled with the same parts which are currently in use,” Ghosh, 55, said about his design that won a federal government innovation award.

The innovator, who works as an Assistant General Manager with



Shriram EPC Ltd, said his design would make bumps and unevenness of the road favourable to the rickshaw puller — converting the shock and vibration to a propulsive force.

“No parts need to be redesigned. The design of the rickshaw is very simple and its manufacture will be equally easy. The cost of production will be close to the existing ones,” he said.

“I’m an innovator, not entrepreneur. I can’t manufacture the rickshaws when more than eight million existing rickshaws are to be replaced. Since the production requirement is huge, I wish big cycle and rickshaw manufacturers come forward and manufacture the rickshaw,” Ghosh said.

# Indian American wins US spelling contest for fifth year

Indian-Americans continued to demonstrate their spelling prowess when Snigdha Nandipati, a 14-year-old girl, correctly spelled “guetapens”, French word for ambush, to win the 2012 Scripps National Spelling Bee crown. She thus retained the coveted national honor for the community, that has been steadily growing in profile and influence, for the fifth straight year.

“It’s a miracle,” said Nandipati from San Diego, California, as she pipped fellow Indian American Stuti Mishra, 14, of West Melbourne, Florida who stumbled over “schwarmerei”, German for extravagant enthusiasm, in the last round of the final at a convention center outside Washington.

Nandipati, an avid reader and coin collector who aspires to become a psychiatrist or neurosurgeon, gets \$30,000 in cash, a trophy, a \$2,500 savings bond, a \$5,000 scholarship, \$2,600 in reference works from the



Snigdha Nandipati is the fifth consecutive Indian-American winner and 10th in the last 14 years.

Encyclopedia Britannica and an online language course.

Nandipati plays violin and is fluent in Telugu. She is the fifth consecutive Indian-American winner and 10th in the last 14 years. The Indian-American community’s victory run began in 1999 when Nupur Lala captured the crown and was later featured in the documentary *Spellbound*. Anamika Veeramani scored a hat-trick for Indian-Americans by taking the crown in 2010.

— IANS

## Yale names IIM-A alumnus to top post

The prestigious Yale School of Management has appointed Indian American Professor Anjani Jain as Senior Associate Dean for the full-time MBA program as part of the school’s expansion program.

Jain, an Indian Institute of Management, Ahmedabad, graduate who has served in multiple leadership roles at the Wharton School of the University of Pennsylvania, would joined Yale on July 1, Dean Edward A. Snyder announced.



Anjani Jain

The school recently introduced a Master of Advanced Management programme and participated in the launch of the Global Network for Advanced Management, a collective effort by 21 international business schools to understand the challenges posed by complex global markets.

— IANS

## Cochin to host next annual Indian diaspora meet

The 11<sup>th</sup> edition of the annual diaspora conclave — Pravasi Bharatiya Divas 2013 — will be held in Cochin, Kerala’s commercial capital, Minister for Overseas Indian Affairs Vayalar Ravi announced. Ravi said over 2,000 delegates from across the world are likely to participate in the three-day event to be held from January 7-9. “On request of the Kerala government, we have decided to hold the next Pravasi Bharatiya Divas in Cochin,” Ravi said.

He said the Prime Minister would deliver the inaugural address at the event on January 8, 2013, while the President would deliver the valedictory address and confer the Pravasi Bhartiya Samman awards on January 9. Pravasi Bharatiya Divas is celebrated in an effort to reach out to nearly 30-million Indian diaspora.

— IANS

# Indian American engineer-physicist named US varsity VC

Mitra Dutta, a distinguished Indian American engineer-physicist, who has studied at Guwahati and Delhi universities, has been named Vice Chancellor for Research at the University of Illinois at Chicago.

Dutta, a former senior executive with the U.S. Army Research Office, has served as interim vice chancellor at one of America’s leading research universities since January, overseeing a research enterprise with annual expenditures of more than \$340 million.

Announcing her appointment, Chancellor Paula Allen-Meares said:

“Dr. Dutta’s outstanding performance as interim Vice Chancellor and her distinguished record as a researcher, administrator and teacher make her the ideal choice to take on this vital role.”

In accepting the position, Dutta said, “It’s a privilege to serve in this position and work with so many excellent researchers across our campus. We want to provide the best environment possible to carry on their important work.”

Dutta joined Illinois University in 2001 to head the newly formed department of electrical and computer engineering.

— IANS



Mitra Dutta



The government has projected a whopping \$1 trillion investment in the infrastructure sector during the 12th Plan period (2012-17).

## Global firms eye Indian ECE market

As the earthmoving and construction equipment market in India booms, more and more global firms want a share of the pie through subsidiaries or joint ventures

**M**ore and more global firms are keen to enter the fledgling Indian earthmoving and construction equipment (ECE) market through subsidiaries or joint ventures to cash in on the opportunities in the booming infrastructure sector, industry experts said.

“With the government projecting a whopping \$1 trillion investment in the infrastructure sector during the 12th Plan period (2012-17), several foreign firms are mulling to set up wholly-owned subsidiaries or joint ventures for manufacturing and marketing construction equipment and components in the Indian market,” Indian ECE Industry Association

Chairman Glenville da Silva said.

Though global players such as JCB from Britain, Hitachi, Kobelco and Komatsu from Japan, Volvo from Sweden and Caterpillar and Terex from the US entered the Indian market during the past decade, the revival of the ECE industry with about 30 percent growth in 2010 has attracted many firms from China, Finland, Germany, Italy, South Korea, Spain and Turkey to plan assembly and manufacturing facilities in the country.

“As potential for investment in infrastructure and allied sectors is immense, the Indian ECE industry revenue is set to grow six-fold to \$23 billion in 2020 from \$3.3 billion in

2010 with a CAGR (cumulative average growth rate) of 21 percent against 18 percent CAGR registered in the past five years (2006-10) to reduce the deficit and meet the growing demand from urban to rural areas,” Silva said on the margins of the industry’s five-day international trade fair (Excon 2011) that concluded on November 27.

According to London-based global consulting management firm Off-Highway Research, the growth momentum of the global ECE industry is shifting to emerging markets like India and China from matured markets (North America and Europe), where finance has become scarce and business confidence is low

due to slower growth and sovereign debt crisis.

“While the industry worldwide staged a modest recovery in 2010 from the impact of global recession in 2008 and 2009, rules of the game have changed during the last three years with India, China and Brazil making up for the declining growth in the developed countries,” Off-Highway managing director David C. Philips said at the trade conference.

Besides meeting need of the burgeoning Indian market, Japanese firms are looking at the cost arbitrage of setting up export base for South Asian markets with the mantra of ‘Japanese technology at Indian cost’.

“Having a manufacturing base in India will give the advantage of selling our products and services cost effectively to local customers as well as Japanese firms’ operating in South Asian countries,” Japan External Trade Organization (JETRO) Deputy Director-General Osamu Taki said.

Noting that India was emerging as

*A study by Accenture revealed that private sector participation in infrastructure development would increase to 40 percent by 2020 from 25 percent currently*

one of the most exciting markets in the world, Philips said the infrastructure deficit across the country would force the central and state governments as well as the stakeholders to put the sector on fast track to attract foreign and domestic investments in building and expanding roads, highways bridges, dams, ports, airports, power plants and housing.

“Global majors have started shifting production to developing countries like India so as to capitalize on the opportunities unfolding in emerging markets where pro-active government policies, access to financial and human capital and infrastructure deficit will drive the industry’s growth in this decade,” Philips said.

A study by another global manage-

ment consulting firm, Accenture, revealed that private sector participation in infrastructure development would increase to 40 percent by 2020 from 25 percent currently on account of growing urbanization and government’s thrust on building social and rural infrastructure for inclusive growth.

“Planned and proposed investments in the infrastructure sector will drive the construction industry to look at increasing mechanization and usage of specialized equipment to meet project deadlines and address skilled labor shortage, as workforce requirement is expected to be about two million in the ECE industry,” the study pointed out.

With demand for energy efficient products and need for product customization growing, German companies find the business outlook promising as they have the technology and equipment developed for global markets, where emission norms are strict.

“We see a huge potential for our companies to grow in the Indian market despite competition from other global players. By setting up local plants and providing quick after-sales support, we will be able to lower products costs and promote setting up of a quality supplier base for components,” German engineering federation (VDMA) head Sebastian Popp said. ■

Planned investments in the infrastructure sector will increase mechanization and usage of specialised equipment to meet project deadlines and address skilled labour shortage.



# Director Prashant Nair felicitated

**O**n behalf of the FOKANA Washington Regional committee and the larger Malayali community, Ambassador Nirupama Rao presented a plaque of appreciation to Prashant Nair, director of the awards winning movie *Delhi in a Day*. It was one of the movies chosen to be screened at the International South Asian Film Festival at the Universities at Shady Grove, Rockville, Maryland, USA.

Besides Ambassador Rao, Prashant's work was commended by FOKANA 2014 presidential candidate Sanil Gopinath, FOKANA RVP Vipin Raj, FOKANA Foundation Vice-Chair Shahi Prabhakaran, National Committee members Manoj Sreenilayam and Jacob Verghese, Ben



From left, Vipin Raj, Sanil Gopinath and Ambassador Nirupama Rao presenting a plaque of appreciation to Prashant Nair. Manoj Sreenilayam and Shahi Prabhakaran are also seen.

Paul, KAGW President Shaju Sivabalan and others from the Indian-American community. Prashant's par-

ents and Indian Ambassador (Rtd.) Bhaskar Balakrishnan also attended the function.

# Patang is an extraordinary film: Seema Biswas

**A**claimed actor Seema Biswas of *Bandit Queen* and *Water* fame looks at Indian-American director Prashant Bhargava's award winning first feature film *Patang* (Kite) as an extraordinary film.

"It's not a conventional kind of film," she said of the film about family conflict set in Ahmedabad.

"It's totally different, totally unique and totally unconventional in its treatment, whether it's handling of the camera or handling the actors."

"No one can make out that one is acting. Everyone is in character all the time performing in a naturalistic way," Biswas said about her role in the film which has won rave reviews not only for its lyrical visual quality, but also the performance of its cast largely made up of non-actors.

"So that attitude attracted me," she said on what made her accept Bhargava's offer to act in his first feature film. "I always listen to my heart and then I decide. I don't care



Prashant Bhargava

whether I should do this with a first time director or not. I only go for it if I find the director is intelligent and knows what he wants."

It was indeed a big challenge to act in a film which has only three professional actors, said Biswas, who plays the role of the widowed sister-in-law of an affluent businessman from Delhi who comes home to



Seema Biswas

visit his family in Ahmedabad.

"What touched me about Gujarat was the way people handled tragedy — riots, natural disasters. And kite flying played such an important role in providing them that momentum to pursue (happiness) and persevere," Bhargava said. "For me kite flying was a meditation and a purifying experience," said Bhargava.



Spread over 40 acres, the majestic Bekal Fort was built by the Portuguese in 1640.

# BEKAL IS DESTINATION NEXT

**A**fter firmly placing stations such as Kovalam and Kumarakom on the global tourism map, the Kerala government has picked this idyllic town of beaches and backwaters as destination next for visitors to ‘God’s Own Country’.

“Bekal is the next amazing destination for tourism in Kerala. Our efforts that started 17 years ago have now begun to bear fruit. Our top priority is to improve road, rail and air connectivity,” Chief Minister Oomen Chandy said.

He was referring to the state-run Bekal Resorts Development Corp that was set up in 1995 with the specific task of capacity-building and infrastructure development in Bekal.

“Where else can you find beaches, backwaters and hills all within a few kilometers?” asked the Chief Minister, referring to the variety of options offered by this town, which has settings similar to Goa.

“Bekal received some 320,000 last year. We would like the numbers to go up to more than 600,000 by 2015. That is our target, that is our aim.”

The chief minister also said this resort destination was the fifth to come up under the Kerala Government’s

## GETTING THERE

- ❖ Nearest railway station: Kasaragod, about 16 km.
- ❖ Nearest airports: Mangalore, about 70 km; Karipur International Airport, Kozhikode about 200 km.



drive to promote sustainable and responsible tourism — after Kovalam, Kumarakom, Wayanad and Thekkady.

Otherwise on National Highway 17, less than 10 km from Kasaragod in north Kerala, Bekal is also easily accessible by rail network. The nearest airport is at Mangalore in Karnataka, 70 km north.

Talks are on with the central government to upgrade the railway station, improve the national highway and build an airstrip. To develop resorts, 230 acres were acquired and a part of

it was allotted for six private projects.

“As of now, two resorts have already come up Vivanta by Taj and the Lalit Resort and Spa. Four more projects are under various stages of development,” said Rani George, Director of Kerala Tourism.

“Around 50 other properties in the area offer around 1,000 rooms. You also have home-stays villas and Ayurvedic centers. Accommodation will be expanded and people are welcome to invest, especially in budget hotels,” George said.

Detailing the major attractions in and around Bekal, she not only referred to the majestic Bekal Fort, but also those at Hosdurg and Chadragiri. Spread over 40 acres, the Bekal Fort was built by the Portuguese in 1640.

“There are also many stunning beaches, backwaters and hill stations in and around Bekal,” she added.

Ancient temples and mosques, hand-craft like lamps, utensils and curios made of bell metal, and preservation of rich culture like Theyyam dance form and Kalaripayattu martial arts are other attractions, George said.

“Most other resort destinations are close to urban centers and therefore over-developed. Bekal, on the other hand, is still virgin and pristine.”

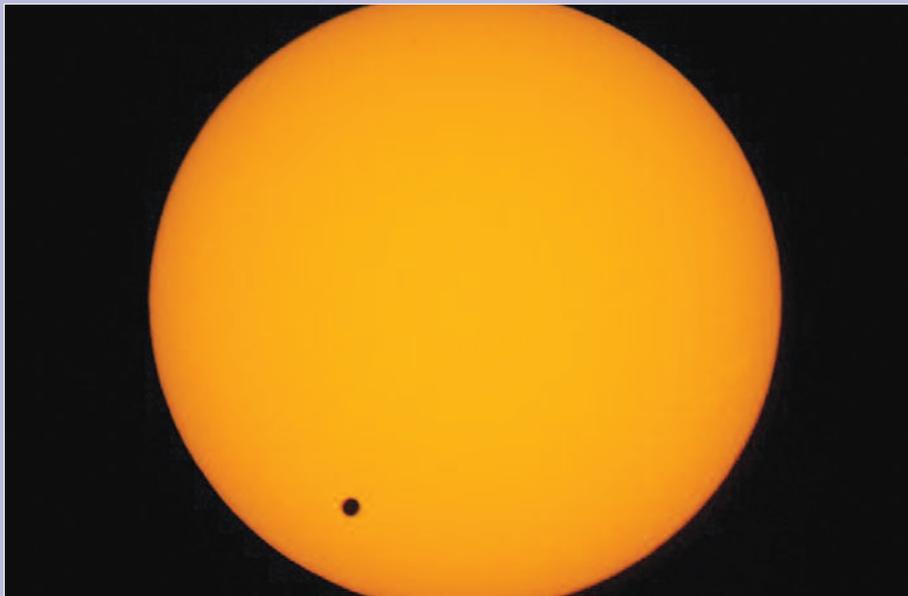
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## ■ Beauty spot on the Sun...



A view of Venus (black spot) passing by the Sun on June 6. This celestial event generally repeats every 243 years. (PIB Photo)

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