Annual Report

Indian Council for Research on International Economic Relations

India in the World Economy
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Foreword by the Chairperson

The year 2007-08 has seen significant expansion at ICRIER both in research activity and in seminars and conferences for knowledge sharing and improving the quality of policy debate on major issues of importance for the Indian economy. At the request of the Board of Governors, efforts are currently under way to prepare a strategy document for ICRIER which will provide a medium-term framework within which research activities will be planned and funded. The strategy document will be endorsed by the Board.

I am happy to note that studies undertaken at ICRIER in the year just ended covered important subjects such as competitiveness of Indian manufacturing and services sectors, issues in regional integration of the South Asian economies, multilateral trade negotiations, FTAs, and financial sector reforms. Following a suggestion from Prime Minister, Dr. Manmohan Singh, that Indian researchers should study aspects of the development experiences of China and vice versa with a view to drawing relevant lessons for both countries, the Asian Development Bank (ADB) invited ICRIER to be the lead institute from India in a research project which focused on such lessons. ICRIER rose to the occasion and conducted studies in four areas including those relating to infrastructure, finance and labour market reforms in China. The project was completed in the year just ended. The presentations by researchers from India and China were very well received at a special seminar on the occasion of the annual meeting of the ADB in Madrid in May 2008.

This year has also seen the publication of a number of books, of which two deserve special mention. WTO Negotiations on Agriculture and Developing Countries by Anwarul Hoda and Ashok Gulati has been published by the Oxford University Press and will be launched shortly. Before taking up his current position as Member, Planning Commission, Anwarul Hoda was Professor in charge of WTO research at ICRIER for four years. Prof Hoda’s collaboration with Dr. Ashok Gulati of IFPRI has resulted in this book on the much neglected subject of agricultural trade liberalisation and developing countries, with special focus on India. India and the Global Economy, edited by Rajiv Kumar and Abhijit Sen Gupta and published by Academic Foundation is a collection of specially commissioned papers for ICRIER’s Silver Jubilee Conference on “India and the Global Economy”. The volume includes papers by Shankar Acharya, Bibek Debroy, Nachiket Mor, S S Johl and Rajiv Lall, among others.
Board of Governors

as on March 31, 2008

Mr. Nitin Desai
Hony. Professor, ICRER & Former Under Secretary General, United Nations
B-63, Defence Colony (First Floor)
New Delhi-110 024

Ms. Chanda Kochhar
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Mr. Nandan Nilekani
Co-Chairman
Infosys Technologies Limited
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Hosur Road
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Mr. Malvinder Mohan Singh
CEO & Managing Director
Ranbaxy Laboratories Limited
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Overseas Members

Dr. Arvind Panagariya
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Member- Secretary

Dr. Rajiv Kumar
Director & Chief Executive
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Core 6-A, 4th Floor
India Habitat Centre
Lodhi Road
New Delhi-110 003
Management Committees
as on March 31, 2008

Executive-cum-Finance Committee

Dr. Isher Judge Ahluwalia : Chairperson
Mr. N. K. Singh : Member
Dr. Shankar Acharya : Member
Ms. Janaki Kathpalia : Member
Dr. Rajiv Kumar, Director & CE, ICRIER : Member-Secretary

Investment Committee

Mr. Uday S. Kotak : Chairman
Mr. Aman Mehta : Member
Ms. Janaki Kathpalia : Member
Ms. Chanda Kochhar : Member
Dr. Rajiv Kumar, Director & CE, ICRIER : Member-Secretary
Founder Members

1. Dr. Montek Singh Ahluwalia
2. Dr. Jagdish Bhagwati
3. Mr. K. K. Bhargava
4. Mr. I. S. Chocha
5. Dr. R. J. Chelliah
6. Mr. K. L. Dalal
7. Mr. B. S. Das
8. Mr. Ashok V. Desai
9. Mr. Nitin Desai
10. Professor P. N. Dhar
11. Mr. M. Dubey
12. Mr. R. S. Gaekwad
13. Dr. S. P. Gupta
14. Mr. R. M. Horanavar
15. Mr. B. D. Jayal
16. Mr. S. V. S. Juneja
17. Dr. Rajni Kothari
18. Mrs. Anna R. Malhotra
19. Mr. S. S. Marathe
20. Dr. Suman K. Modwal
21. Mr. P. K. Nanda
22. Mr. Govind Narain
23. Mr. N. C. B. Nath
24. Mr. P. C. Nayak
25. Dr. Deepak Nayyar
26. Dr. V. R. Panchamukhi
27. Mr. Vijay G. Parida
28. Mr. R. D. Pradhan
29. Mr. Vinay Bharat Ram
30. Mr. S. S. Ramphal
31. Dr. C. Rangarajan
32. Mr. S. S. Rao
33. Mr. V. K. Sen Gupta
34. Mr. Harbans Singh
35. Dr. Maniraman Singh
36. Mr. R. V. Subrahmanian
37. Dr. M. Swaminathan
38. Mr. T. K. N. Unnithan
39. Dr. Chiran D. Wadhwa
40. Late P. K. Dave
41. Late Manu R. Shroff
42. Late P. K. Kaul
43. Late J. G. Patel
44. Late Anand Prakash
45. Late Sukhamoy Chakravorty
46. Late Khub Chand
47. Late B. K. Chatterjee
48. Late J. Rameshwar Rao
49. Late P. Chennakeshava Rao
50. Late H. N. Ray
51. Late Y. T. Shah
52. Late S. R. Sen
53. Late L. K. Jha
54. Late A. M. Khosro
55. Late Raj Krishna
56. Late Lovraj Kumar
57. Late Suraj Kumar
58. Late K. B. Lall
59. Late Sanjaya Lall
60. Late R. N. Malhotra
61. Late Frode A. Mehta
62. Late B. K. Nehru
63. Late Prakash Tandon
64. Late Mohd Yunus
65. Late Malcolm S. Adiseshiah
66. Late M. C. Bhatt
67. Late Brij Bhushan
68. Late Bharat Ram

India in the World Economy
Life Members
as on March 31, 2008

1. Dr. Shrikant Acharya
2. Dr. Isher Judge Ahluwalia
3. Mr. Mukesh D. Ambani
4. Mr. Gopi K. Arora
5. Mr. J. S. Bajaj
6. Mr. Jagmohan Lal Bajaj
7. Mr. Surjit S. Bhalla
8. Mr. Y. C. Deveshwar
9. Mr. Jamshed Godrej
10. Ms. Lalita D. Gupta
11. Mr. Anwarul Hoda
12. Dr. Bimal Jalan
13. Mr. Shiv S. Kapoor
14. Mr. K. V. Krishnan
15. Dr. Vijay Kelkar
16. Mr. Uday S. Kotak
17. Mr. Darshan Lal
18. Dr. Deepak Lal
19. Dr. Rajiv B. Lall
20. Mr. Arun Maira
21. Mr. Raghunandan D. Malote
22. Dr. R. A. Mashelkar
23. Mr. Aman Mehta
24. Dr. Rakesh Mohan
25. Mr. N. R. Narayana Murthy
26. Dr. Arvind Panagariya
27. Dr. Kiran S. Prakash
28. Dr. Swati A. Pratihar
29. Mr. N. Ravi
30. Dr. Y. V. Reddy
31. Mr. Parth J. Shah
32. Mr. Prakash Shah
33. Dr. Kiran Mazumdar Shaw
34. Mr. N. K. Singh
35. Mr. Surendra Singh
36. Mr. Pranab Sinha
37. Professor T. N. Srinivasan
38. Mr. C. M. Vasudevan
Research activities at ICRIER in 2007-08 continued to focus on the six thrust areas that we have defined as our core agenda. Of the fourteen new studies initiated during the year, four studies deserve special mention: (i) Impact of Organised Retailing on the Unorganised Sector; (ii) Comparative Development Experience of India and China; (iii) the India-EU Trade in Services; and (iv) Determinants of India’s National Interest.

The retail sector study led by Mathew Joseph is based on the largest ever primary survey of the unorganised sector retailers and other segments in India that could be affected by the entry of the large scale retail companies in the organised sector. The study’s findings will be discussed in two major dissemination seminars in Delhi and Mumbai to provide an input into the policy debate on this very important and controversial subject. The study has already received a lot of attention in the national and international media.

The study on mutual lessons to be learnt from the development experience of India and China led by Dr Isher Judge Ahluwalia was sponsored by the Asian Development Bank following a suggestion by the Prime Minister of India, Dr Manmohan Singh at the Annual Meeting of the Asian Development Bank (ADB) in Hyderabad in 2006. The lead institutes for the project were ICRIER in India and the Institute for Public Policy Studies, Peking University in Beijing. Four areas of interest were selected for each country to draw relevant lessons from each other’s development experience. Reforms in the areas of infrastructure, labour market, state owned enterprises and manufacturing sector in China were studied by Indian researchers, and studies of IT and software industry, local entrepreneurship, financial sector reforms and higher and professional education in India were taken up by Chinese researchers. The initial findings were presented at a seminar in Madrid on the occasion of the Annual Meeting of the ADB in May 2008.

The India-EU trade in services project led by Arpita Mukherjee examines the feasibility of enhancing trade in thirteen service sectors under a possible Indo-EU Free Trade Agreement (FTA). It identifies the trade barriers in each sector and suggests how these can be addressed under the FTA, taking into account the commitments made by the EU and India in the WTO and other bilateral/regional agreements.

The National Interest Project, led by Santosh Kumar and Rajiv Kumar with support from the Ministry of External Affairs, represents a widening of our research agenda to the sixth thrust area, namely, India’s strategic international relations, as also a broadening of our research capabilities to include experts from the international relations and political science disciplines.

Apart from the ADB sponsored study on comparative development experiences in India and China mentioned earlier, a study on ‘Entry Barriers in China’s Financial Sector’, supported by the Department of Economic Affairs, was completed this year. ICRIER’s annual academic conference in December 2007 was also focussed on ‘India and China’s Role in International Trade and Finance and Global Economic Governance’. The intellectual effort for this conference was led by Professor Barry Eichengreen and Dr. Poonam Gupta who are now putting together a volume that will bring together the 10 papers specially commissioned for the Conference. The IMF and Konrad Adenauer Stiftung supported this conference.
Some of the important on-going academic collaborations at ICFRE are: Professor T N Srinivasan of Yale University and Van Arvane of ICFRE with their study on firm-level response to changes in trading regimes; Dr Deb Kusum Das of ICFRE and Sangeeta Khorana of Aberystwyth University, UK with their study on “Convergence towards Regional Integration between the European Union and India – Trade Implications for India and the UK”; and Stephen Gelb of the Edge Institute, Johannesburg, South Africa with ICFRE researchers (Amit Shovon Ray, Subhashis Bara and Shikha Gupta) who are collaborating on an IDRC financed project on Comparative Features of Inward and Outward FDI from and to India. This study is also based on a firm level enquiry. Initial findings from the study were presented at the World Bank’s ABCDE Conference in Cape Town on 9th June.

ICFR hosted the 9th annual Neemrana Conference in January 2008 in collaboration with the National Bureau of Economic Research (NBER). Under the new arrangement, ICFRE and NCAER will organise the conference in alternate years. The 3-day Conference was held, as usual, at the picturesque Neemrana Fort Palace Resort in Rajasthan on January 13-15, 2008. Finance Minister, Mr. P. Chidambaram, Deputy Chairman of Planning Commission, Dr. Montek Singh Ahluwalia, Minister of Science and Technology, Mr. Kapil Sibal, Chief Minister of Haryana, Mr. Bhupinder Singh Hooda were among the prominent participants at the Conference, which included many senior policy makers, industrialists, media representatives and academics. Professor Martin Feldstein of Harvard University led the NBER delegation as President, NBER. Financial support for the Conference was provided by AIG, India.

ICFR continued its ‘Monthly Financial Sector Seminar Series’ initiated last year, and expanded its scope to include issues of open economy macro management. The macro-economic management seminars are held on a quarterly basis, while financial sector seminars continue to be held every month.

International seminars, conferences, and special lectures remain an integral and important component of ICFRE’s public policy work program. ICFRE’s Special Lectures program in 2007-08 also saw some outstanding personalities interacting with the policy community, industry representatives and academics. It included sessions with Professor Barry Eichengreen of the University of California, Berkeley, speaking on ‘The Cautionous Case for Capital Flows’, Professor Dale Jorgenson of Harvard University, speaking on “India and the World”, Mr. Dominique Strauss-Kahn, Managing Director of the IMF, speaking on “Lessons from the Financial Market Crisis: Priorities for the World and for the IMF” and Professor Stanley Fischer, Governor, Central Bank of Israel speaking on “IMF Reforms”.

ICFR has been engaged, jointly with the Seoul Forum for International Affairs, in the Indo-Korea Bilateral Dialogue for the past nine years. The Dialogue has been held alternately in Delhi and Seoul. The Seventh Indo-Korea Bilateral Dialogue was held at Seoul on October 23-24, 2007 and the next, for which financial support from the MEA has already been committed, will be held in New Delhi in December 2008.

This year saw the publication of five volumes either authored or edited by ICFRE staff. The first on ‘WTO negotiations on agriculture and developing economies’ (edited by Anwarul Hoda and Ashok Gulati) brings out the implications of agricultural trade liberalisation for developing economies. The second volume on WTO issues edited by Supernia Karmakar, Bibek Debroy and Rajiv Kumar examines if India’s membership in WTO influenced the evolution of the country’s trade and commercial policies. The volume on ‘India and the Global Economy’ puts together specially commissioned papers for ICFRE’s Silver Jubilee conference and includes the Prime Minister’s inaugural address that spells out the policy issues on which research is required as India continues on the path of integration with the world economy. The phenomena of outward foreign direct investment from developing economies in Asia is examined in the papers brought together in the volume on ‘New Dimension of Economic Globalisation’, which represents an output from the IDRC-funded research project on ‘Preferential Trading Agreements in Asia: Towards an Asian Economic Community’. Finally, the ‘Mid Year Review of the Indian Economy 2007-08’ by Rajiv Kumar which has been published in collaboration with the India International Centre presents an assessment of the evolving macro economic situation in the country. Two publications based on ICFRE’s research were brought out by the National Manufacturing Competitiveness Council which had sponsored the projects. These are ‘A Study on Labour Intensity & Employment Potential of Indian Manufacturing’ (Deb Kusum Das, Deepika Wadhwa and Gunajit Kalita) and ‘Determinants of Competitiveness of the Indian Auto Industry’ (Badi Narayan G and Pankaj Vashisht).
The new website, greater visibility due to the extensive media coverage of ICRIER’s reports and events and the publication of books, papers and articles in refereed journals and business press by ICRIER’s research staff, have all contributed to making ICRIER one of the preferred options for a research career in India. As a result we have been reasonably successful in attracting fresh research talent to ICRIER. The total research staff strength has now risen to 44 with about ten PhDs from reputed national and international universities, but the effort to further expand and improve our senior faculty continues.

Considering the fast expanding demand for our research activities, we are working towards preparing a strategy paper for ICRIER on request from the Board of Governors. As we prepare and discuss this important document and get the endorsement of the Board on the medium-term strategy for ICRIER, we face a number of important challenges. First and foremost, we need to build an even better and internationally competitive research team. To this end, we are preparing a human resource development strategy. Second, we need to expand the physical space at ICRIER. Our efforts in this area have not yielded much success so far, but this challenge must be overcome in the coming years. We also need to continue to upgrade the IT infrastructure.

Financially, also, ICRIER has moved from strength to strength. In 2007-08, contributions to our endowment fund, based on commitments made in the Silver Jubilee year, yielded Rs 3.10 crore. Since ICRIER has secured a lifetime exemption from payment of income tax for its donors, under section 35 (1) (iii) which provides a 125 percent exemption to donors and exemption also from paying taxes on its own incomes under section 10 (23-C) (iv), this should help us attract more contributions to our endowment fund.

ICRIER has also been successful in diversifying the sources for its research grants. While the Government of India remains the largest sponsor of research at ICRIER, others who have commissioned studies at ICRIER include, Asian Development Bank, Manila; The Edge Institute, Johannesburg; Yale University, New Haven; Aberystwyth University, Wales; Keio University, Tokyo; Sasakawa Peace Foundation, Tokyo; Confederation of Indian Industry, Delhi; Konrad Adenauer Stiftung, Delhi; and other corporate sponsors. I thank all our sponsors and assure them of ICRIER’s strongest commitment to quality, timeliness and effective dissemination of our research.

In our endeavour to achieve global recognition, we have received continued guidance and support from our Board, for which I am grateful. ICRIER is fortunate to have Dr Isher Judge Ahluwalia as its Chairperson, who is deeply committed to ICRIER’s continued development and its role in informing the policy debate in India. I thank her sincerely for her understanding of my on-going learning-on-the-job, and for her advice which I hope will continue in full measure in the coming years.

Rajiv Kumar
Director & Chief Executive, ICRIER
Research Activities

Major thrust areas of research in ICRIER

A. Trade, Openness, Restructuring and Competitiveness
B. Regional and Bilateral Issues
C. Financial Liberalisation and Integration
D. Macroeconomic Management in an Open Economy
E. WTO-Related Issues
F. Strategic Aspects of India’s External Relations

India in the World Economy
Research activity in ICRIER has gained a new momentum this year with assignments from the government, international organisations and corporate sponsors. The focus on our six thematic areas has been maintained and the autonomy of our research ensured. Despite the current stalemate in the Doha Round, we intend to further strengthen our research on WTO issues and will be able to develop a more robust research program on technology policy and competitiveness with the joining of Professor Amit Shovon Ray. The services unit has been substantially reinforced with coming on board of Professor Rajat Kathuria who is presently leading an important research project on the impact of mobile telephony on the Indian economy. A number of our studies are based on primary data, which gives ICRIER’s research a strong empirical foundation and the necessary confidence to make policy recommendations. There is special satisfaction in pointing out that ICRIER has been commissioned to undertake research on issues where a consensus was lacking and an objective input was needed. Moreover, in some cases our research has helped to change the negotiating approach and yielded findings that were counter to the established understanding and thus provided new insights. This willingness and capacity to take an independent stance based on solid empirical evidence and rigorous analysis and to disseminate the findings effectively to try and generate a consensus amongst all stake holders have been ICRIER’s value added propositions for our sponsors. We intend to strengthen it even further in the coming years.
A  Trade, Openness, Restructuring and Competitiveness

Ongoing Projects (3)

A 1  Impact of Organised Retailing on the Unorganised Retail Sector*

Mathew Joseph, Nirupama Soundararajan, Manisha Gupta and Sanghamitra Sahu

Sponsoring Agency: Department of Industrial Policy & Promotion, Ministry of Commerce & Industry

Duration: 15 months

Collaborating Organisations: IFPRI, Technoek and Development & Research Services Pvt. Ltd.

Commencement: March 2007

Divergent views have been expressed on the impact of the growth of large-scale retailing. On the one hand, concerns have been raised about its adverse impact on small retailers in the unorganised sector. On the other hand, it has been argued that the growth of organised retailing will yield efficiencies in the intermediate stages, enabling higher prices and better access to markets for producers (including farmers and small producers) and lower prices to consumers. This study analyses all these issues on the basis of the largest country-wide field survey of "mom and pop" shops, consumers, farmers and intermediaries in ten metro cities across all the four regions in the country.

A 2  Development Strategy for the Hill Regions of Uttarakhand**

Surabhi Mital, Gaurav Tripathi and Deepu Sethi

Sponsoring Agency: Confederation of Indian Industry

Duration: 8 months

Commencement: September 2007

The State of Uttarakhand is making a serious effort to develop its backward hilly districts. The scope for the use of modern technology is restricted in hilly areas. However, climatic conditions there strongly favour a diversification of agriculture. This has resulted in the majority of the rural population in the hills either having to survive on subsistence agriculture or migrating to other parts of the country for employment. In this context, the objective of the study was to identify the sectors where these hill districts have a comparative advantage and prepare a strategy for inclusive growth based on district-specific requirements. The study has laid out a 5-point development strategy. The study which was presented to the Governor of Uttarakhand says that the state needs to create its brand equity of being an organic green state. This can be achieved by diversifying towards high-value agriculture and enhancing tourism potential.

A 3  Basic Structure of the System of Education and HRD in India***

Nirupama Soundararajan and Aftab Seth (Keio University)

Sponsoring Agency: Keio University, Tokyo

Duration: 6 months

Commencement: October 2007

The study reviews the current status of and challenges faced in the primary, secondary, higher and vocational education sectors in India. It examines the growth of the sector under successive Five-Year Plans, the targets outlined in the 11th Plan and the contribution of various government and public initiatives undertaken in the education sector. The study also looks at the role of the private sector in meeting the rising demand for education in the country.

* Since completed in May 2008
** Since completed in May 2008
*** Since completed in April 2008
A 4  Can Horticulture be a Success Story in India?
Surabhi Mittal and Gaurav Tripathi
Sponsoring Agency: ICICI Bank (Centre for Development Finance)
Duration: 7 months
Commencement: November 2006
Completed: July 2007

The objective of this study was to examine the feasibility of diversifying into horticultural crops and examine if India can become more integrated into global agro-trade by exporting high-value horticultural products. Visits were made to the SAFAL Terminal Market, Namdhari Fresh, some of the state horticulture missions and institutes. The output of the study is available in the form of ICRIER WP 197 and IFMR WP 11. The analysis shows that a shift to horticulture is economically viable and would benefit farmers, but such diversification needs to be carefully planned. Certain strategies and policies to achieve this shift have also been suggested. The study identifies the states that can successfully diversify into fruits and vegetables, and which should be targeted for enhancing their export potential.

A 5  Impact of Preventive Healthcare on Indian Industry and Economy
Alka Chadha (External Consultant), Garima Malik and Ali Mehdi
Sponsoring Agency: ACCOR Radhakrishna Corporate Services Pvt. Ltd.
Duration: 6 months
Commencement: December 2006
Completed: September 2007

The health care system in India is experiencing dramatic changes. Although preventive, as opposed to curative, health care has become the preferred option in most developed countries - as it allows employees to be more productive - in India it is still at an early stage. This study makes an important contribution to preventive healthcare practices in the corporate sector by examining the linkage between preventive health care programmes and corporate profitability. In order to assess the impact of preventive health care on Indian industry, a survey of some of the best-performing companies and a sample of employees from the manufacturing and service sector was undertaken. Based on the findings from our surveys, policy recommendations have been made to promote preventive healthcare practice in the corporate sector to ensure higher productivity and competitiveness.

A 6  Competitiveness of the Plastic and Polymer Industry
Garima Malik and Ruchi Jain
Sponsoring Agency: Chemicals & Petrochemicals Manufacturers’ Association
Duration: 8 months
Commencement: August 2006
Completed: October 2007

The objective of the study was to examine the current status of the plastics and polymer industry in India; identify the causes for its marked duolistic structure; and analyse the factors inhibiting its growth and competitiveness and make appropriate policy recommendations.

Globally, the plastics industry has been growing at a rapid pace. But, the share of the Indian plastics and polymer industry in the world total is very small. This is because a large section of the industry, especially its downstream segment, is not competitive internationally. Consequently, India's share in world polymer exports is likely to decline by 2010, because of rising domestic demand and weakness in the downstream segment of the industry.
India's petrochemical and plastics industry, meanwhile, is still faced with many difficulties. Some of the major constraints include SSI reservations, labour market rigidities, access to capital and technologies, high incidence of indirect taxes, high cost of raw materials and weak infrastructure. The study makes several policy recommendations to effectively address these constraints facing the industry.

A 7 Determinants of Competitiveness of the Indian Auto Industry
Badri Narayan G. and Pankaj Vashisht
Sponsoring Agency: National Manufacturing Competitiveness Council
Duration: 10 months
Commencement: October 2006
Completed: December 2007

This report analyses the state of Indian automobile industry and identifies the core determinants of its competitiveness. It found that all segments of the Indian automotive sector are growing at a fairly high rate and their productivity as well as export intensity is rising. However, R&D expenditure is still low and, further, the R&D is focused on process development rather than product innovation. It also reveals that the effective rate of protection is much higher for the auto assembly sector than for auto-components. Based on a field survey, the study identifies the shortage of skilled manpower, poor infrastructure, fluctuating steel prices, unavailability of industrial land at reasonable prices and management of effluents as the major constraints faced by the industry. These need urgent policy attention for the industry to further improve its competitiveness. Finally, the study also points out the importance of credit availability for component manufacturers for adequate capacity expansion.

A 8 Labour Intensity and Employment Potential of Indian Manufacturing
Deb Kusum Das (External Consultant), Deepika Wadhwa and Gunraj Kalita
Sponsoring Agency: National Manufacturing Competitiveness Council
Duration: 8 months
Commencement: April 2006
Completed: March 2008

The study examines labour-intensive industries in the organised manufacturing sector in order to understand their employment generation potential and analyse what constrains growth and employment in this sector. It was structured in two parts: in the first part, using secondary data from the Annual Survey of Industries, it identified the leading labour intensive industries of organised manufacturing; and in the second part it conducted an in-depth, firm level review of selected labour-intensive industries (apparel, leather, gems and jewellery, sports goods and bicycles) in order to understand the obstacles to expanding employment in these industries.

A 9 National Mineral Development Policy in an Open Economy: A case study of Indian Iron Ore
A.S. Firoz (External Consultant)
Sponsoring Agency: Federation of Indian Mineral Industries
Duration: 8 months
Commencement: November 2006
Completed: February 2008

This study examines the utilisation of iron ore in India. It takes into account the significant reserves of iron ore in India and allays fears that the steel industry will run out of iron ore if exports continue at the current level. Instead, it says that exports are necessary for maintaining a structural balance in the market between production and consumption of lumps and fines because nearly 80 percent of exported ores are fines which are not adequately used in India. The study points out that the size of mineral resources is a dynamic concept and depends on exploratory efforts, which have been relatively weak in India. On the basis of international experience, it recommends increased investment in the mineral sector, especially in exploration and conservation as it will yield a growth in the size of proven reserves. This will mitigate fears of domestic steel producers while letting the country take advantage of high global iron ore prices.
India and the Global Economy

Edited by: Rajiv Kumar and Abhijit Sen Gupta

This book is a collection of 10 specially commissioned papers for ICRIER’s Silver Jubilee Conference. The papers, prepared by eminent policymakers, academicians and senior industry representatives, address important policy challenges facing India today as the country intensifies its engagement with the global economy. The inaugural address by the Prime Minister of India, Dr. Manmohan Singh, covers the entire range of reform issues and lays down a research agenda that merits the attention of all serious scholars of the Indian economy.
B  Regional and Bilateral Issues

Ongoing Projects (9)

B 1  Entry Barriers in China's Financial Sector
Khan Masood Ahmed and Shahid Ashraf (External Consultants)
Sponsoring Agency: Department of Economic Affairs, Ministry of Finance
Duration: 6 months
Commencement: August 2006

The study compares the Chinese and Indian financial regulatory mechanisms in banking, capital markets, insurance and money markets. It finds that despite significant liberalisation and reduction of controls, financial sectors in both countries remain over-regulated. While China has generally adhered to its WTO commitments in the financial sector, there is a departure from WTO's national treatment principle in terms of administrative licenses, business approvals, policies and enforcement. The overall perception is that China is opening up, but with substantial speed breakers to foreign investment in different financial sectors.

India, for its part, does not follow transparent criteria for foreign entry, especially in banking, although those that enter are assured of national treatment. The analyses of existing regulations in the main financial markets in both countries, especially the ease of entry and functioning of foreign entities and operational roadblocks facing them, suggests that these are important areas for reform.

B 2  Trade in Services for the Proposed India-EU Free Trade Agreement
Aparna Sawhney, Biswajit Nag, Samir Gandhi and Panagiotis Delimitis
External Consultants: Rupa Chanda, Rajat Kathuria, Parthapratim Pal, R.V. Anuradha, Debjani Ganguli,
Sponsoring Agency: Ministry of Commerce & Industry
Duration: 8 months
Commencement: September 2007

India and the European Union (EU) have started negotiations on a Trade and Investment Agreement. In this context, the study examines India's current and future trade potential with the EU in 13 services sectors. These are accountancy, finance, telecommunication, information technology, environment, energy, postal and express delivery, R&D, health, construction and consultancy, audio-visual, logistic and legal services. Each sector study has been conducted by sector experts and follows a common format. The studies identify India's trade interests with EU in that particular sector, list areas of current and future collaboration, identify the trade barriers faced by Indian companies in the EU and EU companies in India and suggest negotiating strategies for India, to address these issues in the FTA.

B 3  India's Trade and Cooperation in Services with MERCOSUR and SACU*
Amit Shovon Ray (External Consultant), Amritendu Palit (Visiting Fellow), Manisha Gupta, Adithya Chintapanti and Shounkie Navani
Sponsoring Agency: Ministry of Commerce & Industry
Duration: 6 months
Commencement: December 2006

The study examines the potential for services trade between India & Brazil in MERCOSUR and India & South Africa in SACU. It points to synergies between India and Brazil in a number of services. These include: IT and IT-enabled services (ITES), IT education, construction, entertainment, R&D services, legal services and air transport services. IT-related services also have considerable opportunities for bilateral trade between India and Argentina. As far as India and South Africa are concerned, the services with a high trade potential are financial services (including insurance), entertainment, IT and related services, tourism, transport, telecommunication and retail.

* Since completed in May 2008
The report also takes note of the importance of expanding connectivity, particularly air links, between India and MERCOSUR and SACU for facilitating growth in services trade. It points out the importance of strengthening the India-Brazil-South Africa (IBSA) initiative for yielding larger pay-offs in the form of expanded trade and trade links between India and MERCOSUR and India and SACU.

B 4 Privatisation & Internationalisation of Higher Education in the Countries of South Asia: An Empirical Analysis
Pawan Agarwal and Furqan Qamar (External Consultants)
Sponsoring Agency: SANEI, Pakistan
Duration: 15 months
Commencement: December 2006

Despite the common origin and a similar academic and affiliating structure, higher education in the South Asian countries has acquired distinct national feature. But the key common feature is the large unmet demand from publicly funded institutions, owing to limited expansion of their capacities because of resource constraint of governments. The growing unmet demand is met partly by the private sector—mainly but not exclusively through the domestic providers and a growing number of students going abroad for higher education. Meanwhile, public policy in South Asian countries now takes into account both public and private provision to meet the growing demand. However, despite India's dominant presence in the higher education system, its influence in shaping the sector in the region is marginal. The setting up of the South Asia University at India's initiative is the first step towards building a cooperative structure for South Asia. But much more needs to be done. After an extensive review, the draft report says that the next logical step would be to create a South Asia Higher Education Area (SAHEA) on the pattern of the Europe Higher Education Area (EHEA) for deepening the regional integration efforts. This would make higher education and research in South Asia competitive in the growing global knowledge economy.

B 5 Rationalisation of Non-Tariff Measures (NTMs)/ Para-Tariff Measures (PTMs) Imposed by India
Nisha Tanuja and Raashi Malhotra
Sponsoring Agency: Ministry of Commerce & Industry
Duration: 6 months
Commencement: March 2008

The SAARC Summit in March 2008 decided to examine the extent and nature of non-tariff barriers imposed by member countries against exports from other SAARC members. The study seeks to identify genuine NTMs/PTMs obstructing market access for South Asian neighbours into the Indian market. The study will suggest measures to rationalise such barriers. The recommendations are expected to serve as inputs to the Task Force set up by the Commerce Ministry to examine the perceived NTMs by our neighbouring countries.

B 6 A Programme of Studies on the Development Experience of the People’s Republic of China (PRC) and India*
Isher Judge Ahluwalia, Amitendu Palit (Visiting Fellow) and Rajeev Anantaram
External Consultants: Bibek Debroy, Mmanohar Agarwal, Rajiv Behari Lal, Mohammad Sajid, Anupam Baleshwar Rastogi and Poonam Gupta
Sponsoring Agency: Asian Development Bank
Duration: 8 months
Commencement: August 2007

The study on mutual lessons to be learnt from the development experience of India and China led by Dr Isher Judge Ahluwalia was sponsored by the Asian Development Bank following a suggestion by the Prime Minister of India, *Since completed in June 2008
Dr. Manmohan Singh at the Annual Meeting of the Asian Development Bank (ADB) in Hyderabad in 2006. The lead institutes for the project were ICRIER in India and the Institute for Public Policy Studies, Peking University in Beijing. Four areas of interest were selected for each country to draw relevant lessons from each other's development experience. Reforms in the areas of infrastructure, labour market, state-owned enterprises and manufacturing sector in China were studied by Indian researchers, and studies of IT and software industry, local entrepreneurship, financial sector reforms and higher and professional education in India were taken up by Chinese researchers. The initial findings were presented at a seminar in Madrid on the occasion of the Annual Meeting of the ADB in May 2008.

**B 7 Convergence towards Regional Integration between the EU & India**

*Deb Kusum Das (External Consultant) and Sangeeta Khorana (Aberystwyth University, UK)*

**Sponsoring Agency:** Aberystwyth University, UK

**Duration:** 10 months

**Commencement:** November 2007

The study examines trade between India and UK within the context of the proposed EU-India FTA by assessing the impact of existing non-tariff barriers (NTB) and identifying existing differences in regulatory regimes and administrative hurdles. It focuses on the goods sector (leather and textiles). An extensive field survey was undertaken, both in India and UK, to understand the trade implications of these NTBs in the light of the proposed FTA.

**B 8 The global Trading and Financial Systems: Multilateralism of the World Trade Organisation versus Regionalism**

*Vani Archana and T. N. Srinivasan (Yale University)*

**Sponsoring Agency:** Yale University, USA

**Duration:** 2 years

**Commencement:** July 2007

This study sought to analyse issues arising out of regional/multilateral trade liberalisation from a micro (i.e. firm) perspective. It will analyse issues of trade liberalisation in labour-intensive sectors in particular and its overall impact on employment and poverty in India. It will examine the effects of PTA/RTA on India's trade. The study also aims to find out the determinants of export propensity of the labour-intensive and capital-intensive sectors. The study is being carried out in two phases. In phase I, preliminary estimation is being done based on secondary data. Phase II of the project would use primary data collected from a firm-level field survey.

**B 9 India–Indonesia: Comprehensive Economic Cooperation Agreement (CECA) Opportunities for Trade in Services**

*Vani Archana*

**Sponsoring Agency:** Ministry of Commerce & Industry

**Duration:** 9 months

**Commencement:** March 2008

Indonesia's service exports are quite low compared to India. However, the country is open to foreign investment in the services sectors. Globally, both India and Indonesia remain net importers of services. The study being undertaken to support India's negotiations with Indonesia on a possible CECA will identify the measures that both countries need to take to enhance their trade linkages and exploit opportunities for investment and trade in sectors of interest to each.
Completed Projects (5)

B 10  Preferential Trading Agreements in Asia: Towards an Asian Economic Community  
*Amita Batra and Ramkishen S. Rajan (External Consultant)*  
**Sponsoring Agency:** International Development Research Centre  
**Duration:** 30 months  
**Commencement:** March 2005  
**Completed:** November 2007

This study is in two parts: “Preferential Trading Agreements (PTAs) in Asia: Towards an Asian Economic Community” and “Intra-Asian FDI Flows: Magnitude, Trends, Prospects and Policy Implications”. The broad objective of the first project was to develop policy guidelines from an empirical analysis of the welfare and economic effects of PTAs for member nations, non-member economies, and for the multilateral trading system. The second project evolved in the background of the increasing, but somewhat volatile, volumes of Asian FDI flows, which have given rise to some important questions for policy makers.

Two international workshops were organised – on “Preferential Trading Agreements in Asia: Towards an Asian Economic Community” in New Delhi on March 30, 2006 and on “Intra-Asian FDI Flows: Magnitude, Trends, Prospects and Policy Implications” in New Delhi on April 25-26, 2007. Papers presented in the first and second workshops have been compiled in edited volumes and are being brought out by the Academic Foundation, New Delhi and World Scientific Publishing Co. Pte. Ltd., Singapore, respectively soon this year.

B 11  Competition Clauses in Bilateral Trade Treaties - Analysing the Issues in the Context of India's Future Negotiating Strategy  
*Sanghamitra Sahu and Neeta Gupta*  
**Sponsoring Agency:** Competition Commission of India  
**Duration:** 7 months  
**Commencement:** October 2006  
**Completed:** January 2008

This study analyses the competition provisions in a few selected FTAs and draws lessons for India. Intensive discussions were held with academicians and key government officials from India and Singapore and the Competition Commission of Singapore with a view to understand the effectiveness and impact of these provisions. The analysis suggests that the trade agreements generally fall into two broad categories: EU style and US style agreements. EU style agreements place greater importance on cooperative mechanisms for enforcement activities and technical assistance, while the US agreements are oriented towards substantive rules on transparency, monopolies, and state enterprises. The study suggests that India could benefit by including competition issues in the trade agreements with developed countries through provisions for technical assistance and cooperation mechanisms.

B 12  Emerging Asian Regionalism – Ten years after the Asian Financial Crisis – South Asian Integration Prospects and Lessons from East Asia  
*Ramesh Chandra and Rajiv Kumar*  
**Sponsoring Agency:** Asian Development Bank  
**Duration:** 6 months  
**Commencement:** June 2007  
**Completed:** November 2007

The objectives of this study were to assess the prospects of cooperation in South Asian economies and to draw lessons from East Asian regional cooperation experience for South Asian regionalism. The study was presented at an ADB workshop in Tokyo, Japan on November 1-2, 2007.
B 13  Project on Japanese Studies in India

Dil Bahadur Rahut

Sponsoring Agency: Sasakawa Peace Foundation

Duration: First Year - 9 months

Commencement: July 2007

Completed: March 2008

A project on Japanese Studies was initiated at ICRIER with funding from the Sasakawa Peace Foundation, Japan, in October 2007. One of its principal activities is to bring together experts and specialists to deliberate on the future trends in Indo-Japan relations, with a focus on the likely role these two large economies can play in an increasingly globalised world.

During 2007-08, two international conferences were organised. The first on “India and Japan in the Globalised Economy” was held on December 4, 2007. The guest speakers were Eisuke Sakakibara, Waseda University, Japan; Hiroyuki Hino, Kobe University, Japan; H.E. Hideaki Domichi, Japanese Ambassador to India; and Dr. Surinder Kapur, CMD, Sona Koya India Pvt. Ltd.. The second conference on “Politics and Civil Society in India and Japan” was held on February 20, 2008. Professor Yutaka Tsujinaka from Tsukuba University was the main speaker.

Two working papers titled “Changing Paradigm of Indo-Japan Relations: Opportunities and Challenges” and “Informal Values and Formal Policies: A study of Japan’s technology policy and significance for India” have also been commissioned under the Project.

B 14  New Dimensions of Economic Globalization

Surge of Outward Foreign Direct Investment from Asia

Edited by: Ramkishen S. Rajan, Rajiv Kumar and Nicola Virgili

This volume focuses on the issue of outward foreign direct investment from developing Asia in general, and the behaviour of South-South FDI more specifically. The chapters in this volume were initially presented at ICRIER’s international workshop held on April 25-26, 2007 in New Delhi to discuss its main findings. The book is unique in its coverage — focusing on China, India and Southeast Asia rather than limiting itself to a sub-regional or country-specific focus. The chapters in this book highlight important policy issues that are supported with relevant data and rigorous empirical analysis. The book also provides pertinent overviews of recent research on the emerging phenomenon of outward FDI from developing economies.
C  Financial Liberalisation and Integration

Ongoing Projects (2)

C 1  Financial Inclusion in India

Mandira Sarma

Duration: 12 months

Commencement: February 2008

This study aims to analyse the problem and extent of financial exclusion and its implications in India. In particular, the study attempts to understand the “unbanked” segment of the economy from the demand as well the supply side. This study is being carried out in two phases. Phase I consists of a survey of the relevant literature and an analysis of secondary data. The literature survey is aimed at understanding the core issues and identifying gaps in the literature. The secondary data analysis is aimed at understanding the extent of financial exclusion and the socio-economic, regional and geographical profile of those who are financially excluded. A working paper entitled “Index of Financial Inclusion” has been prepared. It proposes an index of financial inclusion (IFI). The IFI is a multi-dimensional index that captures information on various dimensions of financial inclusion.

In Phase II, survey-based studies in the most unbanked and the least unbanked states in India will be carried out. In each of the study areas, two sets of sample surveys will be conducted, one for the bankers operating in the area and another for the financially excluded households in order to understand the supply and demand sides of the problem of financial exclusion in India.

C 2  South-South FDI, Third World Multinationals and Development: South Africa, East Africa and India

Amit Shovon Ray, Subhasis Bera and Shikha Gupta

Sponsoring Agency: The EDGE Institute, Johannesburg, South Africa

Duration: 8 months

Commencement: September 2007

The study based on a detailed questionnaire, canvassed by way of interviews of about 200 firms, tries to identify the factors that explain the difference in behaviour of FDI emanating from developed and developing economies. The field work and primary data collection includes firms from OECD and developing countries that have invested in India and also Indian firms investing abroad.
D  Macroeconomic Management in an Open Economy

Ongoing Projects (1)

D 1  Macroeconomic Impacts of Trade Liberalisation
Surajit Deb (External Consultant)
Sponsoring Agency: SANEI, Pakistan
Duration: 12 months
Commencement: November 2007

This study examines whether agricultural trade liberalisation has led to any changes in the domestic terms of trade in the South Asian economies. The analysis uses data from Bangladesh, India, Pakistan and Sri Lanka. It first constructs comparable agricultural terms of trade indices in these economies from 1980 to 2006. Subsequently, it examines the impact of trade openness on the domestic terms of trade in agriculture by analysing causal relations.

Completed Projects (2)

D 2  The Cost of Holding Excess Reserves
Abhijit Sen Gupta
Duration: 11 months
Commencement: May 2007
Completed: March 2008

This study calculates the cost of holding reserves in excess of what India needs. It uses empirical methods to identify the factors influencing the demand for International reserves in a number of emerging markets. A comprehensive reserve adequacy measure is generated incorporating the various objectives of holding reserves like current account financing, covering short-term debt, maintaining a pegged exchange rate regime etc. This measure is then used to calculate the predicted volume of reserves, which gives the quantum of reserves a country needs to hold. The difference between actual and predicted volume of reserves gives the volume of excess reserves held by various emerging markets. The study finds that India, China, Korea, Malaysia and Russia, have accumulated significantly more reserves than they need. The cost is substantial across all specifications, both in terms of actual income foregone as well as loss in terms of percentage of GDP.

D 3  Mid-Year Review of the Indian Economy 2007-08
By Rajiv Kumar with Mathew Joseph, Karan Singh and Marjeeela Singh

The volume reflects the first output by the macroeconomic unit in ICRIER. The Mid-Year Review of the Indian Economy, undertaken in collaboration with the India International Centre, projects a mild slowdown of the economy to 9.2 percent GDP growth in 2007-08 and a further slowdown in 2008-09. The authors find that the economy is already performing at levels higher than the potential growth rate and recommend policy measures to raise this potential growth rate to achieve sustained GDP growth with macro stability.

The Review forecasts that while the current account deficit is projected to rise to 1.6 percent of GDP in 2007-08, net capital flows will reach an unsustainable level of US$104 billion (8.9 percent of GDP). This will put further pressure on the rupee and could push India towards being afflicted by the 'Dutch disease'. It, therefore, urges that urgent and even unconventional measures should be considered to manage and absorb expected higher capital inflows in the coming years.
WTO—Related Issues

Ongoing Projects (1)

E 1  ‘Lessons from India’s experience in the WTO: How should India prepare for the post-Doha WTO?’
Suparna Karmakar
Duration: 7 months
Commencement: March 2008

This paper examines changing governance patterns in international trade in the post-World War II era, focusing on the efficacy and implications of the use of alternative mechanisms in resolving disputes. In considering the evolution of these different arrangements in international trade, it considers four elements: agenda setting, the strategic interaction among actors over various issues, the implementation of these arrangements to alter national actions, and the effort to cope with violations of various types of institutional arrangements. The paper tries to identify the role and responsibilities of emerging powers like India in the governance of a post-Doha Round WTO. This policy-oriented analysis and research on trade governance issues will include but not be restricted to, new modalities of coalitions and negotiations, monitoring and surveillance, dispute settlement, technical assistance and capacity building, and trade and climate change.

Completed Projects (3)

E 2  ‘An Open Services Regime - Recipe for Jobless Growth?’
Suparna Karmakar
Duration: 6 months
Commencement: October 2007
Completed: March 2008

This paper reviews India's experience to understand how services sector liberalisation can generate welfare gains for developing countries, in particular vis-a-vis its employment generation potential. The analysis is based on India’s experience of an increasingly open service sector and reviews the different channels through which economic gains are garnered from openness to trade in services. The output of the study has been brought out as ICRIER WP 210.

E 3  WTO Negotiations on Agriculture and Developing Countries
By Anwarul Hoda & Ashok Gulati

The Volume on "WTO Negotiations on Agriculture and Developing Countries", edited by Anwarul Hoda and Ashok Gulati and published by Oxford University Press, assumes an increased significance in the light of the recent break down of the Doha Round due to the impasse on agricultural negotiations. The study provides an authoritative analysis on provisions of the WTO agreements and the implementation experience of key member countries. The authors offer a set of policy recommendations regarding market access, subsidies, special safeguard mechanism and special and differential treatment of developing countries in agricultural negotiations in the WTO. The book also offers a comprehensive account of recent history of agricultural negotiations.
India's Liberalisation Experience: Hostage to the WTO?

Edited by: Suparna Karmakar, Rajiv Kumar and Bibek Debroy

This book reviews India's liberalisation experience in the last decade and questions if the country's World Trade Organisation (WTO) membership has had a bearing on this process. The collection of articles by subject experts recognises that the changes mandated by WTO membership are but one of the three-pronged liberalisation pressures that the country has been subjected to—in the external, industrial and financial sectors. The lucid analyses bear out that rather than being WTO-induced, liberalisation in most sectors has been part of India's general economic reform programme, having been shaped by domestic compulsions.

The book also analyses how the country has coped with and benefited from its obligations and rights as a WTO member. It attempts to evaluate the impact of the domestic reforms on the country's economy and the leverage if any, this has provided to Indian negotiators in the WTO. It tries to dispel the myths regarding the impact of international trade negotiations on India's ongoing reform processes and its developmental and poverty/livelihood concerns.
F Strategic Aspects of India’s External Relations

Ongoing Projects (1)

F 1 The National Interest Project

Santosh Kumar, Rajiv Kumar, Ashis Banerjee (Consultant) and Rajeev Ranjan Chaturvedy

Sponsoring Agency: Ministry of External Affairs
Duration: 2 years
Commencement: July 2007

The project examines India’s external interface, both in respect of growth and security. ICRIER has organised two brainstorming sessions and three roundtables and commissioned experts to prepare papers on areas identified at the first brainstorming. Drafts of the papers are expected by the end of August 2008. These papers, after necessary revisions by the project team will be submitted to the MEA for further discussion with the concerned desk officers. The Policy Planning Department in the MEA is the focal point for this study.

The first brainstorming session (August 9, 2007) was conducted on the basis of the discussion and background papers, prepared by the project team. A roundtable meeting with Dr. Daniel Markey, Senior Fellow for India, Pakistan, and South Asia at the Council on Foreign Relations, was organised on October 20, 2007. He expressed his views on the types of investments India might make in order to improve its capacity to formulate, debate, and implement foreign policy as it grows to assume the status of a global power.

The second roundtable was organised on “India- U.S: The National Interest Interface” with Prof. Francine Frankel (of the Department for South Asia Studies, University of Pennsylvania) on November 5, 2007 at ICRIER. The discussion was focused on issues relating to Indo-U.S. relations and Indian foreign policy.

The second brainstorming session was held at ICRIER on India’s South Asia Policy on December 21, 2007. A third roundtable discussion was organised on “Indian and the US National Interests and the Relevance of Pakistan and China” by Ambassador Teresa C. Schaffer, Director for South Asia, Center for Strategic and International Studies, Washington, D.C. on February 25, 2008. Ambassador Schaffer elaborated on many important issues including the likely impact of the changed post-election administration in the US on the India-US relationship.
Special Event

India in the World Economy
The Ninth Neemrana Conference, one of the most prestigious policy-focused interactions in the country, was organised by the National Bureau of Economic Research (NBER), the Indian Council for Research on International Economic Relations (ICRIER) and National Council of Applied Economic Research (NCAER) on January 13-15, 2008, at the Neemrana Fort Palace, Rajasthan. Following past practice, the conference brought together leading representatives of industry, academia and the media on one platform to interact with top-level policy makers and senior US based academicians and policy makers. The NBER delegation from the US was led by Professor Martin Feldstein, formerly the Head of the Council of Economic Advisors to the U.S. President. Some of the eminent policy makers who participated in the conference were: Mr. P. Chidambaram, Finance Minister, Dr. Montek Singh Ahluwalia, Deputy Chairman of Planning Commission, Mr. Kapil Sibal, Minister of Science and Technology, Mr. Bhupinder Singh Hooda, Chief Minister of Haryana and Dr. Rakesh Mohan, Deputy Governor of Reserve Bank of India. The conference received financial assistance from AIG, India who have promised this support for three years.

The performance of the Indian economy, its challenges and its environment were discussed in the first session chaired by Dr Isher Judge Ahluwalia, Chairperson, ICRIER and Dr Martin Feldstein, President, NBER.

Mr. P. Chidambaram expressed his worries on increasing global food prices and a possible shortfall in food production. He said the main driver of growth of the Indian economy was increasingly investment in additional capacities and infrastructures. The Minister remarked that "if we can ensure ten years of schooling for every child and proper immunisation, nothing can stop us from becoming an economic power house in the next 15-20 years".
Dr. Montek Singh Ahluwalia dwelt on the four key areas of the Indian economy viz. agriculture, infrastructure, health and education. He argued that restructuring of agriculture subsidy was required for improving productivity. A new strategy was needed to enhance agriculture growth. In 2006-07, investment in infrastructure was 5 percent of GDP and the government was looking to increasing this to 9 percent by the end of the Eleventh Plan. Towards this, initiatives have been taken to promote PPPs in sectors like power, ports, highways, airports, tourism and urban infrastructure.

The 14-trillion-dollar US economy was the focus of the second session chaired by Mr. Kapil Sibal. Dr. Martin Feldstein said that one of the most important issues in the US at present was the on-going economic slowdown. Dr Feldstein addressed three important questions: i) What was the likelihood of a recession? ii) If there was one, would it be small, average or severe? iii) What would the US do to overcome the risk? He said that the crisis of confidence ran deeper than the mere problem of liquidity. If the US did suffer a recession, it could be severe, he added.

Dr. Rakesh Mohan pointed out that in the US, correction had already started. With low household savings, falling consumption in G-8 economies could lead to serious global recession. Given that the Asian financial markets had limited exposure to the US banks, the sub-prime crisis would have limited impact on the financial markets in emerging economies. Mr. Raghuram Rajan from the University of Chicago questioned the role of regulators in industrialised countries referring to the US sub-prime mortgage crisis.

At the session on the on-going Doha Round and prospects for WTO, the lead speaker, Mr. Gopal Pillai, Commerce Secretary, conceded that the trade concerns of recent times were more political than economic. However, the core issue was that exporters had to be provided a level playing field and that taxes were not exported. Addressing these two aspects would ensure that the Indian companies remained competitive.

Professor Takatoshi Ito, University of Tokyo acknowledged that although the current WTO talks were facing difficulties, the bilateral and regional FTAs would hopefully help create a more open global trading regime. Towards that end, the India-Japan FTA was seen as an important step forward. Dr. Ethanen Helpman of Harvard University discussed the role of trade integration in improving productivity levels in partner economies and the role of institutions in sustaining competitiveness.

The session on the political economy of reforms featured a panel of three MPs from different parties. Mr. B.J. Panda, Biju Janta Dal highlighted the difficulty in implementing reforms by pointing that there were less than half a dozen committed reformers in the Indian Parliament today. Mr. Manvendra Singh, Bharatiya Janata Party, said there has been a
tremendous change in rural India and the two important things that had altered the face of rural India were mobile telephony and greater connectivity achieved by the Pradhan Mantri Gram Sadak Yojana. Mr. Naveen Jindal, Indian National Congress, believed that land acquisition was necessary to implement development projects but losers should be adequately compensated. Dr Pratap Bhanu Mehta, President, Centre for Policy Research, focused on the importance of consensus building in the current state of fractured democracy. Dr Brian Knight from Brown University, in his presentation on the reform of the US federal system and the role of decentralisation, explained that there was weaker inclination to experiment in a centralised system.

Mr. B. S. Hooda highlighted the achievements of and challenges facing his government. Haryana, he reported, had attracted investment worth US$ 7 billion in the past two years alone and proposals worth US$ 15 billion were in the pipeline.

The special session on What Ails Indian Agriculture had presentations by Dr. Ashok Gulati, Dr. Tushar Shah and Professor V. S. Vyas. The presentations and discussion that followed brought out that Indian agriculture is constrained by the increasing fragmentation of land holdings, lack of proper irrigation, investment, and appropriate technology in conjunction with declining productivity and underdeveloped markets. Opportunities for water trade were highlighted in the presentation by Professor Gary Libecap of the University of California who along with Dr. Surjit Bhalla were the two discussants at the session.

The session on International Capital Markets and Exchange had presentations by Professor Takatoshi Ito, Professor Elhanan Helpman and Dr. Michael Dooley. Professor Takatoshi Ito highlighted the interlinkage between the development of the international capital markets and the exchange rate regimes in countries. He suggested that capital flows "should be" managed and measures taken according to their nature while maintaining a flexible exchange rate regime.

Dr. Helpman pointed out that MNCs account for 40 percent of world trade (intra-firm trade) and that trade and FDI in services have expanded in an unprecedented manner and challenged the established norms and theories on FDI. Professor Michael Dooley focused his presentation on the ability of countries to control capital flows, which he contended was a function of the nature of capital markets in the respective countries. An important issue was how countries could reap the benefits of integration into the International capital markets/finance.

Dr. Karthik Muralidharan of the University of California, Mr. B. S. Baswan, Director, IIPA and formerly Secretary HRD, Government of India and Mrs. Sushma Berlia, Chairperson of Apeejay Foundation presented their papers in the session on Educational Reforms in India. Dr. Muralidharan pointed out that performance pay for teachers is a frequently suggested way for improving school quality. This can improve teacher motivation and lead them to increase the amount of effort spent on teaching.

Mr. B S Baswan's main message was that structural and procedural reforms were needed to improve the education delivery mechanism in India. Mrs. Sushma Berlia felt that policy thrust should be on education for all and in this context proposed greater availability of loans to students. Skill-based, innovative education should be encouraged so that the increasing demands from the industry were met.

In the final session on Fiscal issues in the United States, Dr Alan J. Auerbach, from the University of California, Berkeley, brought out that the federal government revenue accounts for 19 percent of the US GDP and that there is unstable tax environment in the country at present, because a number of provisions started in 2001 and 2003 would expire in 2010. The next paper by Dr Katherine Baicker, Harvard University, was on the US health care system in which those who are uninsured get subsidised health care, amounting to almost half of the total spending on health. In the US, the national health expenditure is 16 percent of GDP and rising costs have made reform of this system a priority especially because higher spending was not seen to be associated with higher quality.
Seminars
Seminars

Seminar on "SME Financing: Challenges and Opportunities"
August 7, 2007, Venkataraman Bharatwaj

Mr. Venkataraman Bharatwaj, Risk Head, Commercial banking, Citibank, presented a practitioner's account of SME financing in India. After giving a detailed exposition on SMEs, he said some of the important challenges of SME financing are the higher risk of the SMEs and the lack of reliable information and data on their business. Some of the strategies that banks can adopt to meet those challenges are accepting collaterals outside the business and, more importantly, understanding the business model of the SMEs.

The National Interest Project – First Brainstorming
August 9, 2007

"The National Interest Project" at ICRIER aims to examine the external aspects of India's national interest, and relate it to its foreign policy for the next decade and beyond. Ambassador Santosh Kumar, Project Co-Director, said that longer time-span has been chosen for developing the strategic framework.

The brainstorming session was attended by a large number of senior officials of the MEA including Ambassador Shyam Saran, special envoy of the Prime Minister. Senior industry representatives and academics also contributed to the rich discussion. The brainstorming greatly helped in refining the broad objective of the project and in identifying the areas to be covered.

L to R: Ambassador Santosh Kumar, External Consultant, ICRIER; Dr. Rajiv Kumar, Director & CE, ICRIER; and Mr. Shyam Saran, Special Enquiry of PM
Impact of Preventive Healthcare on Indian Industry and Economy
September 12, 2007

Inaugurating the seminar, the Union Minister for Health & Family Welfare, Dr. Anbumani Ramadoss, said preventive, as opposed to curative health care, has become the preferred option in most developed countries because it allows employees to be more productive. Mr. Naresh Dayal, Secretary (Health and Family Welfare), Dr. Parthasarathi Shome, Adviser to Union Finance Minister and senior officials of the Ministry of Health & Family Welfare spoke at the Seminar. While presenting the main findings of the study, Dr. Alka Chacha, the lead researcher, mentioned that the objective of the study was to examine the impact of preventive healthcare, company profitability and competitiveness. It is being increasingly recognised that the healthier the population of a country, the greater its economic growth.

Mumbai as an International Financial Centre
September 18, 2007, Jaimini Bhagwati

Dr. Jaimini Bhagwati, Additional Secretary at the Ministry of External Affairs, Government of India, discussed the principal recommendations of the High-Powered Expert Committee (HPEC) (Percy Mistry) Report. He pointed out a crucial missing link in Indian financial markets, viz. liquid sub-sovereign debt markets and interest rate derivatives. He said that if Mumbai is to emerge as an IFC, fuller capital account convertibility should go hand-in-hand with a further deregulation of interest rates and an arbitrage-free yield curve, and further that financial services need to cover a much larger section of the population.

India's Trade Integration based on the OECD Secretariat's First Economic Survey of India
September 20, 2007, Raad Safadi and Przemyslaw Kowalski

The Survey found that although India's trade barriers are relatively high, the extent of trade liberalisation is probably one of the most impressive in the world. The decreasing reliance on trade taxes reflects the continuing commitment to liberalisation. Regarding the possible paths of India's future growth (agriculture, manufacturing, services) the baseline simulation results highlight that India exhibits a strongly services-dominated growth pattern with services sector growing at a rapid pace of over 9% per annum after 1993, and bringing the share of services in the economy to more than 50% of GDP in 2007.
Can China's Rapid Growth be sustained?
September 21, 2007, Jahangir Aziz

Dr. Aziz, Senior Economist, IMF and China expert, said that in the last decade, China's economy grew at around 10 percent; while keeping inflation at around 3 percent. Despite this success, there is growing unease within China and abroad that for the economy to continue its strong growth it must rebalance itself to rely less on investment and exports, and more on domestic consumption. At the National People's Congress this March, Premier Wen Jiabao cautioned, "the biggest problem with China's economy is that the growth is unstable, unbalanced, uncoordinated, and unsustainable." The presentation analysed the drivers and the weaknesses of the recent growth of China and what needs to be done, particularly whether the rebalancing will happen on its own or require major policy changes and reforms, and whether it will require a change in China's macroeconomic management.

Launch of First OECD Economic Survey of the Indian Economy
October 9, 2007

Speaking on the release of the first OECD Economic Survey of India, Mr. Angel Gurría (Secretary General, OECD) congratulated the country on undertaking a number of structural reforms. He said that the Survey forecasts a sustainable growth of 10% and to achieve it, further reforms are needed, particularly in improving the business environment, infrastructure facilities, public finance and labour market performance.

Dr. Isher Judge Ahluwalia, Chairperson, ICRIER pointed to the lack of emphasis on agriculture in the Survey, when 60% of the population in India is dependent on it for its livelihood. Dr. D. Subba Rao, Finance Secretary, Government of India, identified five challenges - stepping up agricultural growth, expanding employment opportunities, building infrastructure, improving service delivery and managing globalisation that needed to be addressed in order to achieve accelerated economic growth.

Roundtable with Dr. Daniel Markey
October 20, 2007

At a roundtable meeting, Dr. Daniel Markey, Senior Fellow for India, Pakistan, and South Asia at the Council on Foreign Relations, expressed his views on the types of investments India might make in order to improve its capacity to formulate, debate, and implement foreign policy. This included issues related to bureaucracy, institutions of foreign policy (MEA, especially), and also issues related to think tanks and educational institutions.
India- U.S: The National Interest Interface  
November 5, 2007

A roundtable on "India- US: The National Interest Interface" with Prof. Francine Frankel, Department for South Asia Studies, University of Pennsylvania was organised under the on-going National Interest Project. The discussion focused on issues relating to Indo-U.S. relations and the current problems and future shape of India's foreign policy.

Determinants of Competitiveness of the Indian Auto Industry  
November 13, 2007

ICRIER, in collaboration with the National Manufacturing Competitiveness Council, organised a Seminar to disseminate the findings of its study on "Determinants of Competitiveness of the Indian Auto Industry". The seminar was chaired by Dr. V. Krishnamurthy (Chairman, NMCC), and was attended by top government officials along with many eminent scholars and industry representatives.

Dr. Rajiv Kumar, Director & CE, ICRIER, who presented the main findings, highlighted the recent growth trends of the Indian auto sector. He discussed the high level of tariff protection for certain sub segments of the auto industry, which are distorting the investment pattern and resource allocation in the industry. Citing the field survey results, he said the R&D expenses in the Indian auto industry are very low, and whatever R&D exists is largely involved in process development rather than product innovation. The study elaborated the importance of access to bank credit for component manufacturers and emphasised credit facilitation for SMEs.

Discussion on the linkages between Globalisation and Inequality  
November 21, 2007, Subir Lall

Dr. Lall from IMF's World Economic Studies Division discussed income inequality issues. He said it has risen within most countries, though per capita incomes have risen across all regions for even the poorest segments of the population. This indicates that the poor are better off in an absolute sense during this phase of globalisation, although incomes for the relatively well off have increased at a faster pace. The limited overall impact of globalisation across countries reflects two offsetting tendencies: whereas trade globalisation is associated with a reduction in inequality across countries, financial globalisation is associated with an increase in inequality. He said reforms to strengthen education and training would help ensure that workers have the appropriate skills for the evolving global economy.
Manufacturing Protection in India since Independence
November 29, 2007, Garry Pursell

Garry Pursell, formerly of the World Bank and currently at Australia South Asia Research Centre, Australian National University said that despite continuing domestic policy constraints and infrastructure bottlenecks, after many years of disappointingly low growth, since about 2004 the Indian manufacturing sector appears to have moved to a higher growth trajectory of about 9% to 10% annually. He pointed out that trade barriers still remain in the manufacturing sector, and commented on the contrast between the openness of manufacturing and trade policies, and India's highly restrictive trade policies in agriculture.

National Interest Project: Second Brainstorming on “India’s South-Asia Policy”
December 21, 2007

The second brainstorming session under the National Interest Project was held at ICRIER on India’s South Asia Policy on December 21, 2007. Ambassador Santosh Kumar outlined the broad objectives of the exercise in his opening remarks. He underscored the significance of South Asian neighbours in the context of India’s external policy. Mr. Ashis Banerjee and Ms. Nisha Taneja presented discussion papers. Though most of the participants emphasised that regional integration is crucial for the development of the region, there were differences in their approach on the question of dealing with the neighbours. Politics was identified as a major constraint in the path of development of this region. It was recognised that India has to create a friendly environment with its neighbours to sustain its development path. Many prominent strategists/academicians/ideologues participated in the session, including Mr. K. Subramanyam, Commodore Uday Bhaskar, Gen. (Retd.) V. R. Raghavan, Air Commodore Jasjit Singh, Prof. S. D. Muni, Ambassador Arundhati Ghosh, Ambassador Vinod C. Khanna, Dr. Ashok Kumar, ICWA, Prof. I. N. Mukherji, Mr. Shyam Saran, Mr. Rajiv Sikri, Admiral Raja Menon, Vice Admiral K. K. Nayar, and Commander Alok Bansal.

Global Competitiveness of Indian Plastics and Polymer Industry
January 4, 2008

This was a dissemination seminar of findings from the study undertaken by ICRIER to examine the current status of the plastics and polymer industry in India. The study tried to identify the causes for the industries-marked dualistic structure and analyse the factors inhibiting its growth and competitiveness. The seminar, attended by government officials and industry representatives, focussed on the policy recommendations made in the study which are: No need of reservations for SSIs, the downstream segment of the industry, lowering of customs duty on crude oil, and removing the excise duty on the recycling industry.

Seminar on “ASEAN+3 or ASEAN+6: Which Way Forward?”
January 7, 2008, Ganeshan Wignaraja

A seminar on ‘ASEAN+3 or ASEAN+6: Which Way Forward?’ was given by Dr Ganeshan Wignaraja, Senior Economist, ADB, at ICRIER on January 7, 2008. He argued that, although the East Asian region is becoming increasingly integrated through market-driven trade and investment activities, the harmful effects of the ‘noodle bowl’ arrangement can be minimised by consolidating the multiple and overlapping FTAs into a single East Asia FTA. This can be done by incorporating WTO-plus elements (or the so-called Singapore issues) such as trade facilitation, investment, government procurement and competition policy. Using CGE modelling, the paper finds that the largest gains are to be had from an ASEAN+6 FTA in comparison with an ASEAN+3 or an ASEAN+1 FTA. For a single East Asian FTA to emerge,
ASEAN will have to play a pivotal role; plus three countries (China, Japan and Korea) would need to collaborate more closely; and India would need to pursue further structural reforms. The proper sequence could, therefore, be to start with an ASEAN+3 FTA and then move on to ASEAN+6 FTA as conditions for sufficient depth of integration are created.

**Pricing Bivariate Option under GARCH-GH Model with Dynamic Copula: Application to Chinese Market**

January 8, 2008, Dominique Guegan

Prof. Dominique Guegan, Professor of Economics, University Paris 1 Panthé-on-Sorbonne, Paris, presented a paper on pricing bivariate option in the Chinese market. She proposed a new dynamic approach to price the bivariate contingent claims under General Autoregressive Conditionally Heteroskedastic (GARCH) process using time varying copula. GARCH models are important in finance because they allow modeling of volatility clustering that is observed often in financial time series.

**Iron Ore Exports: Policy Issues**

January 18, 2008

A Seminar was organised to present the findings of ICRIER study on 'National Mineral Development Policy in an Open Economy: A case Study of Indian Iron Ore'. The study was sponsored by FIMI. The Seminar was chaired by Mr. Nitin Desai, Member, ICRIER Board of Governors and former UN Under Secretary General. Dr. A S Firoz, External Consultant, ICRIER, who conducted the study, discussed the policy issue of whether the country’s iron ore should be conserved for the domestic steel industry through active policy intervention or the market forces be allowed a free play for optimum allocation of resources for mineral exploration and conservation and growth of the domestic steel industry.
Global Security and Economy: Emerging Issues of the Next Decade

January 29, 2008, Sundeep Wasekar

In continuation of the discussion series relating to the National Interest Project, a discussion was organised on “Global Security and Economy: Emerging Issues of the Next Decade” by Sundeep Wasekar, President, Strategic Foresight Group, a Mumbai based think-tank on January 29, 2008. He made a presentation of the SFG’s report “Global Security and Economy: Emerging Issues Report”.

This report identifies emerging issues that in its view will have an impact on global security and economy during the next decade. He emphasised that the objective of the report is to identify the most important issues across sectors and geographies that would influence the period approximately from 2011 to 2020. The presentation was followed by a lively discussion on the issue of extremist tendencies; the future of Iran and the implications of the US posture vis-à-vis Iran; the possible future of the US dollar as the global reserve currency and the currency of exchange; the rise of Russia and China; and global energy and water related issues.

Growth and Convergence in the Indian States: A Panel Study

February 1, 2008, Stephen Wright

ICRIER organised a seminar on the Planning Commission funded project, “Growth and Convergence in the Indian States: A Panel Study”. Professor Stephen Wright, Birkbeck College, University of London, presented his paper relating to a balanced panel of 16 Indian states on a pre-2001 definition, covering nearly 97 percent of the population, with 1960 to 2005 taken as the period for the analysis. Prof. Wright brought forth some significant issues that have no clear-cut answers so far, such as when did growth actually pick up in India, and whether it was policy-oriented or not. He also tried to look for some pattern in the growth experience across the states.

Microfinance in India: What do we know?

February 5, 2008, Mathew Titus

At this seminar, Mr. Mathew Titus, Executive Director of Sa-Dhan, the association of community development finance institutions, discussed the coverage of the microfinance sector by Sa-Dhan i.e. their trends of gross loan portfolio, customer volumes and impact. He pointed out that more than 75% of SHG-bank linkages are concentrated in the southern states. This ratio is very low in the east. He said that the microfinance sector in India is driven by commercial borrowings unlike other countries where the World Bank subsidised multilateral institutions dominate the sector. Mr. Titus emphasised that sustainable and self-sufficient community institutions would require qualitative and patient working to build those institutions. He also advocated a facilitating legal and regulatory environment for the emergence and growth of self-help institutions.

ICRIER – Department of Commerce: Stake Holders Consultation: India–EU Trade and Investment Agreement

January 28th & 29th and February 8th & 12th, 2008

India and EU are in the process of negotiating a bilateral Trade and Investment Agreement. ICRIER is conducting a study for the Department of Commerce on the possibilities of enhancing trade in selected service sectors between India and EU Member States. The study examines the current and potential trade between India and EU member states in the selected sectors, identifies market access, national treatment and regulatory barriers in the EU and India, and suggests negotiating strategies for the Indian government. It lists the reforms which would enable the country to gain from the bilateral agreement. The draft reports on accountancy, IT/IT-Enabled services, banking and insurance, logistics, telecommunication services, R&D, postal and courier, environmental services, legal, health services and analysis of EU revised offer and other bilateral commitments were presented in a series of stakeholders consultation seminars jointly
organised with the Department of Commerce on January 28th—29th, February 8th and 12th, 2008. The purpose of the consultation was to get stakeholders' inputs for the final reports. The presentations were attended by negotiators and senior officials of the Department of Commerce and other line ministries, industry associations, NGOs, sector experts and academicians.

Politics and Civil Society in India and Japan
February 20, 2008

The conference on "Politics and Civil Society in India and Japan" was the second Conference organised as part of the dissemination activities of the project on Japanese studies at ICRIER with support from the Sasakawa Peace Foundation (SPF). The objective of the conference was to deliberate on the issues related to social, political and economic cooperation between India and Japan. The conference was attended by leading experts on Japan and India, and the media.

Discussion on Indian and the US National Interests and the Relevance of Pakistan and China
February 25, 2008

A discussion on "Indian and the US National Interests and the Relevance of Pakistan and China" by Ambassador Teresa C. Schaffer, Director for South Asia, Center for Strategic and International Studies, Washington D.C. was organised under the National Interest Project. Ambassador Schaffer highlighted the commonalities in India-US national interests. She elaborated on many important issues including the remarkable development in building infrastructure, significance of the energy factor, the defense relationship, high-tech trade relations, naval engagements etc. She discussed the 'China factor' and emphasised that the global community did not want to see a China-dominated Asia. However, she underlined that it required considerable sophistication to identify the commonality of national interests between the US and India. Adding to this, she also pointed out the divergence of views between the US and India including Iran, Saudi Arabia, Burma and Iraq. Ambassador Schaffer elaborated on the likely impact of a changed post-election administration in the US on the India-US relationship.

India's Role in Asian Economic Integration
March 10, 2008

ADB-ICRIER seminar on "India's Role in Asian Economic Integration" was organised on March 10, 2008. The seminar was intended to bring together diverse stakeholders on one platform to deliberate upon various related issues and recommend measures to strengthen ties among Asian economies. The main focus was on India's likely role in pushing forward regional economic integration in South Asia and forging strong ties between South Asia and East Asia.
Minister for DONER, Mr. Mani Shankar Aiyar, gave the inaugural speech. The introduction and welcome address was made by Mr. Srinivasa Madhur, Director, OREI, ADB, Manila. Presentations on different issues of integration were made by Dr. Rajiv Kumar, Director & CE, ICRIE, Dr. M. Govinda Rao, Director, NIPF&P, Dr. Nagesh Kumar, Director General, RIS and Mr. Ganeshan Wignaraja, Senior Economist, OREI, ADB. It was the unanimous view of the participants, representing neighbouring countries in the discussion, that India has to accept the centrality of its position in South Asia, and in forums like SAARC. The initiative has to come from the Indian political leadership.

The Next Billion Banking Consumers
March 11, 2008, Janmejay Sinha

Dr. Janmejay Sinha, Managing Director of the Boston Consulting Group in India focused on the next billion banking consumers, i.e., those "just above the poorest of the poor and just below those who are currently targeted by most banks". Using the data from the extensive primary survey conducted by Boston Consulting Group, Dr. Sinha discussed some features of the next billion consumers in India in terms of their income, spending and lifestyle. There are more than 90 million of such households in India, making India the country with the second-highest number of financially-excluded households in the world. The rate of inclusion is twice as bad in rural areas -- 24 percent, compared to 56 percent for urban households. These households -- which earn between Rs 40,000 and Rs 1.8 lakh a year -- don't show up on the marketing radar of most companies and are beyond the purview of the government's upliftment programmes. The next billion faces the most critical constraint of fluctuation and seasonality in income that make banks wary of lending to them. Clearly, companies doing business with the next-billion consumers need to rethink their strategies if they are to serve this consumer group profitably.

The Union Budget 2008-09: Reform and Development Perspectives
March 12, 2008

Five leading Indian economic policy research institutes (ICRIER, IDF, NCAER, CPR and NIPF&P) came together to present their assessment of the reform and development implications of the Union Budget 2008-09. Dr. Amir Ullah Khan, Director, IDF, was of the view that the budget should have implications on at least three aspects, viz., education, health and enabling markets. He compared the Indian experience in different sectors both over time and across states. Dr. M. Govinda Rao, Director, NIPF&P stressed that fiscal consolidation is very important along with effective tax policy. According to Mr. Suman K. Bery, Director General, NCAER achieving sustainable high growth through efficient
investment of domestic and foreign capital should be the main goal of the budget. Lack of political consensus coupled with domestic and international rigidities are the major challenges for the Indian economy. Dr. Rajiv Kumar argued that the declining trend of capital expenditure coupled with increase in non-plan expenditure is not a good sign. Increase in government expenditure without undertaking the necessary reforms activity is counterproductive as it increases fiscal deficit without expanding productive capacity.

Global Governance: Indian Perspective
March 12, 2008

A brainstorming session was held on “Global Governance: Indian Perspective” on March 12, 2008 at ICRIER in which the draft India Report on Global Governance prepared by ICRIER under a grant from Konrad Adenauer Stiftung was presented to an audience consisting of Members of Parliament, policy makers, academicians and opinion makers. The discussion brought out the anomalies in the existing structures of global governance that does not provide adequate representation to emerging economies. There was also a view that developing countries like India need to focus more on domestic reforms and poverty reduction and could be distracted from this task by their expected involvement in global governance.

Broad Contours of American Patent Laws
March 25, 2008, Nathan P. Letts

Dr. Nathan P. Letts, an eminent American patent lawyer of Dadeus Inc. (South San Francisco, CA) presented a paper that included a brief outline of the basic US patent law and reviewed the requirements and procedures related to patents in the US. He described the US judicial system that governs patents and related matters. He dealt with the landmark cases decided by the US judicial system related to patents, which gave direction to the existing US patent law.
Lectures

India in the World Economy
Lectures

The Cautious Case for Capital flows
December 4, 2007, Barry Eichengreen

Barry Eichengreen, George C. Pardee & Helen N. Pardee Professor of Economics and Political Science at the University of California, Berkeley delivered a special lecture. Professor Eichengreen spoke about capital flows and policy interventions required to manage them. His lecture focused on the global phenomenon of massive private capital flow and their effects and impact. He was of the view that given the risks associated with highly sensitive financial markets, and their inherent volatility, it was better to be safe than sorry. Thus, it made sense perhaps to err on the side of caution. Stronger banking systems, better developed local bond and securities markets, more effective corporate governance, and a more flexible exchange rate needed to be in place first as together they enhance the ability of the system to absorb shocks. "The second challenge", he said, "is to limit the risks of instability". Limiting risks is not the same as limiting volatility and there will be increased volatility as a result of further deregulation and liberalisation of capital flows. Volatility, he said, in and of itself is not a bad thing, because it is a source of price revelation. The problem, he said, was when spikes in volatility cause liquidity to evaporate, markets to seize up, and financial institutions to fail. "These are the circumstances when volatility can cause bank failures and serious recession..."85. The 1997 crisis was the last one. It is important now that governments and central banks prepare for the next one."

Role of India in the World Economy
January 22, 2008, Dale Jorgenson

ICRIER organised a public lecture by Professor Dale Jorgenson, Samuel W. Morris University Professor at Harvard University on "India and the World". The lecture highlighted the significance of information technology in the world and how investment in IT is making an impact on productivity growth across all sectors, both in India and the world. The American growth resurgence during the 1990s has contributed almost 50% to IT capital services as input and it came mainly from 1995 to 2000.

The story of emerging Asia, including India, is slightly different in the sense that this region went through this resurgence from 2000 to 2005. The striking result that came out was the falling contribution
of capital as an input in the growth process in the developed world, whereas developing Asia has experienced an increasing contribution of capital with the percentage share of IT in total GDP increasing. Mentioning India as a major IT producing nation, he voiced concern that the penetration of IT capital services in contributing to productivity and aggregate growth has been limited. Comparing labour productivity, he said that developing Asia had experienced much higher labour productivity growth led by China and India, compared to the world average and G7 countries. According to him, the world has gone beyond the Solow paradox and entered into Internet time where skill-based technical changes and capital-skill complementarity can be a serious challenge for developing countries like India.

**IMF Reforms**

January 30, 2008, **Stanley Fischer**

ICRiER organised a talk on ‘IMF Reforms’ by Dr. Stanley Fischer, Governor, Bank of Israel and formerly first Deputy Managing Director of the IMF on January 30, 2008. Dr. Fischer pointed out that because of the existing quota system, there is a common belief that the IMF is largely dominated by developed countries, especially the USA. The developing countries feel that they do not have much leverage in IMF operations. To address this concern, the IMF is reforming itself and seeking to give greater representation to developing countries. Moreover, the existing quota system needs to reflect the declining role of Europe and increasing importance of Asia. He also informed the audience that in the near future, the IMF steering committee will get more representation from developing and emerging countries like India, China, Brazil and Mexico, and try to become universally representative.

Dr. Fischer suggested that the original objectives of the IMF, like promoting international monetary cooperation and financial stability, providing lending and technical assistance, and ensuring proper surveillance, are still very relevant. So the IMF is likely to remain an important institution given that it is the only one with near universal membership, recognised by treaty and provides a platform for discussion between central bankers and finance ministers. However, there is an urgent need to remodel the financing of IMF. Currently, the IMF generates income for itself by lending to crisis-struck countries but its primary objective is to prevent such disasters.
Lessons from the Financial Market Crisis: Priorities for the World and for the IMF
February 13, 2008, Dominique Strauss-Kahn

Mr. Strauss-Kahn covered two broad areas, namely, the current global financial crisis and reform of the IMF. He highlighted three main reasons for the current crisis in the US sub-prime mortgage market. These were: long period of low interest rates, high liquidity and low volatility, breakdown in risk management practices and lax financial regulations. The problem has spread to other economies and also could spread to other sectors.

On IMF reform, Mr. Kahn said that the three important tasks for IMF are refocusing the fund on real & financial economic issues; realigning the quota arrangements for reflecting the emergence of new economies; and addressing the funding problems of IMF. He concluded by emphasising the Fund's importance by saying that a global crisis requires a global solution, which can only be provided by a multilateral institution.
Conferences / Workshops

India in the World Economy
Conferences / Workshops

India’s Look East Policy: Challenges for Sub-Regional Cooperation
October 7-9, 2007

The Public Diplomacy Division of the Ministry of External Affairs (MEA) in association with ICRIER and Omeo Kumar Das Institute of Social Change and Development (OKDISCD), Guwahati, organised the three-day conference to discuss regional and sub-regional cooperation. The keynote address was delivered by Mr. Pranab Mukherjee, Minister for External Affairs and the inaugural address was delivered by Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India. Both highlighted the efforts made by the Centre to promote development of the North-East. The conference brought together a cross-section of people from civil society, academia, think tanks, business and industries, NGOs and representatives from governments of all the north-eastern states for interactive sessions. The valedictory address was delivered by Mr. Mani Shankar Aiyer, Minister for Development of North-Eastern Region (DONER).

Moving out of Poverty in India
October 11, 2007

Dr. Deepa Narayan, Senior Adviser, PRMVP, World Bank, introduced the study that attempts to explore how and why people move out of poverty and to understand the dynamics of transition out of poverty of people in India. She summarised the statistics obtained from the ladder of life such as Moving out of Poverty Index (MOP), Mobility of the Poor Index (MPI), Mobility of Rich Index (MRI) etc for four states, and mentioned that the study also draws inference from 2785 life stories. She underlined that economic opportunity is one channel of influence that leads to mobility for the poor. But the access to economic opportunity is influenced by an overall environment of fairness and a well-functioning local democracy. She concluded by saying that the 73rd amendment for PRIs was a step in the right direction whose positive benefits have already been felt in West Bengal and Andhra Pradesh. Dr. Binayak Sen, Senior Economist, Poverty Reduction and Management Unit, South Asia, World Bank, discussed the land reforms and local democracy in West Bengal. While discussing the case of West Bengal, where the same political party is ruling for a long time, it was suggested that the study of a state where the ruling party changes every five year viz. Tamil Nadu, would be constructive.
Feasibility of an Asian Currency Unit
October 15, 2007

ICRIER and the Sasakawa Peace Foundation, Tokyo, organised a workshop on ‘Feasibility of an Asian Currency Unit on October 15, 2007. The objective of the workshop was to focus on the challenges and opportunities facing East and South Asia as they engage in greater efforts to create a common Asian Currency Unit in the region. The workshop suggested with an agenda of forward looking measures that could serve as inputs for future government policy actions. The workshop was attended by academics, senior policy makers, industrialists and the media.

Seventh India-Korea Dialogue, Seoul
October 23-24, 2007

The Seventh India-Korea Dialogue was jointly organised by the Seoul Forum for International Affairs (SFIA) and the Indian Council for Research on International Economic Relations (ICRIER) in Seoul on October 23-24, 2007. Mr. Shashank, former Foreign Secretary, Government of India, led the Indian delegation which comprised of Mr. N.S. Sisodia, Director, Institute of Defense Studies, Mr. Dilip Cheroy, Director General, Society of Indian Automobile Manufacturers, Dr. Jitendra Utam, Assistant Professor, Jawaharlal Nehru University, Mr. T.C.A. Srinivasa Raghavan, Advisor to Director, and Dr. Surabhi Mittal, Fellow, ICRIER. The Korean delegation was led by Prof. Kim Dalchoong, Program Chair, SFIA. The broad theme of the dialogue was the India-Korea relationship in the global perspective. The dialogue was divided into six sessions and the topics ranged from political, regional security and economic issues to bilateral trade and global issues as also investment opportunities and energy security. Concerns were raised about the business and investment environment in India. It was emphasised by the dialogue participants that the India-Korea relationship is a high priority one for both countries, and that they hoped to see the Comprehensive Economic Partnership Agreement (CEPA) being finalised by the year end. A joint statement on recommendations to the respective governments was agreed by the dialogue participants and had been signed by the team leaders of both the countries. The dialogue participants agreed that the Eighth India-Korea Dialogue will take place in New Delhi in December 2008.

India & Italy in the Global Economy: Enhancing Trade and Co-operation
November 1, 2007

All important aspects of India-Italy trade and economic relations came up for discussion and analysis. Many useful suggestions were made to enhance and strengthen the India-Italy trade and economic partnership in the present day globalised world. The conference was attended by prominent personalities from academia, industry associations, institutions/think tanks, prominent among whom were: Dr. Shankar Acharya, Member, Board of Governors of ICRIER,
Mr. Roney Simon, Director (Italy), FICCI, Mr. Niccolo Tassoni Estense, Economic and Trade Counsellor, Embassy of Italy, New Delhi, Dr Rajiv Kumar, Director & CE, ICRIER, Professor Fabrizio Onida of Bocconi University, Italy, Mr. GV Srinivas, Director (Europe), Ministry of External Affairs, Professor M. De Cecco, Italy, Mr. Stefano Chiarchione, UniCredit Group, Mr. Francesco Gazzoletti, IBM India Pvt Ltd, Mr. Giancarlo Lamilio, Director, Italian Trade Commission, New Delhi, Mr. Bruno Valanzuolo: Chief Technical Advisor, UNIDO and Mr. Giovanni De Filippis, Managing Director, Fiat Automobile India Pvt. Ltd, Mumbai.

Financial Globalisation and Financial Sector Development in South and Central Asia
November 22-23, 2007

ICRIER and the Germany-based InWent – Capacity Building International, organised the conference on Financial Globalisation and Financial Sector Development in South and Central Asia at New Delhi. The conference was attended by several Central Bank representatives from South and Central Asian countries, academia, representatives of multinational organisations, financial practitioners and the media. The conference was organised on four broad themes, viz., Financial Globalisation and Domestic Financial Sector Development - Implications for Monetary Policy (Session I), Global Integration of the Financial System and Domestic Financial Sector Liberalisation – Analytical Issues (Session II), Financial Inclusion - A Key Challenge for Financial Sector Development (Session III) and Effects of Basel II on Regulatory Aspects of Central Banking in Emerging Markets and Developing Countries (Session IV). Many eminent personalities from the financial sector presented papers.

Mid Term Workshop: A Programme of Studies on the Development Experience of People’s Republic of China (PRC) and India
November 29, 2007

Delegates from India and China at the Mid Term Workshop
Members of the research team from Peking University visited ICRIER in November 2007 for a one-day workshop to present their respective papers, as part of the ADB sponsored study on ‘The Development Experience of People’s Republic of China (PRC) and India’. The papers pertained to various facets of the Indian development experience including economic growth and development in India, the development of institutions of higher learning in India, the growth of India’s information technology industry, financial sector reform in India and incentives for local entrepreneurship.

India and Japan in the Globalised Economy
December 4, 2007

The conference ‘India and Japan in the Globalised Economy’ held on December 4, 2007 at New Delhi, was the first colloquium organised as part of the outreach activities of the Project on Japanese Studies at ICRIER, in collaboration with Sasakawa Peace Foundation (SPF). The conference brought together prominent academicians, policy makers and corporate executives working on India-Japan economic cooperation from India, Japan and other countries. Prof. E. Sakakibara, Waseda University, Japan, Professor Hiroyuki Hino, Kobe University, Japan, and Dr. Surinder Kapur, Chairman & Managing Director, Sona Koyo Steering Systems Limited, were the speakers at the conference. Mr. Hideaki Dornichi, Japanese Ambassador to India, chairing the first session, admired the initiative taken by ICRIER, in timing the conference in the “Indo-Japan Friendship Year (2007)”. Prof. Shankar Acharya, Honorary Professor, ICRIER and Dr. Sarita Nagpal, Deputy Director General, CII (Gurgaon) chaired the second and third sessions of the conference respectively. The objective of the conference was to spell out various facets of India-Japan economic cooperation in today's globalised world and recommend measures to strengthen the India-Japan bilateral relationship.

India and China’s Role in International Trade and Finance and Global Economic Governance
December 6-7, 2007

ICRIER, in collaboration with Konrad Adenauer Stiftung (KAS) and International Monetary Fund (IMF) organised a two-day conference on India and China’s role in global trade and finance and global economic governance at New Delhi. The deliberations centred around three main topics: understanding the reasons and implications of the increasing share of India and China in global trade, challenges that the two economies might face in sustaining the growth momentum in...
the years ahead and the implications of the increasing role of India and China in the world economy for global economic governance. Many prominent persons from academia, industry and think-tanks participated in the conference.

Productivity Growth: Implications for Business and Policy
January 21, 2008

ICRIER, The Conference Board and The University of Groningen, organised a one-day conference on Productivity Growth: Implications for Business and Policy. Professor Dale Jorgenson, Samuel W. Morris University Professor at Harvard University inaugurated the conference with his presentation entitled “Information Technology and Productivity Growth”. The presentation revolved around the impact of IT investment on the growth of the world economy and was based on his book “Information Technology and the American Growth Resurgence”.

South Asia Network of Economic Research Institutes
South Asia Network of Economic Research Institutes

SANEI Steering Committee Meeting
December 8, 2007

The Steering Committee meeting of the South Asia Network of Economic Research Institutes (SANEI) was held on December 8, 2007 at ICI RIER. After its five years at ICI RIER, SANEI is now based in the Pakistan Institute of Development Economics (PIDE), Islamabad, Pakistan. The meeting was chaired by SANEI chairman, Dr. Ishrat Hussain. Others who attended the meeting were Dr. Naushin Mahmood, Dr. Isher Judge Ahluwalia, Dr. Rajiv Kumar, Dr. M. Govinda Rao, Dr. Dwarika Nath Dhungel, Dr. M Asaduzzaman and Mr. Mangala Moonesinghe. The Steering Committee members met the Vice President of India, Mr. Mohammad Hamid Ansari at his residence and briefed him on SANEI activities and its role as a conduit for disseminating information, to reach out to the other institutes in the region and facilitate collaborative research.
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- Asian Development Bank (ADB)
- Automobile Components Manufacturers Association (ACMA)
- British High Commission
- Chemical and Petrochemical Manufacturers Association (CPMA)
- Competition Commission of India (CCI)
- Confederation of Indian Industry (CII)
- Federation of Indian Mineral Industry (FIMI)
- ICICI Bank and Centre for Development Finance (Institute of Financial and Management Research (IFMR)
- InWent Internationale Weiterbildung und Entwicklung gGmbH
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- Ministry of Finance, Government of India
- Ministry of Textiles, Government of India
- National Manufacturing Competitiveness Council (NMCC)
- National Bank for Agriculture and Rural Development (NABARD)
- Organisation for Economic Co-operation and Development (OECD)
- Oxford University
- Sasakawa Peace Foundation (SPF)
- South Asia Network of Economic Research Institutes (SANEI)
- Syndicate Bank
- The Conference Board
- The EDGE Institute
- UniCredit Europe Group
- World Bank
- Yale University
- Yes Bank
ICRIER Team

India in the World Economy
Research Team with the Director & CE

Administrative & Support Staff with the Director & CE
ICRIER Team

RESEARCH FACULTY

Director & Chief Executive
Dr. Rajiv Kumar

Honorary Professors
Dr. Shankar Acharya
Mr. Nilesh Desai

Professors
Dr. Rajat Kathuria
Dr. Amit Shovon Ray

Advisor to Director & CE
Mr. TCA Srinivasas Raghavan

Senior Consultants
Dr. Mathew Joseph
Amb. Santosh Kumar
Mr. Shrawan Nigam

Senior Fellows
Dr. Rajeev Anantaram
Dr. Suparna Karmakar
Dr. Surabhi Mittal
Dr. Arpita Mukherjee
Dr. Praveen Sahoo
Ms. Nisha Taneja

Fellows
Dr. Vani Archana
Mr. Subhasis Bera
Dr. Mandira Sarma
Mr. Sukumar Vellakkal

Visiting Fellows
Dr. Poornam Gupta
Dr. Meenu Tewari

Consultants
Mr. Ashis Banerjee
Mr. B. Karan Singh

Research Associates
Ms. Debojyoti Banerjee
Mr. Rajeev Ranjan Chaturvedy
Mr. Ali Mehdi
Ms. Sirjana Preet
Mr. Durgesh Kumar Rai
Ms. Rashmi Rastogi
Mr. Amit Singh
Ms. Manjeeta Singh
Ms. Nirmal Basu
Ms. Deepika Vahidwala

Research Assistants
Mr. Lokeswar Acharya
Ms. Anjali
Ms. Sneha Bakshi
Mr. Surojita Chaudhury
Mr. Souvik Dutta
Ms. Ranjani Goswami
Ms. Tani Goyal
Mr. Lakshmana Rao Gubbala
Ms. Shikha Gupta
Mr. Gunraj Kalita
Mr. Sanjeeet Kumar
Ms. Manty
Ms. Smita Miglani
Mr. Inciraj Sinha Ray
Mr. Sabyasachi Saha
Ms. Deepti Sethi
Mr. Gaurav Tripathi

Researchers who left in 2007-08

Professors
Dr. Ramesh Chandra
Dr. Vivek Dahejia

Senior Fellows
Dr. Amita Balra
Dr. Purnamita Dasgupta
Dr. Dil Bahadur Rahut

India in the World Economy
Visiting Fellow
Dr. Amitendu Palit

Fellows
Dr. Garima Malik
Mr. Badri Naryan
Dr. Sanghamitra Sahu
Dr. Abhijit Sen Gupta

Consultants
Ms. Radha Chawla
Ms. Manisha Gupta

Research Associate
Mr. Ashutosh Kr. Tripathi

Research Assistants
Mr. Kuntal Basu
Ms. Deepa Bhaskaran
Ms. Sumitra Ganguli
Ms. Neha Gupta
Ms. Ruchi Jain
Mr. Honey Karuri
Ms. Raashi Malhotra
Ms. Ritambhara Malaviya
Ms. Souditi Mozumdar
Ms. Shounkia Nawani
Mr. Debabrata Pal
Ms. Shravani Prakash
Mr. Pradip Saikia

ADMINISTRATION

Additional Secretary
Mr. Rajeev Kapil

Dy. Manager (Admin. & Events)
Mr. Manmeet Ahuja

Private Secretary/ Executive Assistant
Ms. Deepa Gopalan
Mr. V. Jayaraman
Ms. Preethi M.
Ms. Saloni Madan
Mr. V. Muralikrishna

Library Assistant
Mrs. Mridul Saxena

Senior Accounts Executive
Mr. Prem Chand Mathur

Accounts Executive
Mr. S. P. Chathli

Office Assistants
Mr. Ram Autar
Mr. Sharad Natha Jha
Mr. Anil Kumar

Jr. Office Assistants
Mr. Krishan Kumar
Mr. Siddhartha Mishra

Receptionist
Ms. Arii Mary

Reprographic Attendant
Mr. Pherum Singh

Sr. Library Attendant
Mr. Ajay Pal

Driver
Mr. Ashok Kumar Singh

Office Attendants
Mr. Deepak
Mr. Jovinder
Mr. R. M. Yadav

Person who left in 2007-08

Manager (Admin. & Events)
Ms. Neena Bhatia
EXTERNAL CONSULTANTS

Manmohan Agarwal  Professor, Jawaharlal Nehru University (JNU)
Pawan Agarwal            IAS and Expert in the field of Higher Education
Aradhna Aggarwal          Head, Deptt. of Business Economics, University of Delhi
Khan Masood Ahmed         Professor, Department of Economics, Jamia Millia University
R.V. Anuradha              Partner, Clarus Law Associates
Shahid Ashraf             Associate Professor, Department of Economics, Jamia Millia University
Saradindu Bhaduri         Asst. Professor, Jawaharlal Nehru University (JNU)
Alka Chadha                National University of Singapore
Rupa Chanda                Professor of Economics, IIM, Bangalore
Janashruti Chandra        Asst. Professor, Jawaharlal Nehru University (JNU)
Deb Kusum Das             Reader (Economics), Ramjas College, University of Delhi
Surajit Deb                Economist
Bibek Debroy              Professor, International Management Institute (IMI), New Delhi
Panagiotis Delimatisis    Senior Research Fellow at the World Trade Institute, Bern, Switzerland
A S Firoz                   Investment, Market and Strategy Consultant
Samir R Gandhi            Economic Laws Practice Advocate and Solicitors
Debjani Ganguli           Economist
Rajiv B Lall               CEO & Managing Director, IDFC Ltd.
Vivek Moorthy             Professor, Indian Institute of Management, Ahmedabad
Sukumar Mukhopadhyay      Former Member, Central Board of Excise and Customs
Biswajit Nag               Associate Professor of Economics, IIFT, New Delhi
Parthapratim Pal          Assistant Professor of Economics, IIM, Kolkata
Furqan Qamar               Professor, Jamia Millia University
P G Rajamohan             Research Fellow, Institute of Peace and Conflict Studies
Ashok S Rai               Department of Economics, Williams College
Anupam B. Rastogi          Principal, Policy Group, IDFC Ltd
Mohammad Saqib            Fellow, Rajiv Gandhi Foundation
Aparna Sawhney            Associate Professor, Jawaharlal Nehru University
Abhijit Sen Gupta         Consultant, World Bank
Faculty News

RAJIV KUMAR

Appointed

- Member – National Security Advisory Board
- Member (part-time) – Telecom Regulatory Authority of India
- Member – Planning Commission’s Sub Group on ‘Investment in U.P.’
- Member of Selection Jury - CII-ITC Centre Excellence Award for Sustainable Development
- Member – Yes-Bank - Asset Resolution Management Company (India) Pvt Ltd. - Board of Directors

International Seminars /Presentations

- Panelist in “High-level Roundtable” on “international Trade issues”, Centre for International Governance Innovation (CIGI), Waterloo, Canada, June 17-18, 2007.
- Presented a paper and chaired the session at the Workshop titled ‘Emerging Asian Regionalism: Ten Years after the Crisis at Bangkok, Thailand on July 18-20, 2007.
- Indian Representative at CEPEA meeting (Track Two Process on East Asian Community), Auckland, New Zealand, August 3-4, 2007.
- Attended workshop organised by Bruegel Institute for meeting Mr. Dominique Strauss-Kahn, MD, IMF, Brussels, Belgium, September 7, 2007.
- Panelist at the ‘Forum on India’s Current Reality and Foreseeable Future’ at Madrid, Spain, November 5-7, 2007.
- Presented paper on “South Asia” at German Development Institute, conference on “Regional Economic Integration Beyond Europe”, Bonn, December 19-20, 2007.
- Delivered SANEI Annual Lecture on “Indian Economy: Can it sustain the Growth Momentum”, Islamabad, Pakistan, April 22, 2008.
- Presented paper on “Indian Economy, Macro Economic Perspectives” at the Fourth Annual Conference of Lahore School of Economics and Management, Lahore, Pakistan, April 23, 2008.
- Presented paper on “India’s Role in Promoting Regional Cooperation in South Asia” at the conference at Asia Pacific Research Centre, Stanford University, U.S.A, June 19-20, 2008.

India in the World Economy
National Conference/Seminar/Workshops

- “Mid Year Review of the Indian Economy” - Presentation at India International Centre, New Delhi, November 16, 2007.
- Presented a paper on “Promoting SAARC: India’s Role” - ADB-ICRIER Seminar, New Delhi, March 10, 2008.
- Participated in ICRIER-World Bank Post-Budget Seminar, New Delhi, March 12, 2008.

Publications

Books

- “India’s Liberalisation Experience - Hostage to the WTO?”, Sage Publication, Delhi, 2008. (co-edited with Suparna Karmakar and Bibek Debroy)
- “India and the Global Economy” published by Academic Foundation, New Delhi (co-edited with Abhijit Sen Gupta)

Paper Published in Refereed Journals

- “Rejuvenating SAARC: The Strategic Payoffs for India” (with Aparna Sawhney), Global Economy Journal: Vol. 8, Issue 2, Article 8, 2008, University of California, Berkeley.

Chapter Published in Book/ Edited Volume

- “India’s Economic Security” in “India’s National Security-Annual Review 2007” (edited by Prof. Satish Kumar, Delhi), Knowledge World Publishers Pvt. Ltd., New Delhi

Working Papers


SHANKAR ACHARYA

International Networking

- Participated (as member of Indian Delegation) at 10th Meeting of the UK – India Round Table, at Ditchley Park, Oxfordshire, UK, and gave a presentation on the “Rise of China: How India and EU/UK can benefit”, April 13-15, 2007.
Presentations / Lecture at Seminars / Conferences in India

- Panelist at the valedictory session of workshop on “Making Mumbai an International Financial Centre”, New Delhi, August 21, 2007.
- Presented paper “Can India sustain 9% growth?” at JP Morgan Chase International Council meeting, New Delhi, November 1, 2007.
- Session Chairperson on topic “Growth with Equity?” in India Today Conclave 2008, at Taj Palace, New Delhi, March 14, 2008.

Publications

Books

MATHEW JOSEPH

International Conferences/ Meetings

- Attended Private Sector Advisory Group (PSAG) meetings held in Chicago on February 19-20, 2008. PSAG was set up jointly by the Ministry of Commerce and Industry, Government of India and the Office of Trade Representative, Government of US, for promoting co-operation between the private sectors of both the countries for enhanced trade and investment flows. The meetings were held to discuss and finalise the topics for studies to be undertaken under the PSAG auspices.

Seminars/Workshops in India

- Presented the findings of the study on "Global Governance: Indian Perspective" on March 12, 2008 at ICIJER to an audience consisting of Members of Parliament, policy makers in government, academia and opinion makers. This is part of the “Global Economic and Social Order Program” established by the German foundation, Konrad Adenauer Stiftung (KAS) in which a series of dialogues with think tanks in the five large emerging economies (Brazil, China, India, Mexico and South Africa) - the so called “Outreach” countries under the G-8 process - will be held on issues of global governance.
Publications

Book

Newspaper Article

ARPITA MUKHERJEE

Appointed

- Member of the negotiating team on services for the India–EU Trade and Investment Agreement, by Department of Commerce, Ministry of Commerce and Industry, Government of India.

Presentations/ Lecture at Seminars/Conferences in India

- Was the discussant for the paper on “Foreign Financing in Hospitals in India: Status and Implications” by Professor Rupa Chanda, IIM Bangalore, at the workshop organised by the Ministry of Health and Family Welfare and WHO, New Delhi, August 29, 2007.
- Chaired the Session on "Services: Moving up the Value Chain" at the XXXIV Annual Convention of the Department of Business Economics, University of Delhi, South Campus, October 25-26, 2007.
- Presented Paper on "Trade in Services" at the seminar jointly organised by Federation of Indian Export Organisation and Jagannath International Management School, in New Delhi, March 5, 2008.
- Was a discussant on the session on benefits from Deepening Integration: Trade in Services at the ADB-UNCTAD Study on "Quantification of Benefits from Regional Cooperation in South Asia", organised by ADB-UNCTAD and FICCI on March 28, 2008.

Networking:

- Held meetings with officials from Department for Business, Enterprise and Regulatory Reform (BERR), HM Treasury, British Foreign and Commonwealth office and Department of Trade and Industry on October 29-31, 2007 in London UK, for the negotiations on India-EU Trade and Investment Agreement.
- Held meetings with industry representatives in Mumbai for India-EU Trade and Investment Agreement, December 3-4, 2007.

Publications

Papers Published in Refereed Journals
"Integrating into Global Services Value Chain: The Case of India" in Claves de la Economía Mundial, 8th Edition (Forthcoming June 2008).

Chapters Published in Books/ Edited Volumes

- "Services Liberalisation in PTAs & the WTO: The Experiences of India and Singapore" in Martin Roy and Juan A. Marchetti "Liberalising Trade in Services: Bilateral, Regional, and Multilateral - Perspectives in the 21st century" by Cambridge University Press and the WTO (Forthcoming 2008).
- "Fueling India's Retail Boom – What should be the Right Policy?" in Murali K. Mantrala and Shaoxing Zou edited "Retailing Revolutions in China and India", Springer Publishing Inc., Washington (Forthcoming 2008).

NISHA TANEJA

Appointed

- Member, Task Force on Rationalising Non-tariff Measures set up by the Ministry of Commerce & Industry, Government of India.

International Seminars/Conferences

- "Implications of Bilateral FTAs in South Asia on SAFTA": Paper Presented at a Roundtable on "SAFTA: An Enabler of South Asian Regional Integration" organised by the SAARC Chamber of Commerce and Industry (SCCI) in Bhurban, Pakistan, on April 17-18, 2007.

Presentations/Lectures at Seminars/Conferences in India

- "Rationalizing India's Non-Tariff Measures" Presentation made to members of the Task Force constituted by the Ministry of Commerce & Industry to rationalize Non-Tariff Measures on May 22, 2007.

Publications

Chapters Published in Book/ Edited Volume


Papers Published in Journals

- "Addressing Barriers to Intra-SAARC Trade" (forthcoming), Man and Development, Centre for Research in Rural and Industrial Development (with A Sawhney & R Rastogi) forthcoming.

Working Paper

- "Trade Possibilities and Non-tariff Barriers to Indo-Pak Trade" Working Paper No 200, ICRIER, New Delhi.
SUPARNA KARMAKAR

Appointed

- Consultant, High Level Group on Services set up under PM’s Guidance by the Planning Commission, Government of India

International Seminars/Conferences

- Presentation on Best Practices and Lessons Learnt: Indian Experience, in the Session on Regulatory Policies for the Movement of Natural Persons, at the UNESCWA-ALO organised Regional Workshop on “Movement of Natural Persons and its Implications on Development in the Arab States”, Cairo, Egypt, September 5-6, 2007.

Presentations/Lectures at Seminars/Conferences in India

- Panelist at the session on Trade, Investment and WTO, at the MEA-Utkal University Seminar on “Foreign Policy and Strategic Studies”, Bhubaneswar, January 4-6, 2008.
- Discussant for session on Domestic Preparedness on Services in India, at the CUTS International (CITEE) organised National Consultation on “Services Trade and Domestic Regulation in India”, India Habitat Centre, New Delhi, November 29, 2007.
- Presentation on Domestic Regulations vs. Market Access in the EU: Issues & Concerns for Developing Countries, at the CENTAD, Oxfam, Tridcraft and Actionaid organised International Conference on Exploring ‘New Regionalism’: The EU, India & Beyond, India Habitat Centre, New Delhi, October 30 - November 1, 2007.
- Presentation on TBT Issues in India’s Exports to Brazil and South Africa, at the CII organised “Workshop on SPS and TBT issues for IBIA”, New Delhi, July 12, 2007.
- Deliver bi-annual lectures on the General Agreement on Trade in Services (GATS) with particular focus on Professional Services and Financial Services, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Agreement on Trade-Related Investment Measures (TRIMS), at the Personal Contact Programmes organised by the Institute of Chartered Accountants of India (ICAI) at New Delhi.

Publications

Books

- India’s Liberalisation Experience: Hostage to the WTO?, co-edited with Rajiv Kumar and Bibek Debroy, Sage Publication, Delhi, 2007.

Chapters Published in Books/ Edited Volume

- ‘Cross-Border Trade in Services’, jointly with Sumanta Chaudhuri, in Opening Markets for Trade in Services: Bilateral, Regional and Multilateral Approaches in the 21st Century, J A. Marchetti and Martin Roy (eds), Publisher. CUP and WTO, forthcoming, Fall 2008.

**Working Papers and Research Reports**

**Writings in Popular Media**
• Doha Update Series (ICRIER): Available at: http://www.icrier.org/doha_updates/index.html

**RAJEES ANANTARAM**

**International Seminars/Conferences**

**Presentations/lectures at Seminars/ Conferences in India**
• Paper on "China’s Manufacturing Sector since 1978: Implications for India" presented at a dissemination seminar, New Delhi, 2008.

**Publications**

**SURABHI MITTAL**

**International Seminars/Conferences**
• Coordinated as Focal Point from ICRIER, India in the Eighth Annual SANEI conference held at Kathmandu, Nepal along with the main organisers IIDS Nepal and PIDE Islamabad, August 31 - September 1, 2007.

**Presentations/Lectures at Seminars/Conferences in India**
• Delivered the keynote address on "Horticulture as an industry in India" at the Horticulture conference organised by Maharashtra Chamber of Commerce, Industry and Agriculture, Mumbai, March 14, 2008.
• Presented a research proposal on “Price Convergence in Agricultural Commodity Markets” at the National Workshop on Commodity Markets organised by NCDEX Institute of Commodity Market and Research (NICR), New Delhi, October 10, 2007.
• Delivered Seminar on “Horticulture Sector Success in India” at Centre for Development Finance, IFMR, Chennai in their invited seminar series on July 18, 2007.
• Delivered lecture on “Indian Agriculture and Demand Estimation” to IES Probationers Batch XXVIII at Institute of Economic Growth, New Delhi, May 3, 2007.
• Presented a paper on “Agriculture and WTO: Past, Present and Future” during the Panel Discussion on Current Developments in Doha Round: Agenda for Positive Outcomes and Implementation Issues at IIC, New Delhi, organised by JIIMS on April 7, 2007.

Publications

Book
• Food for Policy – Reforming Agriculture (Forthcoming 2008), co-edited with Arpita Mukherjee, Cambridge University Press

Papers Published in Refereed Journal
• Would Indian Farmers Benefit from Liberalization of World Cotton and Sugar Markets? Agricultural Economics, USA, Vol. 38 No. 3. 2008, Pp 201-312 (with Jeff Reimer)

Paper Published in International Newsletter

Working Papers
• “Can horticulture be a success story for India?”. ICRIER Working Paper No. 197, August 2007.

DIL BAHADUR RAHUT

Publications

Papers Published in Refereed Journal
• Bhutan: Dutch Disease and Possible Alternatives Available, Economic and Political Weekly, 2007; 42 (22).
Chapters Published in Book/Edited Volume

- Non-farm Employment and Income in the Himalayas, Economic Development and Cultural Change (Forthcoming).

Working Papers

- Changing Paradigm of Indo-Japan Relations: Opportunities and Challenges, ICRIER Working Paper No. 212
- Non-farm Employment and Income in the Himalayas, ICRIER Working Paper No. 205

MANDIRA SARMA

International Seminars/Conferences:


Presentations/Lectures at Seminars/Conferences in India:

- Discussant of a paper titled "Exchange rate pass-through" at the 2nd NIPFP-DEA research Meeting, March 27-28, 2008.
- Presented ‘Post Liberalisation Trend in Indian Banking’ in the Conference on ‘India and Italy in the Global Economy: Enhancing Trade and Co-operation’, organised by ICRIER and Unicredit, New Delhi, November 1, 2007.

Publications:

Papers Published in Refereed Journal

- Rural Short-term Cooperative Credit Structure (with Rajiv Kumar), Economic and Political Weekly 43(9), 13-18 (March 1, 2008).
- India’s Capital Adequacy Regime (with Yuko Nikaido), Economic and Political Weekly, 42(43), 66-71 (October 27, 2007).
- Understanding Basel Norms, Economic and Political Weekly 42(33), 3364 – 3367 (August 18, 2007).
VANI ARCHANA

Presentations/Lectures at Seminars/Conferences in India

- Presentation at the meeting with the Commerce Secretaries of India and Indonesia on "Indonesia-India Joint Study Group on the feasibility of Comprehensive Economic Cooperation Agreement (CECA)" in Jakarta, Indonesia, October 30-31, 2007.

Publications:

Paper Published in Refereed Journal


ALI MEHDI

Presentations/Lectures at Seminars/Conferences in India:

- Delivered the keynote address at the GE Early Health Summit, New Delhi, September 25, 2007.

Publications:

Book


Papers Published in Refereed Journal

- Liberty and Prohibition: A Governance Dilemma
  The India Economy Review 2007, Volume 4 (December 31, 2007)

Article in Newspaper

- Is curative care the cure for developing countries?
  The Economic Times, Editorial Page (February 9, 2008)

Interviews Given to

- Corporate India wakes up to employee health risks
  The Economic Times, New Delhi (February 11, 2008)
- Young population suffers Heartache
  Daily News & Analysis (September 29, 2007)
- Early disease detection is the mantra
  The Times of India, Bangalore (September 27, 2007)
Publications

India in the World Economy
## Publications
### Working Papers

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Author</th>
<th>Month/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>213</td>
<td>Deepening Intraregional Trade and Investment in South Asia: The Case of the Textiles and Clothing Industry</td>
<td>Meenu Tewari</td>
<td>April 2008</td>
</tr>
<tr>
<td>212</td>
<td>Changing Paradigm of Indo-Japan Relations: Opportunities and Challenges</td>
<td>P G Rajamohan, Dil Bahadur Rahut, Jabin T Jacob</td>
<td>April 2008</td>
</tr>
<tr>
<td>211</td>
<td>What Constrains Indian Manufacturing?</td>
<td>Poonam Gupta, Rana Hasan, Utsav Kumar</td>
<td>March 2008</td>
</tr>
<tr>
<td>209</td>
<td>Demand-Supply Trends and Projections of Food in India</td>
<td>Surabhi Mittal</td>
<td>March 2008</td>
</tr>
<tr>
<td>208</td>
<td>Feasibility of an Asian Currency Unit</td>
<td>Abhijit Sen Gupta &amp; Amitendu Palit</td>
<td>March 2008</td>
</tr>
<tr>
<td>206</td>
<td>Cost of Holding Excess Reserves</td>
<td>Abhijit Sen Gupta</td>
<td>March 2008</td>
</tr>
<tr>
<td>205</td>
<td>Rural Non-farm Employment and Incomes in the Himalayas</td>
<td>Maja Micevskia, Dil Bahadur Rahut</td>
<td>February 2008</td>
</tr>
<tr>
<td>204</td>
<td>Competition Clauses in Bilateral Trade Treaties: Analysing the Issues in the Context of India’s Future Negotiating Strategy</td>
<td>Sanghamitra Sahu, Neha Gupta</td>
<td>February 2008</td>
</tr>
<tr>
<td>203</td>
<td>Towards A Competitive Manufacturing Sector</td>
<td>Rajiv Kumar, Abhijit Sen Gupta</td>
<td>February 2008</td>
</tr>
<tr>
<td>202</td>
<td>South Asian Integration Prospects and Lessons from East Asia</td>
<td>Ramesh Chandra, Rajiv Kumar</td>
<td>January 2008</td>
</tr>
<tr>
<td>201</td>
<td>Determinants of Competitiveness of the Indian Auto Industry</td>
<td>Badri Narayanjan G. Pankaj Vashisht</td>
<td>January 2008</td>
</tr>
<tr>
<td>200</td>
<td>Trade Possibilities and Non-Tariff Barriers to Indo-Pak Trade</td>
<td>Nisha Taneja</td>
<td>January 2008</td>
</tr>
<tr>
<td>199</td>
<td>Economy-wide Impact of Export Promotion Schemes: A Quantitative Assessment of SEZs, EOU, STPI</td>
<td>Aradhna Aggarwal</td>
<td>October 2007</td>
</tr>
<tr>
<td>197</td>
<td>Can Horticulture be a Success Story for India?</td>
<td>Surabhi Mittal</td>
<td>August 2007</td>
</tr>
<tr>
<td>196</td>
<td>Capital Adequacy Regime in India: An Overview</td>
<td>Mandira Sarma, Yuko Nikaido</td>
<td>July 2007</td>
</tr>
</tbody>
</table>
Books Published

1. **India and the Global Economy**
   *Edited by: Rajiv Kumar and Abhijit Sen Gupta, Academic Foundation, New Delhi, 345 pages*

2. **New Dimensions of Economic Globalization: Surge of Outward Foreign Direct Investment from Asia,**
   *Edited by: Ramkishen S. Rajan, Rajiv Kumar and Nicola Virgili, World Scientific Publishing Co. Pte. Ltd., Singapore, 326 pages*

3. **Mid-Year Review of the Indian Economy 2007-08**
   *By Rajiv Kumar with Mathew Joseph, Karen Singh and Manjeeta Singh, Shipra Publications, New Delhi, 96 pages*

4. **WTO Negotiations on Agriculture and Developing Countries**
   *By Anwarul Hoda & Ashok Gulati, Oxford University Press, New Delhi, 294 pages*

5. **India’s Liberalisation Experience: Hostage to the WTO?**
   *Edited by: Suparna Karmakar, Rajiv Kumar and Bibek Debroy, Sage Publications India Pvt. Ltd., New Delhi, 422 pages*
Audited Annual Accounts

India in the World Economy
AUDITORS' REPORT

The Members,
Indian Council for Research on
International Economic Relations,
Core 6A, 4th Floor,
India Habitat Centre,
 Lodhi Road,
New Delhi

We have audited the accounts of your Council and certify that the annexed Income and Expenditure Account for the year ended March 31, 2008, Balance Sheet as at March 31, 2008 and the Receipt and Payment account for the year read with the Statement of Accounting Policies and Notes thereon have been correctly drawn from the books of accounts and vouchers examined and the information and explanations given to us.

It is further certified that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) Proper books of accounts have been kept by the Council so far as it appears from our examination of those books;

(c) The Council's Balance Sheet, Income and Expenditure account and Receipt and Payment account dealt with by this report are in agreement with the books of accounts and in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view:

(i) in the case of the Balance Sheet of the state of affairs of the Council as at March 31, 2008; and

(ii) in the case of the Income and Expenditure account of the excess of Income over Expenditure for the financial year ending on March 31, 2008.

For V. Sahai & Co.,
Chartered Accountants

(Mahesh Sahai)
Partner
## Balance Sheet as at March 31, 2008

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOURCES OF FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>238,481,469</td>
<td>208,844,469</td>
</tr>
<tr>
<td>Opening Balance</td>
<td>206,944,469</td>
<td>132,985,743</td>
</tr>
<tr>
<td>Donations received during the year</td>
<td>29,517,000</td>
<td>75,550,000</td>
</tr>
<tr>
<td>Transferred from Income &amp; Expenditure Account</td>
<td>308,726</td>
<td></td>
</tr>
<tr>
<td><strong>Gifted Assets Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Block</td>
<td>7,966</td>
<td>9,018</td>
</tr>
<tr>
<td>Depreciation Reserve</td>
<td>43,000</td>
<td>43,000</td>
</tr>
<tr>
<td>(As per Schedule 1)</td>
<td>(36,335)</td>
<td>(33,982)</td>
</tr>
<tr>
<td><strong>Unspent Grants</strong></td>
<td>4,251,885</td>
<td>6,136,666</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td>46,748,184</td>
<td>33,547,666</td>
</tr>
<tr>
<td>Opening Balance (Refer Note 8-1)</td>
<td>33,647,905</td>
<td>35,522,877</td>
</tr>
<tr>
<td>Transferred From Income &amp; Expenditure Account</td>
<td>13,100,278</td>
<td>(1,975,271)</td>
</tr>
<tr>
<td><strong>Current Liabilities &amp; Provisions</strong></td>
<td>4,929,917</td>
<td>1,763,605</td>
</tr>
<tr>
<td>Current Liabilities (As per Schedule 4A)</td>
<td>1,959,267</td>
<td>376,971</td>
</tr>
<tr>
<td>Provisions (As per Schedule 4B)</td>
<td>2,970,650</td>
<td>1,386,634</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>294,398,520</td>
<td>250,595,304</td>
</tr>
</tbody>
</table>

## APPLICATIONS OF FUND

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>20,682,422</td>
<td>18,234,308</td>
</tr>
<tr>
<td>Gross Block (As per Schedule 2)</td>
<td>48,338,517</td>
<td>43,554,930</td>
</tr>
<tr>
<td>Depreciation Reserve</td>
<td>27,276,895</td>
<td>24,620,822</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>204,155,927</td>
<td>203,060,000</td>
</tr>
<tr>
<td>Long-term Investments</td>
<td>224,352,000</td>
<td>205,863,000</td>
</tr>
<tr>
<td>Investment Fluctuation Reserve - Refer Accounting Policy 2(a)</td>
<td>1,094,245</td>
<td>(207,073)</td>
</tr>
<tr>
<td>Investment Equalisation Fund (Refer Note2)</td>
<td>(2,000,000)</td>
<td>(1,500,000)</td>
</tr>
<tr>
<td>Current Assets, Loans &amp; Advances</td>
<td>50,279,853</td>
<td>27,416,069</td>
</tr>
<tr>
<td>Current Assets (As per Schedule 3A)</td>
<td>45,851,845</td>
<td>22,379,271</td>
</tr>
<tr>
<td>Loans &amp; Advances (As per Schedule 3B)</td>
<td>4,418,008</td>
<td>5,037,790</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>294,398,520</td>
<td>250,595,304</td>
</tr>
</tbody>
</table>

Significant Accounting Policies and Notes (Schedule 6)
In terms of our separate report of even date
FOR V. SAHAI & CO
CHARTERED ACCOUNTANTS

Mahesh Sahai  
(Partner)

Rajeev Kapil  
(Secretary)

Rajiv Kumar  
(Director & CE)

Isher Judge Ahluwalia  
(Chairperson)

6/8/04
Indian Council for Research on International Economic Relations
Income & Expenditure account for the year ended March 31, 2008

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants Received during the year</td>
<td>47,941,377</td>
<td>27,910,657</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>10,506,392</td>
<td></td>
</tr>
<tr>
<td>Grants brought forward from previous year</td>
<td>6,136,606</td>
<td>3,095,855</td>
</tr>
<tr>
<td>Urgent Grants returned during the year</td>
<td>(144,625)</td>
<td>(6,136,606)</td>
</tr>
<tr>
<td>Grants transferred to Unspent Grants</td>
<td>(4,251,692)</td>
<td></td>
</tr>
<tr>
<td>Income on Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received during the year</td>
<td>19,847,182</td>
<td>11,326,222</td>
</tr>
<tr>
<td>Closing Interest accrued but not due</td>
<td>3,104,028</td>
<td>2,226,234</td>
</tr>
<tr>
<td>Closing Interest accrued and due</td>
<td>3,044,118</td>
<td>1,645,234</td>
</tr>
<tr>
<td>Opening Interest accrued but not due</td>
<td>(2,226,284)</td>
<td>(2,256,410)</td>
</tr>
<tr>
<td>Less: Opening Interest accrued and due</td>
<td>(1,645,234)</td>
<td>(322,286)</td>
</tr>
<tr>
<td>Less: Transferred to Endowment Fund</td>
<td></td>
<td>(306,776)</td>
</tr>
<tr>
<td>Interest on Savings Bank Account</td>
<td>63,514</td>
<td>32,843</td>
</tr>
<tr>
<td>Other Income</td>
<td>402,502</td>
<td>100,434</td>
</tr>
<tr>
<td>(As per Schedule 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>82,857,501</td>
<td>38,282,479</td>
</tr>
</tbody>
</table>

| **B. EXPENDITURE**                              |                       |                        |
| Research Expenses:                             | 53,298,118            | 28,167,412             |
| Salaries & Allowances                          | 15,823,536            | 9,589,929              |
| Consultancy Charges                            | 12,759,229            | 2,777,871              |
| Travel Expenses                                | 6,557,830             | 1,865,968              |
| Workshops Seminars & Meetings                  | 16,917,126            | 9,261,300              |
| Publication Expenses                           | 1,026,293             | 1,274,806              |
| Communication Expenses                         | 1,225,355             | 1,401,179              |
| Library Expenses                               | 1,656,857             | 2,007,349              |
| Administrative Expenses:                       | 9,003,741             | 7,117,503              |
| Salaries & Allowances                          | 4,965,280             | 4,485,004              |
| Professional Services                          | 344,691               | 425,156                |
| Office Expenses                                | 3,602,205             | 2,107,378              |
| Fees and Subscriptions                         | 25,605                | 39,933                 |
| Overheads:                                     | 1,884,734             | 2,157,034              |
| Utility & Electricity Charges                  | 617,296               | 1,082,150              |
| Repair and Maintenance                         | 960,464               | 877,880                |
| Property Tax                                   | 216,974               | 216,974                |
| Loss on investment                             | -                     | 221,134                |
| Loss on Sale of Assets                         | 439,175               | -                      |
| Exchange Rate Fluctuation                      | 414,403               | 59,389                 |
| **Total (B)**                                  | 65,050,171            | 37,653,472             |
| Surplus/(Deficit) before Depreciation (A-B)    |                       |                        |
| Depreciation (As per Schedule 2)               | 17,807,420            | 529,007                |
| Investment Equalisation Fund                   | 4,204,843             | 2,004,278              |
| Surplus/(Deficit) after depreciation           | 13,374,857            | (1,875,271)            |
| **TOTAL**                                      | 82,857,501            | 38,282,479             |

Significant Accounting Policies and Notes (Schedule 6)
In terms of our separate report of each date
FOR V. SAHAI & CO
CHARTERED ACCOUNTANTS

Mahesh Sahai
(Partner)
MRN, 6730

Rajiv Kumar
(Director & CE)
Isher Judge Ahluwalia
(Chairperson)

6/18/08
### Receipts & Payment account for the year ended March 31, 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in Rs)</th>
<th>Payment Description</th>
<th>Amount (in Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>18,566,763</td>
<td>Payments</td>
<td>51,312,516</td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td>Research Expenses</td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>47,941,377</td>
<td>Salaries &amp; Allowances</td>
<td>14,250,704</td>
</tr>
<tr>
<td>Income on investment</td>
<td>18,705,617</td>
<td>Consultancy Charges</td>
<td>10,916,129</td>
</tr>
<tr>
<td>Other Income</td>
<td>359,460</td>
<td>Travel Expenses</td>
<td>6,737,021</td>
</tr>
<tr>
<td>Interest on Savings Bank A/c</td>
<td>63,514</td>
<td>Workshops Seminars &amp; Meetings</td>
<td>14,476,675</td>
</tr>
<tr>
<td>Donations</td>
<td>29,517,000</td>
<td>Publication Expenses</td>
<td>852,878</td>
</tr>
<tr>
<td>Life Membership Received</td>
<td></td>
<td>Communication Expenses</td>
<td>1,158,466</td>
</tr>
<tr>
<td>Increase in current liabilities</td>
<td>5,660,697</td>
<td>Library Expenses</td>
<td>2,932,243</td>
</tr>
<tr>
<td>Investments matured during the year</td>
<td>102,501,090</td>
<td>Administrative Expenses</td>
<td>8,835,290</td>
</tr>
<tr>
<td>Sale of fixed Assets</td>
<td>10,980</td>
<td>Salaries &amp; Allowances</td>
<td>5,126,561</td>
</tr>
<tr>
<td>Decrease in Advances recoverable</td>
<td>874,939</td>
<td>Professional Services</td>
<td>432,813</td>
</tr>
<tr>
<td>Overheads</td>
<td></td>
<td>Office Expenses</td>
<td>3,275,616</td>
</tr>
<tr>
<td>Utility &amp; Electricity Charges</td>
<td></td>
<td>Total</td>
<td>232,685,407</td>
</tr>
<tr>
<td>Fees and Subscriptions</td>
<td>933,796</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>34,270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax</td>
<td>730,635</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of Fixed Assets</td>
<td>216,974</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in Current Liabilities</td>
<td>4,151,896</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment made during the year</td>
<td>121,199,953</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in Advances recoverable</td>
<td>8,207,198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange Rate fluctuation</td>
<td>414,403</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of unspent grant</td>
<td>144,825</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Cash &amp; Bank Balances</td>
<td>28,927,365</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL: 232,055,407

---

In terms of our separate report of even date FOR V. SAHAI & CO

CHAUGHTERED ACCOUNTANTS

Maheen Sahal (Partner)
Rajesh Kapri (Secretary)
Rajee Kumar (Director & CE)
 Isher Judge Athavale (Chairperson)

6/8/08
### Unspent Grants

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sir Ratan Tata Trust</td>
<td>-</td>
<td>1,055,556</td>
</tr>
<tr>
<td>2</td>
<td>IDRC</td>
<td>-</td>
<td>1,836,851</td>
</tr>
<tr>
<td>3</td>
<td>MOC- FDI Retail Sector</td>
<td>-</td>
<td>2,691,901</td>
</tr>
<tr>
<td>4</td>
<td>SPF(Japan Chair)</td>
<td>794,934</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>PIDE Education</td>
<td>-</td>
<td>101,182</td>
</tr>
<tr>
<td>6</td>
<td>SPF(ACU Seminar)</td>
<td>100,150</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>FIMI Study on Iron Ore</td>
<td>-</td>
<td>451,116</td>
</tr>
<tr>
<td>8</td>
<td>Grants received in Advance</td>
<td>3,366,801</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>4,251,885</strong></td>
<td><strong>6,136,606</strong></td>
</tr>
<tr>
<td>Particulars</td>
<td>Rate of Depreciation (%)</td>
<td>As at 31.03.2008</td>
<td>As at 31.03.2007</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------</td>
<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Air-Conditioners</td>
<td>5%</td>
<td>43,000</td>
<td>43,000</td>
</tr>
<tr>
<td>Computers</td>
<td>10%</td>
<td>78,000</td>
<td>78,000</td>
</tr>
<tr>
<td>Electrical Fittings</td>
<td>10%</td>
<td>12,479</td>
<td>12,479</td>
</tr>
<tr>
<td>EPABX</td>
<td>10%</td>
<td>38,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Fire System</td>
<td>10%</td>
<td>38,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Cell Phone</td>
<td>10%</td>
<td>38,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>10%</td>
<td>4,628</td>
<td>4,628</td>
</tr>
<tr>
<td>Laser Printer</td>
<td>10%</td>
<td>4,628</td>
<td>4,628</td>
</tr>
<tr>
<td>Misc. Equipment</td>
<td>10%</td>
<td>4,628</td>
<td>4,628</td>
</tr>
<tr>
<td>Photocopy Machine</td>
<td>10%</td>
<td>4,628</td>
<td>4,628</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>10%</td>
<td>4,628</td>
<td>4,628</td>
</tr>
<tr>
<td>Scanner</td>
<td>10%</td>
<td>4,628</td>
<td>4,628</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>205,300</td>
<td>205,300</td>
</tr>
</tbody>
</table>

Schedule 2

Details of Fixed Assets

Indian Council for Research on International Economic Relations
### Schedule 3

**Current Assets, Loans & Advances**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in Hand</td>
<td>12,107</td>
<td>1,906</td>
</tr>
<tr>
<td>Balances with Bank in Saving Accounts</td>
<td>21,123,798</td>
<td>9,649,781</td>
</tr>
<tr>
<td>Balances with Bank in US Dollar Account</td>
<td>5,282,508</td>
<td>1,804,174</td>
</tr>
<tr>
<td>Balances with Mutual Funds A</td>
<td>2,502,893</td>
<td>7,050,892</td>
</tr>
<tr>
<td>Interest Accrued but not Due</td>
<td>3,124,028</td>
<td>2,226,284</td>
</tr>
<tr>
<td>Interest Accrued and Due</td>
<td>3,044,119</td>
<td>1,645,234</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>10,566,392</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub Total (A)</strong></td>
<td>45,661,845</td>
<td>22,378,271</td>
</tr>
<tr>
<td>B) Loans &amp; Advances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1,673,254</td>
<td>2,151,254</td>
</tr>
<tr>
<td>Advances Recoverable in Cash or in Kind</td>
<td>2,944,754</td>
<td>2,866,544</td>
</tr>
<tr>
<td><strong>Sub Total (B)</strong></td>
<td>4,618,008</td>
<td>5,037,798</td>
</tr>
<tr>
<td><strong>Total (A + B)</strong></td>
<td>50,279,853</td>
<td>27,416,069</td>
</tr>
</tbody>
</table>

### Schedule 4

**Current Liabilities & Provisions**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sundry creditors</td>
<td>1,318,043</td>
<td>-</td>
</tr>
<tr>
<td>statutory dues</td>
<td>579,333</td>
<td>328,444</td>
</tr>
<tr>
<td>others</td>
<td>51,891</td>
<td>51,527</td>
</tr>
<tr>
<td><strong>Sub Total (A)</strong></td>
<td>1,959,267</td>
<td>376,971</td>
</tr>
<tr>
<td>B) Provisions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>provisions for expenses</td>
<td>2,970,050</td>
<td>1,391,634</td>
</tr>
<tr>
<td><strong>Sub Total (B)</strong></td>
<td>2,970,050</td>
<td>1,391,634</td>
</tr>
<tr>
<td><strong>Total (A + B)</strong></td>
<td>4,929,317</td>
<td>1,768,605</td>
</tr>
</tbody>
</table>

### Schedule 5

**Other Income**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year (in Rs.)</th>
<th>Previous Year (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Scrap</td>
<td>25,646</td>
<td>8,460</td>
</tr>
<tr>
<td>Sale of Publication</td>
<td>895</td>
<td>2,335</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>376,081</td>
<td>89,639</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>402,602</td>
<td>100,434</td>
</tr>
</tbody>
</table>

^ Refer Schedule 6 Part-A Point-2(a)
Schedule-6

Indian Council for Research on International Economic Relations

For the Year Ended March 31, 2008

Significant Accounting Policies and Notes to the accounts

(A) Accounting Policies

1. (a) Accounts are maintained on accrual basis.

   (b) Grants are accounted for in the year in which they are received.

   (c) Grants recoverable are accounted for as income if either sanction orders have been received or the amounts have been recovered in the subsequent period.

   (d) In cases where projects for which the grants were received have not been completed the unspent grants are estimated and are carried forward as a liability. In subsequent years unspent grants are transferred to the Income and Expenditure Account to match them with related costs which they were intended to cover.

2. (a) Mutual Funds investments, which are readily encashable, are shown under current assets. Increase in net asset value at the end of the year over its cost/opening net asset value, as the case may be, is shown as income for the year and a reduction, if any, as an expense.

   (b) Investment for fixed periods are shown as long term investments at their cost. Provision for diminution in the value is made only if in the opinion of the management the fall in value is of a permanent nature.

3. The Council follows the written down value method for providing depreciation at rates provided in the Income Tax Act, 1961 except for assets below Rs. 5,000 which are fully depreciated in the year of purchase. On fixed assets added/disposed off during the year depreciation is charged on a pro-rata basis from/to the date that the asset is put to use or disposed off.

4. (a) Expenditure on books and publications is charged to the Income and Expenditure account but a separate record of items purchased is maintained.

   (b) Expense on computer software is fully charged to the Income and Expenditure account when the expense is incurred.

5. Donations received towards the corpus are carried forward in the Balance Sheet under Endowment Fund.

6. An LIC Policy has been taken to cover against future liability on account of gratuity payable to the staff. The premium when demanded and paid is charged to the Income and Expenditure Account.
7. Gifted assets are valued by the management and shown as an addition to the fixed assets with a corresponding credit to a "Gifted Assets Fund" account. Annual depreciation on gifted assets is deducted from the cost as well as the 'Gifted Assets Fund' account.

8. Encashment of earned leave salary is accounted for on the basis of actual payment to the employees at the time of retirement/leaving.

9. Keeping in view the nature of activities of the Council and the method of accounting followed only the following Accounting Standards are applicable:

(i) AS-1 Disclosure of Accounting Policies
(ii) AS-5 Net profit or Loss for Period, Prior period Items and changes in Accounting Policies
(iii) AS-6 Depreciation Accounting
(iv) AS-9 Revenue Recognition
(v) AS-10 Accounting for Fixed Assets
(vi) AS-11 Effect of Changes in Foreign Exchange Rates
(vii) AS-12 Accounting for Government Grants
(viii) AS-13 Accounting for Investments
(ix) AS-15 Employees Benefits
(x) AS-28 Intangible Assets
(xi) AS-28 Impairment of Assets
(xii) AS-29 Provision, Contingent Liabilities and Contingent Assets

The above Accounting Standards have been generally followed, except to the extent stated otherwise.

(B) Notes to the Accounts

1. From the beginning of this year the Council has switched over from the cash system to the accrual system of accounting. To effect the switch over the opening balance in the General Fund of Rs. 2,90,16,468 which arose by following the cash system of accounting has been converted into a General Fund balance on the accrual basis by adding Rs. 60,22,772 on account of prepaid expenses and interest accrued and deducting outstanding expenses of Rs.13,91,634. The resultant figure of the General Fund opening balance is Rs. 3,36,47,606. Had the accounts as in the previous year been drawn on cash basis the surplus for the current year would have been Rs. 23,70,608/- as against Rs. 1,31,00,578 on the accrual basis.

2. Investment in 11.5% Government securities amounting to Rs. 1,33,62,000 will mature in 2011 and the difference between the book value and maturity value will amount to Rs. 33.62 lacs. Upto the end of the previous year though the market value of the investments was higher than the book value an Investment Equalization Fund of Rs.15.00 lacs to absorb the eventual difference was created and a further addition of Rs.5.00 lacs has been made at the end of this year. The Investment Equalization Fund will be progressively increased by Rs.5.00 lacs per year in the future to fully cover the difference between book value and realizable value on maturity.
3. Contingent liability on account of a labour dispute awaiting settlement in the Hon'ble Delhi High Court is estimated at Rs. 10.00 lacs.

4. During the year The Director General of Income Tax (Exemptions) has with effect from the financial year 2006-07 and onwards granted our income exemption from income tax under sub-clause (iv) of section 10 (23C) subject to our fulfilling certain conditions including application of 85% of our income during the year and investment of our surplus funds in specified investments.

5. Schedules 1 to 5 form an integral part of the Balance Sheet and Income and Expenditure account.

6. Previous year's figures have been adjusted to make them comparable with the figures for the current year.
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ICRIER, established in August 1981, is an autonomous, policy-oriented, not-for-profit research institute. We have nurtured our cherished autonomy by establishing an endowment fund, income from which meets all our administration expenses. ICRIER’s offices are located in the prime institutional complex of India Habitat Centre, New Delhi. The prime focus of all our work is to support India’s interface with the global economy.

ICRIER’s founding Chairman was Dr. K.B. Lall who led the organisation from its inception from 1981 to 1992 when he handed over the Chairmanship to Mr. R.N. Malhotra (1992-1996). He was followed by Dr. I.G. Patel who remained Chairman from 1997 to 2005 until his demise in July 2005. ICRIER’s current Chairperson is Dr. Isher Judge Ahluwalia.

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