

Director's Report



Over the past decade and a half, I had occasion to observe from inside the government how economic policies are made and thus identify gaps that need to be filled. In my experience, one of the greatest remaining lacunas is the paucity of good empirical research on the Indian economy to resolve policy conflicts and make intelligent policy choices. What we need is much more policy-oriented economic research of international standard, and this is what we, at ICRIER, endeavour to provide. The obverse of policy-oriented research is research-based policy advice. The second lacuna that I observed in the government was how little of the policy advice received and how few policy decisions were based on solid economic research findings (as against media reports and personal experiences). It is our intention at ICRIER to widen the ambit of policy advice based on such research, not just our own research but good quality research wherever it is done. To summarise, our goal is 'policy-oriented research and research based policy advice'.

As shown in an ICRIER paper, external sector reforms have been one of the most successful reforms of the 1990s. Yet paradoxically, our tariff rates are still the highest in the world and our FDI inflows are low compared to those received by other fast growing economies. The reason for the slow pace of reform, relative to that of other countries, is not merely old ideology and vested interest, but also a dearth of empirical research on the impact of these and other external reform actions in India and the potential impact of proposed reforms. In addition to our ongoing studies on the evolution of protection, its impact on intra-industry flows and on productivity, we have initiated new research projects that will expand our understanding and guide policy decisions. In co-operation with the Ministry of Industry, we are building a disaggregated econometric model to assess the quantitative impact of tariff policy changes on Indian industry, keeping in view the proposals under the WTO as well as those of Indian experts motivated towards enhancing competitiveness. As part of this project we are also estimating the possible impact of WTO proposals relating to US tariffs on Indian exports.

In recent years, the role of foreign direct investment (FDI) has been transformed from the traditional natural resource seeking one to the FDI-export model in which manufacturing processes have been fragmented and located across the globe to exploit comparative advantage. As a consequence, intra-industry and intra-firm trade has expanded phenomenally during the last quarter of the twentieth century. Research is underway at ICRIER to demonstrate the impact of FDI on the Indian economy and to determine the role of policy variables in attracting FDI and determining its quality. Ongoing research aims, among other things, to clarify the link between various economic factors (like wage rates) and domestic policies, on the one hand, and FDI, on the other. ICRIER has also completed a study on the prospects for trade in Indian

textiles after the expiry of the Multi-Fibre Agreement (MFA). This study dispels the alarmist view that the going away of the MFA in early 2005 will result in a swamping of Indian exports by China's exports. It shows that India has some inherent strengths in the primary areas of our current exports and also identifies threats and unexploited opportunities.

Ongoing work at ICRIER has quantified the evolution of protection (QRs and tariffs) since 1980, demonstrated the decline in total factor productivity growth (at 3-digit), and shown that intra-industry trade has increased substantially and across most (2-digit) industry groups during the 1990s. While the last two results can be reconciled by the well-known difficulties of exiting Indian industry, the results provide the first evidence of efficiency improvements uncontaminated by the negative effect of exit policy.

With one exception, all items for which the custom tariff rate exceeds the 'peak tariff' rate are agricultural or agro based. There is concern regarding the potential increase in the volatility of Indian agricultural prices arising from the liberalisation of agricultural trade. The fear that international price volatility would be transmitted to Indian markets has led to advocacy against liberalising the sector. To further understanding on this issue, ICRIER has undertaken a detailed empirical analysis of the price volatility in agricultural markets for important Indian crops. On the completion of this project, we are planning to initiate research on the potential impact of possible tariff reduction on agriculture production, on the lines of the ongoing research on industry.

During the past five years, ICRIER has worked closely with the Ministry of Commerce and with industry groups and service providers on the issues that have arisen or are likely to arise in the multilateral trade negotiations within the WTO framework. Starting with traditional services like transport (maritime, air), telecom, tourism, and software, we examined the relatively new sectors in the context of trade like financial services, health services, and construction and related engineering services, to new services sectors like audio-visual, distribution, energy services, environmental services, and road and rail services. We have also studied the very important cross-sectoral issue of movement of natural persons. These studies have identified opportunities and constraints to our trade in services in the context of the WTO and have recommended strategies for the Indian government, many of which are reflected in our current positions at the WTO. Other subject areas covered by us are the protection of India's traditional knowledge under the WTO intellectual property rights framework, the anti-dumping code, the agreement on subsidies and countervailing measures, market access negotiations, dispute settlement, special and differential treatment of developing countries, environmental agreements, transparency in government procurement, and trade facilitation.

Regional and bilateral trade and co-operation issues have gained importance over recent years. ICRIER carried out a study on the services sector to provide inputs to the Joint Study Group set up by the governments of Singapore and India to help in



the negotiations of a Comprehensive Economic Co-operation Agreement (CECA) between the two countries. The possibility of expanding the existing Free Trade Agreement between India and Sri Lanka to include the services sector requires research on the potential for trade in services between the two countries and the obstacles thereto. ICRIER has initiated a project in collaboration with the Institute of Policy Studies, Colombo to fill this gap.

ICRIER has also been actively engaged in examining issues related to macroeconomic management and growth of the Indian economy. Studies have been undertaken on overall growth and macroeconomic policy as well as on the patterns and determinants of competitiveness and economic performance in the Indian states. Studies on understanding the ramifications of India's currency regime and interventions are currently underway. In the area of financial development and reforms, work has been undertaken at ICRIER on interest rate risk in the Indian banking system and on issues related to health insurance for the poor in India. The project on health insurance is in collaboration with the Centre for Development Research (ZEF), Bonn, and the Centre for Economic and Social Studies (CESS), Hyderabad.

As part of its public policy programme, ICRIER invited eminent scholars to deliver public lectures on matters of importance to India and the global economy. These include Prof. Nirvikar Singh of the University of California, Santa Cruz, Prof. Ronald McKinnon of Stanford University, who is a leading expert on international finance, and Prof. Jeffrey Frankel of Harvard University, who was among the Council of Advisors to President Clinton and now directs the Program in International Finance and Macroeconomics at the National Bureau of Economic Research in the United States. A number of distinguished scholars made presentations at seminars organised by ICRIER, including Dr Arvind Panagariya, Professor and Co-Director, Center for International Economics, University of Maryland, and Dr Parthasarathi Shome, Director, International Monetary Fund, Singapore Training Institute.

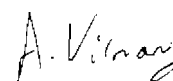
ICRIER has also continued its efforts at networking with other institutions in order to enhance the collective understanding of important policy issues. Conferences and seminars were organised in collaboration with the World Bank, National Institute of Bank Management, Invest India Economic Foundation, the Indian Chamber of Commerce, Kolkata, and the National Council of Applied Economic Research, New Delhi. ICRIER has also undertaken research projects in collaboration with the Centre for Development Research (ZEF), Bonn; Centre for Economic and Social Studies (CESS), Hyderabad; Institute of Policy Studies of Sri Lanka, Colombo; International Food Policy Research Institute (IFPRI), Washington, D.C.; and Economic Research Service–United States Department of Agriculture (ERS–USDA). Several ICRIER faculty members visited international institutions of repute during the last year. Dr Shankar Acharya visited the Center for Research on Economic Development and Policy Reform (CREDPR) at Stanford University for six weeks as Senior Visiting Research Fellow. Dr Rajeev Ahuja spent six months as Visiting Research Fellow at the Centre for Development Research (ZEF), Bonn in connection with the ongoing project on health insurance and Dr Ila Patnaik spent a month as Visiting Scholar at the International Monetary Fund, Washington, D.C. in January–February, 2003.

South Asia studies are of growing importance at ICRIER, which is also the co-ordinator of the South Asia Network of Economic research Institutes (SANEI). Several new projects were funded by SANEI this year and a volume of the studies already completed under the second round of funding by SANEI is being compiled for publication. The volume is being edited by Dr Mohsin Khan, Director, IMF Institute. The studies on the growth experiences of the South Asian countries, carried out under the Global Research Project of the Global Development Network, are being compiled for publication under the aegis of SANEI, with Prof Kirit S Parikh, Emeritus Professor (former Director & Vice-Chancellor), Indira Gandhi Institute of Development Research, Mumbai as the editor.

A number of the research projects undertaken at ICRIER were brought out as publications during the last year. Oxford University Press published Dr Parthasarathi Shome's work on primary aspects of Indian fiscal policy, undertaken during his stay at ICRIER, as *India's Fiscal Matters*. Another major volume, *India in the World Economy*, by T N Srinivasan and Suresh Tendulkar, based on their work at ICRIER, will soon be brought out by Oxford University Press. *The South Asian Experience with Growth*, edited by Isher Judge Ahluwalia and John Williamson, based on ICRIER's participation in the Global Research Project (GRP), was also published by Oxford University Press during the year. The work done at ICRIER for the Working Group 4 (WG4) of the Commission on Macroeconomics and Health (CMH), chaired by Dr Jeffrey D. Sachs with Dr Isher Judge Ahluwalia as Chair of the WG4, was brought out in the Report of the Working Group 4, published in August 2002 by the World Health Organization as *Health and the International Economy*. A major forthcoming publication, to be published by Oxford University Press, is *The India Health Report*, based on the India Health Study undertaken at ICRIER, which was funded by the Bill and Melinda Gates Foundation. Another major forthcoming publication is *Negotiating Beyond Doha: Indian Agriculture and the WTO* by Ashok Gulati and Anwarul Hoda. The research work of several faculty members has also been published in international economic journals of repute and as Working Papers of major academic institutions.

In an effort to reach a wider circle of opinion-makers, non-technical readers and policy-makers, ICRIER instituted a new series of Policy Briefs, which will extract and present lessons for policy from rigorous academic research in a short and simple format. These briefs will serve to strengthen the bridge between policy and research.

The ICRIER faculty has been considerably strengthened with Dr B N Goldar joining it as Professor. After a short but effective stint with ICRIER, Dr Rakesh Mohan had to leave on September 9, 2002 to take up the post of Deputy Governor of the Reserve bank of India. I was happy to join ICRIER as Director and Chief Executive on November 16, 2002.



Arvind Virmani
Director & Chief Executive

Activities

An account of ICRIER's activities can be classified under three broad heads:

Research Projects and Seminars

Public Policy Programme

**South Asia Network of Economic research Institutes
(SANEI)**

Research Projects and Seminars

Research Projects

Research projects at ICRIER during the year 2002–03 were directed towards the following major areas:

I. INTERNATIONAL ECONOMICS AND INTERNATIONAL ECONOMIC RELATIONS

- IA Trade, Openness, Restructuring, and Competitiveness
- IB Financial Liberalisation and Global Financial Integration
- IC Multilateral Issues: World Trade Organisation
- ID Regional and Bilateral Issues: South and South-east Asian Studies

II. MACROECONOMICS, GROWTH, AND POVERTY

- IIA Macroeconomic Management and Growth
- IIB Financial Development and Reforms

I. INTERNATIONAL ECONOMICS AND INTERNATIONAL ECONOMIC RELATIONS

IA TRADE, OPENNESS, RESTRUCTURING, AND COMPETITIVENESS

IA.1 Export Competitiveness of Indian Textiles and Clothing

SAMAR VERMA

International trade in textiles and clothing has been an exception to the GATT's fundamental principle of most-favoured nation treatment, and has been subject to discriminatory quantitative restrictions (QRs) for over four decades. The WTO Agreement on Textiles and Clothing (ATC) envisages a progressive dismantling of these QRs through a well-defined phase-out plan stretching over a ten-year period from 1995 to 2004. This would throw up opportunities as well as challenges for the exporting nations, such as India.

Does the Indian textile and clothing industry have the capability to meet the challenges of a quota-free world which would be suddenly ushered in on January 1, 2005? Given the realities in the global trading environment, what preparation does the Indian industry need to make in order to survive in the ruthlessly competitive world of quota-free international trade? What policy help does the government need to provide to the industry in order to create the enabling environment that propels the industry to sharpen its competitive edge? These questions pertain to the domain of global competitiveness of the Indian textile and clothing industry. An

assessment of the competitiveness of the Indian textile and clothing industry and the initiatives needed in order to equip it better to face the challenges of a quota-free international trading environment is, therefore, the focus of the study.

The study by Dr Samar Verma, then Senior Fellow, ICRIER, examines the current position that India has *vis-à-vis* other major textile and clothing exporting nations, particularly with reference to the major importing regions, viz. the European Union and the USA. It also highlights the changing landscape in the international trading environment, which is likely to significantly impact the global textile and clothing trade. To enhance the global competitiveness of the industries, the study has noted the areas requiring government policy intervention. The study concludes that while there is little doubt regarding the immense potential that the Indian industry has, several policy reforms are needed urgently in order for the textile and clothing sectors to realise their full potential in the post-quota world. The findings of the study are reported in ICRIER Working Paper No. 94.

IA.2 Liberalisation, Industry-specific Factors, and Intra-industry Trade in India

C VEERAMANI

The economic liberalisation initiatives that have been undertaken in India since 1991 are expected to bring about rationalisation in the choice of product lines by individual plants. Within an industry, the country may specialise by manufacturing a subset of varieties with the rest being imported. A manifestation of this process is the growth of intra-industry trade (IIT)—i.e. the simultaneous occurrence of exports and imports within the same industry.

This study by Mr C Veeramani, Fellow, ICRIER, estimates the levels of India's IIT across industries during the period 1988–2000. A descriptive analysis of these estimates highlighted the following. First, in a large number of industries, trade liberalisation biased trade expansion towards IIT, i.e. within industries, both exports and imports expanded simultaneously. This finding indicates that, contrary to the apprehension expressed by some, the domestic industries are unlikely to go out of business because of trade liberalisation. However, considerable variation is observed in the level and growth of IIT across industries. This is not surprising, as certain industry characteristics are conducive to promoting IIT while certain characteristics discourage IIT. The study, using a harmonised dataset, investigates the influences of various industry-specific factors on the intensity of India's IIT.

The econometric analysis suggests that a number of industry-specific factors are pertinent for understanding the pattern of IIT. The avenues for specialisation in narrow product lines and intra-industry restructuring would be larger if an industry is characterised by relatively greater degree of product differentiation. Thus, as

evident from the regression results, trade liberalisation would give rise to greater intra-industry trade in industries characterised by product differentiation. Further, trade liberalisation allows the country to embrace gains from specialisation in distinct segments and operations consisting of production process in an integrated world industry. The regression results are consistent with this viewpoint in that we observed a greater likelihood of IIT as a consequence of specialisation in raw materials and intermediate goods. Conversely, the emergence of IIT is less probable when the spectrum of production activities in an industry is confined to a few locales because of plant level scale economies. In such industries, the effect of trade liberalisation is to organise the entire production activities in a few locales best suited to exploitation of such economies. The structure of the market also matters: industrial concentration, *ceteris paribus*, promotes IIT, as small firms in concentrated industries are forced to seek market niches abroad because of collusive behaviour by dominant firms on the home market. Multinational operation, however, has a mitigating effect on IIT because the overseas production (for the local market) of differentiated goods substitutes export sales.

The findings of the study have been published as ICRIER Working Paper No. 97.

IA.3 Volatility of Agricultural Prices—An Analysis of Major International and Domestic Markets

C S C SEKHAR

The issue of price volatility has assumed critical importance in the context of agricultural trade liberalisation. One of the major arguments advanced against agricultural trade liberalisation is that it would lead to transmission of international price volatility into domestic markets, thereby jeopardising food security for the poor. The merit of this argument can only be judged by a detailed empirical analysis of agricultural price volatility in international and domestic markets. This study by Mr C S C Sekhar, Fellow, ICRIER, is a step in that direction.

The study attempts to measure volatility of major cereals—wheat and rice, oils, sugar, cotton, and traditional export crops like tea and coffee—in international and domestic markets from 1980 onwards and identify the underlying causes of volatility. The study has been completed and its findings are reported in ICRIER Working Paper No. 103.

IA.4 Impact of Tariff Reduction on Exports: A Quantitative Assessment of Indian Exports to the US

ARADHNA AGGARWAL

The Fourth Ministerial Conference of the WTO held at Doha has mandated negotiations that are aimed at reducing barriers to trade in manufactured products.



These negotiations would cover both tariff and non-tariff barriers. In this context, this study by Dr Aradhna Aggarwal, Consultant, ICRIER, focuses on tariff reduction and examines whether market access opportunities in manufactured products would expand for India after further tariff reduction by its trading partners. While doing so, it will focus on Indian exports to the United States. The study will therefore provide quantitative estimates of how Indian exports will change as a result of further tariff reductions by the US. The US is a major trade destination for Indian exports. In 1999–2000, it alone accounted for 22.5 per cent of India's exports. During the ten-year period 1990–1 to 2000–01, the US share in India's exports increased from 15.6 per cent to over 20 per cent. Aside from this, there are two other reasons for using the US as the reference country. It is observed that there remains a prominent 'peak' tariff in the United States (between 15 and 35 per cent) compared to Europe and Japan. Furthermore, despite the supposed decline in the average tariff of imports from all sources, the share of imports for which tariff rates imposed are above 5 per cent is still close to 10 per cent for the United States.

The analysis will be conducted in two parts. Part I will identify the sectors in which imports by the US are tariff elastic while Part II will identify the Indian industries in which export opportunities are likely to emerge owing to tariff reduction by the US. The study will also assess quantitatively the extent to which tariff reduction will provide market access in different sectors. The basic data source is the *Trade and Production Data* compiled by the World Bank. The database contains trade, production, and tariff data for the US at the 4-digit industry level over the period 1989–99. The sector disaggregation in the database follows the International Standard Industrial Classification (ISIC).

This study is part of an ongoing research programme funded by the Ministry of Commerce and Industry, Government of India. The study is expected to be completed by August 2003.

IA.5 Impact of Trade Liberalisation on Indian Manufacturing

MIHIR PANDEY

There have been significant policy changes in India since 1991. As part of the opening up of the economy, there have been reductions in both tariff and non-tariff barriers. Tariff rates have been cut across board on all commodities, and by 2001, import restrictions on all goods except those classified as hazardous or subject to environmental regulations were removed. Combined with the loosening of controls on investment and liberalisation of the financial sector, these changes in foreign trade policies were expected to lead to high growth rates.

This study by Dr Mihir Pandey, Consultant, ICRIER, documents changes in trade policy and examines the performance of the manufacturing industry during the

1980s and the 1990s. Drawing upon data from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and the Annual Survey of Industries (ASI), the study explores empirical evidence on the relationship between trade liberalisation and performance of Indian industry. Building on the idea that no single trade policy variable adequately captures the changes in policy, the study constructs different measures for trade policy changes, and attempts to trace their effect on different industry performance variables. The study finds that decreases in effective protection led to increased competitiveness of the export sector, resulting in increased export intensity. While employment was sluggish during this period, there was an increase in labour productivity and average wage.

This study is a useful addition to the growing literature on the empirical evidence on the relationship between trade liberalisation and industry performance. The study is expected to be completed in August 2003.

IA.6 Role of FDI Policies in Determining the Location of FDI in South, East, and South-east Asian Countries: An Empirical Evidence

RASHMI BANGA

The trend towards globalised production and marketing has led to an increase in global foreign direct investment (FDI) much more rapidly than in global trade or domestic production over the recent decades. The boom of FDI to developing countries since the early 1990s indicates that the determinants and motivations for FDI have changed in the process of globalisation and as a consequence, it is no longer sufficient to offer promising markets in order to induce FDI inflows. Policy makers now have far more complex challenges in striving for locational attractiveness to FDI. However, determinants of the location of FDI have proven to be an elusive target for empirical research. A major problem is operationalisation of policy variables, which may have more implicit rather than explicit impact. However, in one very special sense, policy variables are thought to be more 'important' because governments can alter these quickly while it may take years to alter non-policy determinants such as market size and infrastructure.

This study by Ms Rashmi Banga, Consultant, ICRIER, is a step towards resolving a long-standing debate about the influence of government policies on investment. The question posed is: how important are the policy variables for determining the location of FDI, given the traditional determinants in developing countries? FDI policies are divided into two groups—national policies that increase locational advantages of the host economies, and domestic policies that reduce the transaction costs of the foreign firms and facilitate business. The increasing importance of these policies vis-à-vis the economic factors that determine the location of inward FDI will be tested using econometric techniques for 15 South, East, and South-east Asian

countries for the 1990s with special focus on the policies followed by China, Vietnam, and India. The inward FDI will be divided into FDI from developed countries and FDI from developing countries, and within the developed countries, FDI will be divided into FDI from Japan and FDI from the US to test the significance of FDI policies with respect to the nature of FDI. The principal component factor will be used to construct an index of economic factors across countries, and controlling for these factors, the impact of different policies on inward FDI will be estimated. The first draft of the study is expected to be completed by September 2003.

IA.7 Quantitative Assessment of Tariff Policy Changes on Indian Industry

ARVIND VIRMANI, B N GOLDAR, and C VEERAMANI

The objective of this study is to quantify the impact of tariff policy changes on Indian industry in the context of the tariff proposals being considered by the Negotiating Group on Market Access at the World Trade Organization (WTO). To this end, a simultaneous-equations econometric model of industrial production, international trade (exports and imports), labour demand, capital formation, and price determination, with inter-sectoral linkages, is being formulated for India's organised manufacturing sector (at disaggregated level). The model is to be used for simulating the effects of alternative policy scenarios particularly with respect to tariff and for the purpose of forecasting.

Manufacturing is divided into 41 sectors/industry groups for the model and separate equations are being estimated for each sector using time-series data for the period 1980–1 to 1999–2000. The estimated model reflecting actual behaviour is to be simulated to alternate tariff scenarios to provide estimates of: (i) changes in imports and exports, (ii) changes in customs revenue, (iii) changes in investment, production, and employment, and (iv) changes in domestic prices. The model will help in identifying the industries that would need restructuring in the face of heightened import competition as well as to take advantage of emerging export opportunities.

The data requirements of an exercise of this kind are enormous. Data for the period 1980–2000 have been collected on: (i) exports and imports at the ISIC 4-digit of India and the world, (ii) production, investment, and employment at 3-digit NIC, (iii) tariff and quantitative restrictions (QRs) for all the sectors, (iv) price indices of industrial products in India and world markets, (iv) customs revenue, excise rates at the sectoral level, and (v) various macro variables.

This study by Dr Arvind Virmani, Director, ICRIER, Dr B N Goldar, Professor at ICRIER, and Mr C Veeramani, Fellow, ICRIER, is being funded by the Ministry of Commerce and Industry, Government of India. The study is expected to be completed by November 2003.

IA.8 Productivity Growth and Trade Regimes: A Study of Indian Manufacturing in the 1980s and 1990s

DEB KUSUM DAS

This study by Dr Deb Kusum Das, Fellow, ICRIER, attempts to explore the impact of trade policy reforms on industrial performance, particularly total factor productivity growth in the Indian manufacturing industries. This assumes importance in the context of the gradual liberalisation of economic transactions that has been taking place in the domestic as well as the external sector since the beginning of the 1980s. The database of the study comprises a panel of 75 three-digit industries from the Annual Survey of the Industries, accounting for around 70 per cent of value-added of the manufacturing sector in 1980–1 and covering the period 1980–2000. The focus of the study is three-fold: (i) documentation of the manufacturing productivity growth under varying trade regimes; (ii) quantification of the trade barriers for the manufacturing industries; and (iii) an econometric evaluation of the linkage between trade policy reforms and productivity growth linkage for the manufacturing industries.

The first part of the study examined the productivity performance of Indian manufacturing under varying trade regime. The standard growth accounting methodology is applied to data compiled from the Annual Survey of Industries for 75 selected three-digit use based manufacturing industries over the period 1980–2000. The analysis focused on the overall period (1980–2000) and the four sub-periods (1980–5; 1986–90; 1991–5; and 1996–2000) to reflect shifts in trade policy regime. There is no evidence of much change in total factor productivity growth following liberalisation of the regime initiated in the early 1990s. As in the 1980s, factor accumulation rather than productivity growth accounts for most of output growth.

The second part of the study dealt with the quantification of trade barriers for Indian manufacturing by examining both the tariff and the non-tariff barriers. It documents the trade barriers for around 72 selected three-digit industries belonging to the use-based categories for the period 1980–2000 and the sub-periods therein. The study's estimates suggests that the effective rate of protection and percentage of imports subject to licensing declined during the 1990s while import penetration rates show an increase only in the second half of the decade. The study also suggests that there may be considerable lags between the reduction of trade barriers and measurable impact on imports and on the economy.

The first two parts of the study are completed and work is in progress on the final part of the study. The study is expected to be completed by December 2003.

IB FINANCIAL LIBERALISATION AND GLOBAL FINANCIAL INTEGRATION

IB.1 Background Papers for G-20 Ministerial Meeting

ICRIER was commissioned by the Department of Economic Affairs (DEA), Ministry of Finance, Government of India to prepare background papers for the G-20 Ministerial Meeting held at New Delhi on November 22–3, 2002. The following papers were prepared, and were submitted to the DEA in November 2002.

a. Sovereign Debt Restructuring

AMITA BATRA

After the 1980s crisis, the emerging markets' financial crises of the late 1990s have provided further impetus for an intensified search for an orderly approach to sovereign debt restructuring. Important also in this regard is the perception that past efforts to deal with such crises, utilising policy adjustment and packages of international support arranged by the International Monetary Fund (IMF), have, in fact, made the problem more acute by increasing the risk of moral hazard. There is thus an emphasis on the development of an appropriate mechanism within a comprehensive framework in order to strengthen the global financial system's ability to cope with crises as they arise, and encourage sustainable flows to emerging markets.

This paper by Dr Amita Batra, Senior Fellow, ICRIER, discusses several proposals that have been articulated by the public and private sectors for an orderly and efficient approach to sovereign debt restructuring in the recent past. From among these, contractual and statutory approaches that have occupied centrestage in the policy debate on sovereign debt restructuring are analysed in detail in the paper. The paper recommends that a further outreach by the IMF to engage the private sector and the sovereign borrowers in developing a consensus on the design of the sovereign debt restructuring mechanism is called for. In the interim, the use of collective action clauses could facilitate collective action, thereby reducing the threat of holdout to the sovereign bond restructuring process. In the long run, the IMF should aim at evolving a universal statutory framework, with enhanced use of contractual provisions for collective decision making by debtors and a super-majority of creditors.

b. Measures for Financial Stability: Domestic Policy Requirements for Regeneration of International Capital Flows

AMITA BATRA

Both the frequency and severity of international financial crises seem to have been rising over the last decade. Financial crises have increasingly led to severe economic

disruption, increase in unemployment, and return to poverty for many in some emerging markets. Prevention of these crises and ensuring financial stability and a sustained recovery of investments in the emerging markets is, therefore, an issue high on the agenda of policy-makers throughout the world. Keeping this in view, this paper by Dr Amita Batra, Senior Fellow, ICRIER, discusses the linkages between financial stability and capital mobility, and recommends that emerging market economies should pay increased attention to monitoring the health and efficiency of financial institutions and markets and to macroeconomic and institutional developments that pose potential risks to financial stability. Further, greater transparency in emerging market economies' policies and data dissemination is expected to improve the effectiveness of surveillance internally as well as at the international level by the International Monetary Fund (IMF) and other organisations. Another important recommendation is that the development, dissemination, and implementation of internationally recognised standards and codes of good governance could also contribute to better informed lending and investment decisions, increased accountability of economic policy-makers, and an improved economic performance of the emerging market economies. Simultaneously, the paper also recommends that in addressing systemic vulnerabilities, emerging market economies should sharpen their ability to recognise and respond to new risks and crises that will emerge in the changing global financial environment.

c. World Economic Situation

RENU KOHLI and AMITA BATRA

Global recovery continued at a moderate pace in 2002. Global GDP growth is estimated at 3 per cent for the year 2002, i.e. 0.2 percentage points higher than earlier projected. This paper outlines the global macroeconomic scenario for the year 2002–03, along with growth prospects and the downside risks to the projected outlook. The paper makes a region-wise assessment of the global economic prospects, covering the industrialised economies and the Asian and Latin American regions. The paper analyses the new global economic order, wherein prospects for economic recovery are largely dependent upon the progress of the US economy and the implications of this dependence for Europe, East and South-east Asia, as well as South Asia.

IB.2 An Analysis of FII (Foreign Institutional Investor) Investment in the Indian Equity Market with Special Emphasis on the FII Trading Strategy in India

AMITA BATRA

Net portfolio flows should lower the cost of capital and facilitate the flow of capital to firms and countries that have the investment opportunities, irrespective of their

locations. Overall net portfolio flows should be the engine of worldwide growth. This should be even more so because portfolio investments subject firms and countries to the discipline of capital markets. The arguments in favour of unrestrained portfolio inflows are powerful, but many also argue that these are flawed as investors are often moved by 'animal spirits' rather than rational thinking, so that portfolio flows have a dark side owing to which they can destabilise countries and actually restrict growth. Against this background a study on stock market liberalisation and the consequent Foreign Portfolio Investment (FPI) through FII in the Indian equity market assumes added importance.

This study by Dr Amita Batra, Senior Fellow, ICRIER, examines the concerns about the implications of FPI in the light of the existing empirical evidence as obtaining in the Indian economy against the background of the theories of international portfolio investment. The focus of the study is the FII component of the FPI. In particular, the study undertakes an analysis of the impact of stock market liberalisation on stock market efficiency, stock return volatility, and cost of capital in India. In addition, trading strategies adopted by FIIs in the Indian equity market will also be analysed. The study is expected to be completed by September 2003.

IC MULTILATERAL ISSUES: WORLD TRADE ORGANISATION

IC.1 Trade in Land Transport Services: Railways

ARPITA MUKHERJEE and RUCHIKA SACHDEVA

This study by Dr Arpita Mukherjee, Senior Fellow, ICRIER, and Ms Ruchika Sachdeva, then Research Assistant and now Consultant, ICRIER, investigates the recent trends and developments in rail transport services within the context of the GATS negotiations. The study finds that globally, railways underwent significant restructuring in the last two decades which has led to greater involvement of private and foreign players. However, the scope of multilateral liberalisation in rail transport services is very limited. Although many WTO Members had liberalised rail transport services, they were cautious to schedule it during the Uruguay Round of negotiations and commitments were very restrictive in terms of sectoral coverage and modes of delivery. Countries have not diverted from this stand in the current round and the initial offers show that in spite of significant autonomous liberalisation, countries have not scheduled commitments in various sub-sectors of rail transport services.

India has one of the largest railway networks in the world, which is under a public monopoly. This study shows that the prolonged presence of monopoly has resulted in monopoly-induced inefficiencies and low productivity leading to a decline in the market share of railways in freight transportation and lack of global competitiveness. The study concludes that since India's trade (both exports and

imports) possibilities in this sector are presently very limited, the country may not gain much through multilateral negotiations and hence, may not schedule this sector in the GATS 2000 negotiations. The study emphasises the need and urgency for restructuring the rail transport services on commercial lines. The study suggests various reform measures, which if implemented, would enhance the productivity, efficiency, and global competitiveness of this sector.

The study was funded by the Ministry of Commerce and Industry and has been completed.

IC.2 Trade in Land Transport Services: Roads

ARPITA MUKHERJEE and RUCHIKA SACHDEVA

Road transport services include passenger transportation, freight transportation, rental of commercial vehicles with operators, maintenance and repair of road equipment, supporting services for road transport, and pipeline services. This study by Dr Arpita Mukherjee, Senior Fellow, ICRIER, and Ms Ruchika Sachdeva, then Research Assistant and now Consultant, ICRIER, investigates India's trade possibilities in road transport services in the context of the ongoing GATS negotiations. India has autonomously opened up the sector but has not scheduled it during the Uruguay Round of WTO negotiations. The study analyses the recent trends and developments—globally and domestically—and suggests India's negotiating strategy in the current round of WTO negotiations. The study also suggests various reform measures which will not only improve the efficiency and productivity of the sector but will also enable the country to gain from trade liberalisation under the GATS.

The study, funded by the Ministry of Commerce and Industry, has been completed.

IC.3 The WTO Anti-dumping Code: Issues for Review in Post-Doha Negotiations

ARADHNA AGGARWAL

Anti-dumping proliferated in the 1990s and is now used extensively by developed and developing countries alike. The large-scale recourse to anti-dumping has raised fears among researchers, analysts, and specialists of its (mis)use as a protectionist measure. It is argued that there are ambiguities in every step of calculating the dumping and injury margin and that such ambiguities facilitate dumping findings. Article 28 of the Doha Declaration mandates Members to enter into 'negotiations aimed at clarifying and improving disciplines' under the Anti-dumping Agreement (ADA).

This study by Dr Aradhna Aggarwal, Consultant, ICRIER, addresses some of the issues concerning anti-dumping that need to be reviewed in the post-Doha

negotiations to make the ADA more precise and less discretionary. In particular, the objective of the study will be to identify the provisions of the Agreement that need to be clarified and improved from the perspective of India's interest. The study draws on three sources of information: (i) anti-dumping investigations carried out against Indian exporters in the United States; (ii) anti-dumping proceedings against Indian exporters in the European Union (EU); and (iii) dispute settlement cases on anti-dumping, in general.

The study is organised in four parts. Part I dwells upon issues concerning dumping determination. Part II deals with injury-related provisions, while Part III discusses provisions related with other procedural aspects of the ADA. Finally, Part IV examines the issue of special and differential treatment for developing countries. The study has made a number of suggestions to minimise the manipulation of the law for protectionist purpose and to limit the discretionary powers of the authorities. These include: rationalisation of dumping margin calculations, tightening up of injury-determination, strengthening of special and differential (S&D) treatment, and also dilution of the 'strict-confidentiality rule'. The study has been completed and its findings published as ICRIER Working Paper No. 99. The study was funded by the Sir Ratan Tata Trust.

IC.4 Special and Differential Treatment in Agricultural Negotiations

ANWARUL HODA

The Doha Ministerial Declaration, which launched the new round, has emphasised that special and differential (S&D) treatment of developing countries must be an integral part of all elements of the negotiations in agriculture. This study by Mr Anwarul Hoda, Professor at ICRIER, traces the genesis and evolution of S&D treatment in GATT/WTO and analyses the S&D provisions in the Agreement on Agriculture in the modalities that were the basis of the specific commitments undertaken by Members on agricultural support and protection. The analysis also contains an account of the extent to which developing countries have availed of the benefits of these provisions. The study further examines the main proposals made in the Doha Round by the developed and developing countries to enhance S&D treatment. Finally, it makes a critical examination of all aspects of the S&D treatment on agricultural negotiations and suggests the way forward in the Doha Round. It advocates that in the negotiations on agriculture, developing countries must emphasise more on equal treatment and less on S&D treatment. The findings of the study are reported in ICRIER Working Paper No. 100.

IC.5 WTO Agreement on Subsidies and Countervailing Measures: Need for Clarification and Improvement

ANWARUL HODA and RAJEEV AHUJA

The Doha Ministerial Declaration mandates negotiations aiming at improvements and clarifications in the WTO Agreement on Subsidies and Countervailing Measures (ASCM), while noting that there would not be any fundamental change and the basic concept, principles, and effectiveness of the agreement and their instruments and objectives would be preserved. This study by Mr Anwarul Hoda, Professor at ICRIER, and Dr Rajeev Ahuja, Senior Fellow, ICRIER, is aimed at identifying the need for improvement and clarification in the ASCM from the perspective of India.

The study begins with a detailed analysis of the provisions of the ASCM and of the jurisprudence related to these provisions. India's experience with the ASCM is then examined, particularly in the context of countervailing duty investigations conducted by the European Economic Community (EEC) and the USA against imports from India. The status of each of India's export incentive schemes in the ASCM and in the domestic laws of these economies is analysed in light of the countervailing action taken in these economies. The Central government programmes of domestic support to industry and the actionable subsidies granted by the state governments are also covered in the study.

On the basis of the above analyses, the study identifies the areas in which India must see clarifications and improvements in the provisions of the ASCM. The findings of the study are published as ICRIER Working Paper No. 101.

IC.6 Trade in Environmental Services

APARNA SAWHNEY and RUPA CHANDA

This study by Dr Aparna Sawhney, Consultant at ICRIER and Assistant Professor, Indian Institute of Management, Bangalore, and Dr Rupa Chanda, Consultant at ICRIER and Associate Professor, Indian Institute of Management, Bangalore, examines the nature and structure of the environmental services sector, both globally and in India, with particular focus on recent trends such as privatisation and foreign investment in this sector in India. It finds that the environmental services sector in India has been growing rapidly and has tremendous growth potential due to a variety of factors such as urbanisation, rising population, and industrial demand. The study further notes that although the Indian environmental services sector is in a nascent stage, it is becoming increasingly competitive and technologically advanced. An analysis of India's trade interests, and prospects in this sector indicates that India has mainly import interests, given its need for foreign capital, technology, and expertise in a variety of environmental infrastructure services. Its export interests

in this sector are limited to environmental support and consulting services. The main constraints are domestic in nature and take the form of government regulations and monopoly by urban local bodies.

Following this overview, the study assesses the implications of liberalising environmental services in India, taking into account the country's strengths, weaknesses, and interests in this sector. Based on this assessment, the study suggests that India should offer to open up this sector, but in a gradual and limited way in the ongoing GATS 2000 negotiations so as to enable the nascent domestic sector to consolidate and prepare to face foreign competition and also give more time to further the process of autonomous reforms and privatisation in this sector. In terms of the specific commitment strategy, the study proposes that all environmental services that are provided under government monopoly and not privatised or contracted out, as well as services relating to potable water supply, be excluded from the commitments. Specific subsectors where commitments are proposed include: industrial wastewater services; industrial solid waste management services, including collection, segregation, and recycling of solid waste; services to control air pollution and improve air quality; services to control noise pollution and related testing and monitoring services; remediation services; and environmental consulting, design, and engineering services. It is proposed that commitments be as unrestricted as possible, barring certain limitations that can be imposed on commercial presence, such as through foreign equity ceilings and investment requirements. Finally, given the special features of this sector, the study also suggests domestic reforms and regulations to ensure equity and sustainability along with economic efficiency in the provision of environmental services in India.

The study was part of the Ministry of Commerce project on Trade in Services and has been completed. Its findings are published as ICRIER Working Paper No. 102.

IC.7 Patterns and Determinants of Anti-Dumping: A Worldwide Perspective

ARADHNA AGGARWAL

Contingent protection has evolved into a global phenomenon with an increasing number of countries adopting contingent protection laws and making use of them. However, the bulk of contingent protection falls on the instrument of anti-dumping. Between 1995 and 2000, the number of anti-dumping (AD) cases initiated accounted for 89.1 per cent of the total of the three main contingent measures used. This surge of AD activities raises a number of questions. Why has anti-dumping become the most frequently used measure of contingent protection? Is the use of AD widespread among developing countries? Are they reporting more cases than those directed against them? Are their investigations directed towards developed countries?

What is the primary concern of countries while using this mechanism? Is this mechanism used as a trade correcting measure? Do developing and developed countries have different motivations for adopting these measures? This study by Dr Aradhna Aggarwal, Consultant, ICRIER, addresses these questions. The study analyses the legal provisions concerning the three measures of contingent protection in a comparative framework and examines why AD is the most commonly used mechanism of contingent protection. It investigates the trends and patterns of anti-dumping initiations and definitive measures in developed and developing economies for a period of over 20 years from 1980 to 2000. Finally, it examines the macroeconomic determinants of anti-dumping initiations.

The study finds that the surge in AD cases in the 1990s was indeed fuelled by the developing countries but the use of anti-dumping mechanism was not widespread among these countries. Upper income countries had been responsible for filing most of the anti-dumping cases. Furthermore, the study finds that low and middle-income developing countries were subject to more investigations than reported by them. They were more intensively investigated than the developed countries. Evidence suggests that low and middle-income developing countries had tended to investigate dumping by low and middle-income country groups to a larger extent than developed or upper income countries. Empirical analysis of the determinants of the initiation of AD cases suggests that AD is more a tool of protectionism rather than an instrument to countervail alleged unfair import competition. The study argues that if this is the case, then there is need for more formal analyses of institutional alternatives to contingent protection. The study was funded by the Sir Ratan Tata Trust and has been completed.

IC.8 International Agricultural Commodity Price Database Project

ANWARUL HODA and C S C SEKHAR

This project is a collaborative research project between ICRIER, International Food Policy Research Institute (IFPRI), and Economic Research Service–United States Department of Agriculture (ERS–USDA). The aim of this project is to build comparative price series data on agricultural commodities across various countries. ICRIER has undertaken the task of building the Indian price database while ERS–USDA is responsible for building the database for international prices.

ICRIER has completed building the price database on Indian markets. Efforts are now on at ERS–USDA to configure the data in a machine-readable format for mounting it on the worldwide web for online access by researchers worldwide.

IC.9 Credit for Autonomous Liberalisation in WTO Negotiations on Services

ANWARUL HODA

The General Agreement on Trade in Services (GATS), like the General Agreement on Tariffs and Trade 1994 (GATT 1994), envisages that WTO Members would enter into periodic rounds of negotiations with a view to achieving progressively higher levels of liberalisation. While some broad guidelines are provided for the conduct of these negotiations, the relevant GATS provision envisages that detailed negotiating guidelines and procedures would be established for each round. Such guidelines must include modalities for the treatment of liberalisation undertaken autonomously by Members since previous negotiations. In the Doha Round, the guidelines in the negotiations agreed on March 28, 2001 did not spell out the modalities for treatment of autonomous liberalisation but only mentioned that the Members would endeavour to develop the criteria for autonomous liberalisation. In this context, a number of proposals have been made by WTO Members and the Chairman of the negotiating group has also circulated a paper.

This study by Mr Anwarul Hoda, Professor at ICRIER, examines all the proposals and suggestions and makes a recommendation on the position that India should take on the issue of credit for autonomous liberalisation. It comes to the conclusion that credit can and must be sought for all liberalisation measures, whether or not they have been undertaken autonomously. However, no credit can be granted unless the Member concerned is willing to take the commitment to bind the liberalisation measure. It also points out that there are limitations in a formula approach whereby there would be automaticity in granting credit for such liberalisation and suggests that the best way is to demand credit for autonomous liberalisation in bilateral Member-to-Member negotiations.

IC.10 Market Access Negotiations on Non-agricultural Products: India and the Choice of Modalities

ANWARUL HODA

The Ministers of WTO Members agreed at Doha that the round of multilateral trade negotiations launched by them would include market access negotiations on non-agricultural products. These negotiations would encompass both tariff and non-tariff measures and would take place in accordance with the modalities to be agreed. The deadline for reaching agreement on modalities was fixed at May 31, 2003.

The term 'modalities' in the context of negotiations means the tools or techniques employed by members for reaching an agreement on reducing tariffs. The principal tools that have been employed in the past are request-offer procedures, formula approach, or elimination or harmonisation of tariffs on specific sectors. The choice

of these methods also involves an agreement on several other aspects such as base rates for applying the formula and staging of the reduction in tariff.

This study by Mr Anwarul Hoda, Professor at ICRIER, analyses the WTO rules relating to tariff negotiations and describes the proposals on modalities made in the current negotiations. It elaborates various considerations that should determine India's approach and, on the basis of these considerations, draws conclusions on the position that India must take in the negotiations on modalities. It advocates that India must support ambitious results in the liberalisation of trade on non-agricultural products through a formula approach as the principal modality. It cautions against the concept of special and differential (S&D) treatment of developing countries being overemphasised.

IC.11 Enhanced Protection for Geographical Indications: The Case of Indian Tea

C NIRANJAN RAO

Protection of geographical indications in the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) is one of the subjects on which negotiations are taking place in the Doha Round. These negotiations encompass two important aspects: the extension of higher level of protection under Article 23 of the TRIPS Agreement to products other than wines and spirits and the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection. This study by Mr C Niranjan Rao, then Consultant at ICRIER, analyses the issue of extension of higher level of protection of geographical indications to products other than wines and spirits, with particular reference to Darjeeling tea. It comes to the conclusion that the existing level of protection under Article 22 of the TRIPS Agreement is enough for Darjeeling tea and no case is made out for enhancing the level of protection. The study has been completed.

IC.12 An Assessment of Trade in Services: A Case Study for India

TARUN DAS

Developing countries have made substantial commitments under GATS in services trade without having much experience in implementation. They have undertaken a higher share of full bindings in market access under the cross-border and commercial-presence modes of supply. In contrast they have not received much concessions under labour-intensive services and movement of natural persons mode of supply.

This study by Dr Tarun Das, Consultant, ICRIER and Economic Adviser, Department of Economic Affairs, Ministry of Finance, Government of India, examines critically

whether India has benefited significantly under the WTO commitments for liberalisation of trade in services. It addresses the following questions: What is our commitment under the WTO Agreement on trade in services? How far have we progressed as regards liberalisation of trade in services? What has been their impact on the production and trade of services? What should be the appropriate methodology to examine these issues? What lessons can we learn from the past experience?

The study finds that there has been significant growth in production, trade, and employment in the services sectors in India. In order to reap the full benefits of liberalisation in services trade, India should maintain its open door policy and continue with reforms in the domestic sectors. The impact of liberalisation in services cannot be examined simply by sectoral developments in services trade or production. Since services provide basic infrastructure for other sectors, we have to examine the development and growth of the overall economy. Further, the study finds that given the growing importance of services trade, the need for reliable information on services trade is crucial. The study recommends that efforts should be made to improve the database for services trade and to provide data on more disaggregated levels according to WTO classification. The study concludes by pointing out that India's main interest and focus area in WTO negotiations on GATS should be to provide effective market access to its professionals and skilled labour force and bring about symmetry in the movement of capital and labour.

IC.13 Trade in Energy Services under GATS

ARPITA MUKHERJEE, R VASUDEVAN, and ADITI MODY

Energy services is an important infrastructure sector which has major spillover effects on competitiveness of both goods and services. Traditionally, this sector has been dominated by state-owned vertically integrated monopolies engaged in the generation, transportation, and distribution of energy products and services, leaving little margin for trade and competition. With globalisation and liberalisation, there has been a dramatic change in the structure of the industry and the ways in which energy services are delivered in both developed and developing countries.

The primary aim of this study by Dr Arpita Mukherjee, Senior Fellow, ICRIER, Mr R Vasudevan, Consultant, ICRIER and former Secretary, Ministry of Power, and Ms Aditi Mody, Consultant, ICRIER, is to analyse India's trade possibilities in energy services within the WTO framework. The study provides an in-depth coverage of the energy services sector under GATS, distinguishing between the goods (mainly production) and services (transportation, transmission, and distribution of energy) aspects of energy trade. It highlights the recent trends and developments in this sector, globally and in India, emphasising on liberalisation, deregulation, and

privatisation. The study analyses the commitments made by major trading partners in the Uruguay Round, the communications made by countries in the post-Uruguay Round period, the key issues which are likely to affect future negotiations in this sector (such as classifications issues, reference paper, etc.), and requests and offers made by major players and India in the ongoing WTO negotiations. The study also identifies the domestic and external barriers to India's trade (both export and import) in energy services and suggests various reform measures which would not only enable the sector to be globally competitive but also enable the country to gain from liberalisation commitments undertaken at the WTO.

This study is part of an ongoing project for the Ministry of Commerce and is likely to be completed by August 2003.

IC.14 Trade Facilitation

NISHA TANEJA

Trade facilitation, one of the four 'Singapore Issues', was included in the list of subjects for negotiations at the Doha Ministerial Conference. The Work Programme on trade facilitation in the Doha Ministerial Declaration seeks to review and, as appropriate, clarify relevant aspects of Articles V, VIII, and X until the next Ministerial Conference. This study by Ms Nisha Taneja, Senior Fellow, ICRIER focuses on (i) analysing proposals made by countries and the implications for India if the proposals are eventually accepted at the WTO, (ii) examining the trade facilitation measures undertaken in India by different government agencies, (iii) assessing the trade facilitation needs of the private agents engaged in cross-border trade in India, and (iv) suggesting a possible strategy for India at the next Ministerial meeting of the WTO at Cancun in September 2003.

The study is being funded by the Sir Ratan Tata Trust. The first draft is expected to be completed by August 2003.

IC.15 Traditional Knowledge

AJEET MATHUR

The WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) does not make any provision for the protection of traditional knowledge and folklore, which are of great interest to the communities in the developing countries. While this point raised by the developing countries is important, the idea of protection of such knowledge has not yet taken the shape of concrete proposals. The Doha Ministerial Declaration has mandated the Council for TRIPS to examine *inter alia* the protection of traditional knowledge and folklore. Although, such examination

does not imply that the subject has been included in the negotiating agenda, it is important from the point of view of developing countries that some progress is made in this area.

This study by Dr Ajeet Mathur, Professor, ICRIER, aims to identify and analyse the rationale underlying the complex set of policy choices to protect, preserve, and develop India's vast reservoir of scattered traditional knowledge in its expressed and tacit forms. The study will evaluate policy options based on national and international experience to recommend an appropriate design for *sui generis* protection of traditional knowledge, with a view to develop, preserve, use, and trade in such resources. Further, the study seeks to propose a comprehensive *sui generis* system together with an assessment of the resources and linkages required for it to be effective. The findings of the first phase of the study are presented in ICRIER Working Paper No. 96. The second phase of the study is expected to be completed by December 2003.

IC.16 Relationship between WTO Rules and Multilateral Environmental Agreements

APARNA SAWHNEY

Environmental issues have been included in the agenda of the new round of multilateral trade negotiations in the WTO launched by the Doha Ministerial Declaration. At the centre of the agenda is the relationship between WTO rules and multilateral environmental agreements (MEAs). The multilateral trading system under the WTO is primarily concerned with promoting free and fair trade that would help achieve sustainable development. On the other hand, MEAs are a cooperative means of protecting regional and global environmental commons, e.g. forests, biological diversity, marine ecosystem, coastal ecosystem, atmospheric ozone, etc. Thus there exists no fundamental conflict between the objectives of the MEAs and the trade rules of WTO. Some MEAs, however, contain specific obligations on trade measures (e.g. the Convention on International Trade in Endangered Species, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal).

The question then arises as to what is the relationship between specific trade obligations (STOs) under certain MEAs and environmental provisions under the WTO. What is the status of STOs under certain MEAs *vis-à-vis* WTO trade rules? What would happen in case a WTO Member is not party to an MEA? This study by Dr Aparna Sawhney, Consultant, ICRIER and Assistant Professor, Indian Institute of Management, Bangalore, will address these questions and analyse the position taken by the WTO Members on these issues. It will study in detail selected MEAs

with a view to clarifying the issues of STOs under MEAs and their compatibility with WTO rules. The study will also analyse how the interpretation of environmental provisions under the GATT/WTO has been changing over the last decade. In this regard, the study will primarily address the question of what should be the way forward for India in the negotiations on the relationship between MEAs and WTO rules considering these developments, so that its trade interests are not hurt. The study is expected to be completed by December 2003.

IC.17 Globalisation of Infrastructure Services: India's Trade and Investment Prospects

RUPA CHANDA and ARPITA MUKHERJEE

This study by Dr Rupa Chanda, Associate Professor, Indian Institute of Management, Bangalore and Consultant, ICRIER, and Dr Arpita Mukherjee, Senior Fellow, ICRIER, will make an in-depth study of six infrastructure services sectors [telecommunication services, construction and engineering services, energy services, transport services (including maritime, air, rail, and road), distribution services, and financial services], which play a significant role in the growth and development of the Indian economy. The study will analyse recent trends and development in these sectors, both globally and within India. It will highlight India's trade and investment prospects in these sectors by pointing out India's areas of potential and weaknesses within these services.

The study will discuss the nature and extent of multilateral liberalisation in infrastructure services that took place during the Uruguay Round and the ongoing request-offer based negotiations on services under the aegis of the WTO's General Agreement on Trade in Services (GATS). It will also highlight the implications of this liberalisation for India, with particular focus on the likely consequences of opening up various infrastructure services to foreign investors. The study will also discuss what India's negotiating strategy should be in infrastructure services in the ongoing negotiations on services, in view of its interests in this area, and will outline the supporting domestic policy reforms and regulatory issues that would need to be addressed to support this strategy and the overall growth of the economy.

The study is funded by the Sir Ratan Tata Trust and is expected to be completed by July 2004.

IC.18 Dispute Settlement

S NARAYANAN

It is widely recognised that the contribution of the WTO Agreement to the strengthening of the multilateral trading system has been significantly enhanced by the establishment of an effective mechanism for resolving disputes through the

Disputes Settlement Understandings (DSU). In the first eight years of its operation, the DSU seems to have stood well the test of time and the vicissitudes of resolving disputes involving powerful countries. On the whole, the WTO Members are satisfied with the working of the DSU. However, some high profile disputes have thrown up new challenges and it is now recognised that while there is no major flaw in the system, it is by no means perfect. A number of Members feel that some adjustments to the system are needed.

In the above context, the Doha Ministerial Declaration mandates negotiations on improvements and clarifications of the DSU. Several Members, including India, have made proposals in this regard. This study by Mr S Narayanan, Consultant, ICRIER and former Ambassador and Permanent Representative of India to the WTO, gives a brief overview of the evolution of the disputes settlement machinery in GATT/WTO and examines in detail the provisions of DSU. It then reviews critically the main proposals for improvements and clarifications in the DSU and makes recommendations on the position that India should then take on. The first draft of the study has been completed and is being revised.

IC.19 Transparency in Government Procurement

ANWARUL HODA

At Doha, Ministers have already recognised the case for a multilateral agreement on transparency in government procurement and have agreed to negotiations in the area. It has been stated that negotiations must be limited to the transparency aspects and must not restrict the scope for countries to give preferences to the domestic supplies and suppliers. The Ministerial Declaration envisages that negotiations on this subject would be held only after a decision has been taken at the next Ministerial session on the modalities of negotiations.

This study by Mr Anwarul Hoda, Professor at ICRIER, will examine the implications for India of a possible agreement in the area. The experience on transparency aspects in the existing WTO Agreement on Government Procurement, to which India is not a party, will be documented. The limitations imposed on the Government of India by the constitutional structure of the country in accepting an international agreement affecting government procurement by both Central and state government bodies and agencies will also be studied. The benefits for improving governance in India will also be analysed. The objective will be to equip the Government of India for participation in the negotiations before and after the next Ministerial meeting.

IC.20 Special and Differential Treatment of Developing Countries

ANWARUL HODA

The WTO Agreement contains a number of provisions, which accord special and differential (S&D) treatment to developing countries. Some of them envisage favourable action by the developed country partners, while others grant flexibility to the developing countries in the use of trade policy instruments on which the WTO Agreement imposes obligations on Members. A number of developing countries, including India, have been making the point that these provisions are not effective and operational and, therefore, need to be improved, including by making them mandatory. In the work programme approved by the Ministers at Doha, it was envisaged that the decision to improve the WTO provisions on S&D treatment would be made by the end of July 2002. This deadline has passed without any agreement on the subject. The assessment is that the matter would come to a head at the next Ministerial meeting of the WTO in September 2003. Against the above background, this study by Mr Anwarul Hoda, Professor at ICRIER, has been undertaken to examine the usefulness of the S&D provisions and the scope for making them mandatory or improving them in other ways.

IC.21 Subsidy Disciplines under GATS

ARPITA MUKHERJEE and RUPA CHANDA

This study by Dr Arpita Mukherjee, Senior Fellow, ICRIER, and Dr Rupa Chanda, Associate Professor, Indian Institute of Management, Bangalore and Consultant, ICRIER, aims to evaluate subsidies in services and investigate whether it is in India's interest to push for a separate discipline to govern subsidies in services under the WTO's General Agreement on Trade in Services (GATS). The analysis is based on an examination of the existing subsidy practices in selected countries (including India) and in selected service sectors that are of trade interest to India, and the impact of these subsidies on trade in general and specifically on India's trade in services with these markets. The countries under consideration include the main developed and developing economies that are of trade interest to India, namely the US, EU, Canada, Australia, Japan, Malaysia, Korea, Thailand, Singapore, China, Brazil, Argentina, and Mexico. The sectors under consideration includes transport, distribution, energy, construction and engineering, audio-visual, tourism, health, and software services, thus covering sectors that are of a commercial, infrastructure, social, and cultural nature and are of export and / or import interest to India. The analysis is based on a cluster-wise examination of the selected services, depending on the type of service and the rationale underlying the subsidy. Based on the assessment of subsidy practices in other countries and in India, the study will determine how subsidies in services

should be dealt with under the GATS and examine the associated domestic policy and reform issues for India in the service sector.

This study is an ongoing project for the Ministry of Commerce & Industry and is expected to be completed by May 2004.

ID REGIONAL AND BILATERAL ISSUES: SOUTH AND SOUTH-EAST ASIAN STUDIES

ID.1 Indo-Singapore CECA: Enhancing Co-operation in Services

**ARPITA MUKHERJEE, ADITI MODY, NISHA TANEJA,
and RUCHIKA SACHDEVA**

This study was carried out to provide inputs to the Joint Study Group set up by the governments of India and Singapore to help in the negotiations of a Comprehensive Economic Co-operation Agreement (CECA) between the two countries. The study identifies areas of bilateral trade interest and mutual co-operation between the two countries in the services sector and was undertaken by a team consisting of Dr Arpita Mukherjee, Senior Fellow, ICRIER, Ms Aditi Mody, Consultant, ICRIER, Ms Nisha Taneja, Senior Fellow, ICRIER, and Ms Ruchika Sachdeva, then Research Assistant and now Consultant, ICRIER.

Through a detailed sectoral analysis, the study identifies domestic and external barriers to trade in services between the two countries and recommends measures for removal/reduction of such barriers through the CECA. The study shows that India could gain significantly from Singapore investment, technical know-how, and management expertise in infrastructure services, such as telecommunication and transport. Current barriers to investment such as foreign direct investment (FDI) restrictions, multiple clearance procedures, multiple taxes, etc. can be addressed through the CECA. Singapore will benefit from the inflow of Indian professionals in sectors such as software, health, and education. To remove the qualification related entry barriers, the two countries can sign Mutual Recognition Agreements in selected service sectors. Other barriers such as stringent conditions for obtaining employment passes in Singapore can also be discussed under the CECA. The study also identifies areas of complementarity between the two countries in sectors such as information technology and audio-visual products, which can be exploited by both countries to gain greater presence in third country markets. Since both India and Singapore are committed to the multilateral trading system (WTO), the study stresses that the framework of CECA should be consistent with the WTO framework, but liberalisation undertaken bilaterally should be much beyond the commitments in the multilateral forum.

This study, funded by the Ministry of Commerce, is published as ICRIER Working Paper No. 98. The findings of the study have been used extensively in the Report of the Joint Study Group, released in April 2003.

ID.2 Indo-Sri Lanka Trade in Services: FTA II and Beyond

NISHA TANEJA, ARPITA MUKHERJEE, and SANATH JAYANETTI

Motivated by the New Age Free Trade Agreements (FTAs), India and Sri Lanka have evinced an interest in widening the scope of the existing bilateral free trade agreement in goods by including the services sector. Given the paucity of any comprehensive study on trade in services between the two countries in the services sector, this study by Ms Nisha Taneja, Senior Fellow, ICRIER, Dr Arpita Mukherjee, Senior Fellow, ICRIER, and Dr Sanath Jayanetti, Senior Fellow, Institute of Policy Studies of Sri Lanka, Colombo, aims at filling this lacuna. In the context of the proposed 'FTA II and Beyond', the objective of this study is to assess the trade potential and identify areas of mutual co-operation between India and Sri Lanka in the services sector. More specifically, the study will identify sectors of bilateral trade interest and identify, classify, and quantify the domestic and external barriers to such trade. Quantification of barriers in terms of their trade restrictiveness would be used both for suggesting regulatory, institutional, and other reform measures and as a basis for negotiating the removal of barriers in the course of a probable FTA. The study will be based on an extensive survey to be carried out in India and Sri Lanka. As both India and Sri Lanka are members of WTO, the proposed study on bilateral trade in services would be carried out within a GATS-compliant framework.

The study is being funded by the South Asia Network of Economic research Institutes (SANEI). The study is in collaboration with the Institute of Policy Studies of Sri Lanka, Colombo. Work-in-progress will be presented at the Annual SANEI Conference to be held at Colombo in August 2003.

II. MACROECONOMICS, GROWTH, AND POVERTY

IIA MACROECONOMIC MANAGEMENT AND GROWTH

IIA.1 India: Economic Growth, 1950–2000

SHANKAR ACHARYA, ISHER JUDGE AHLUWALIA, K L KRISHNA, and ILA PATNAIK

This case study of India's growth experience was conducted as part of the Global Research Project (GRP) under the auspices of the Global Development Network. The study seeks to deepen the understanding of India's growth performance in the

light of initial conditions, policy shifts, institutional changes, external and internal shocks, and changes in factor supply conditions. The study analyses the factors explaining India's slow growth in the thirty years 1950–80 and the subsequent acceleration in the next two decades. The disquieting deceleration in growth in the late 1990s is attributed to a marked deterioration of the fiscal situation and the slowdown in economic reforms in the second half of the decade.

The study was conducted by a team consisting of Dr Shankar Acharya, Professor, ICRIER, Dr Isher Judge Ahluwalia, then Director & Chief Executive, ICRIER, Dr K L Krishna, Professor, ICRIER, and Dr Ila Patnaik, Senior Fellow, ICRIER, with the second author serving as coordinator in the initial stage of the study and the first author taking on the coordinating role in the latter half. An initial draft was presented at a GRP workshop organised by the South Asian Network of Economic research Institutes (SANEI) during its Fourth Annual Conference at Dhaka, Bangladesh in August 2002. The final draft of the study was prepared by February 2003.

The study is being published in a volume being brought out under the aegis of SANEI and edited by Dr Kirit Parikh, Emeritus Professor (former Director & Vice-Chancellor), Indira Gandhi Institute of Development Research, Mumbai.

IIA.2 Growth Performance of the Indian Economy since Independence

ARVIND VIRMANI

This study by Dr Arvind Virmani, Director & Chief Executive, ICRIER, attempts to document and analyse the growth performance of the Indian economy since Independence. The approach adopted in this study brings out issues key to understanding the evolution of the Indian economy and its prospects in the current era of globalisation. The study aims to provide an account of the growth experience of India and its comparative performance from an international perspective. It confronts the conventional wisdom of the 1970s and the 1990s, which saw India as a global laggard, stuck in the 'Hindu rate of growth', from which it broke out with the reforms following the 1991 crisis.

The growth experience can be statistically differentiated into two phases, each of which can be further sub-divided into two sub-phases. Each sub-phase, in turn, can be characterised by a distinct set of factors. These include the Fabian socialism of the 1950s and high growth in modern manufacturing and services and infrastructure sectors in the first sub-phase, followed by the collapse of growth after the drought of 1965, increasing resort to stifling State interference, and increasing inefficiency in the economy in the second sub-phase. Then, contrary to conventional wisdom, India experienced acceleration in growth to the 'Bharatiya' rate of growth with

modest reforms in the 1980s, the next phase of growth. The widespread reforms of the 1990s initiated the second sub-phase of the 'Bharatiya' rate of growth phase that continues till today albeit with a comparatively small increase in growth rate. India's position in the international order of economies also fluctuates in accordance with its sub-phases of growth, again belying the impression that India has consistently been a global laggard.

After characterising the growth experience of India, the study is now focused on the puzzles thrown up by the growth experience and the implication of these, along with those of recent global developments, on the prospects for a further improvement to an 'Indian' rate of growth of 7.5–8 per cent. The study is likely to be completed by September 2003.

IJA.3 India's Currency Regime

ILA PATNAIK

India has experienced a sharp increase in the stock of foreign exchange reserves, from a near-zero level in 1991 to USD 80 billion in May 2003. This study by Dr Ila Patnaik, Senior Fellow, ICRIER, seeks to obtain some insights on the factors shaping this accretion of reserves. This question is closely related to that of characterising the currency regime. Reserves accretion can occur owing to a desire to hold reserves as 'insurance'. It is widely believed that the cost of holding reserves is a necessary 'insurance premium' that should be paid by a developing country that seeks to safely harness the benefits of globalisation. As an alternative hypothesis, reserves accretion or depletion can occur as a passive consequence of exchange rate policy.

The study will examine a variety of metrics of reserves adequacy that have been proposed, in seeking to identify the level of reserves that are desirable in order to achieve insurance goals. Further, the study will focus on a broad set of empirical strategies, for obtaining insights into the nature of the currency regime. This includes a measure of exchange rate flexibility, regression models based on several cross-currency exchange rates, measures of market efficiency, and testable propositions about cross-currency volatility. The study is expected to be completed by October 2003.

IJA.4 India's Experience with Currency Intervention

ILA PATNAIK

India embarked upon a market determined exchange rate in 1992. In the ensuing period, the Reserve Bank of India (RBI) has been closely involved in determination of the exchange rate, through policies which have emphasised 'containing the volatility' of the exchange rate. In 2001–2, the RBI resisted upward pressure on the

rupee arising from a strong current account, by sustained intervention in the foreign exchange markets. The resulting increase in its foreign exchange assets were sterilised by open market operations. The following year, 2002–3, was marked by a steady appreciation of the rupee versus the US dollar, a sharp rise in the short term, easily reversible capital flows, and a decline in the forward premia to its lowest ever levels. How were these phenomenon linked to RBI's policy of sterilised intervention?

This study seeks to understand the fuller ramifications of currency intervention. Further, it seeks to understand India's recent experience with sterilised intervention. The study focuses on two important episodes of intervention that were associated with the sharpest growth in foreign exchange reserves when compared with many decades of experience. These two episodes differ sharply in the management of the monetary impact of the increase in reserves. The study seeks to understand India's experience with currency intervention in these two major episodes of intervention and draw lessons for management of the exchange rate and monetary policy in India. The study is expected to be completed by December 2003.

IIA.5 Essays in Macroeconomic Policy and Growth

SHANKAR ACHARYA

This book of essays by Dr Shankar Acharya, Professor, ICRIER, continues the author's recent work on aspects related to macroeconomic policy and growth of the Indian economy. The topics covered include macroeconomic management, economic reforms and their consequences, growth performance and prospects, external sector policies, the evolution of tax reform, and growing problems of fiscal stress. The essays seek to combine a rigorous analytical approach with 'insider knowledge' of the policy process, especially macroeconomic policy. Some of the essays have already been published and others are under preparation. The planned book has been accepted, in principle, by Oxford University Press for likely completion and publication in 2004.

IIA.6 Competitiveness and Economic Performance: Inter-state Dimensions

K L KRISHNA

As part of this study, a draft paper 'Patterns and Determinants of Economic Growth in Indian States' has been prepared. The paper by Dr K L Krishna, Professor, ICRIER, reviews the relevant literature on economic growth and its determinants at a general level and in the context of Indian states. It analyses the growth rates of major Indian states during the 1980s and 1990s, and highlights the volatility aspect of growth in individual states. The paper suggests that case studies of major Indian states be undertaken in as much as the econometric evidence on determinants of growth is found to be inconclusive and somewhat controversial.

Work on the inter-state dimensions of human development, infrastructure development, and fiscal aspects is in progress.

IIB FINANCIAL DEVELOPMENT AND REFORMS

IIB.1 Issues in Capital Account Liberalisation in India

RENU KOHLI

This study addresses the sequencing of capital account liberalisation vis-à-vis the domestic financial sector and fiscal reforms in India. With the crises that emerging market economies have seen in the past decade, the soundness of the domestic financial system and co-ordination of domestic financial sector reforms with capital account liberalisation have assumed greater importance than ever before. This study analyses to what extent the preconditions referred to in the Tarapore Committee report have been fulfilled, and in this regard, attempts to draw lessons from the Indian experience so far and from that of other countries. The assessment focuses on the sequencing of domestic financial sector reforms and fiscal consolidation with capital account liberalisation and attempts to arrive at an optimum combination of reforms in the three areas. Statistical analyses of the effects of liberalisation in both macroeconomic and microeconomic perspectives, i.e. impact upon key macroeconomic variables like the real exchange rate, domestic money supply, foreign exchange reserve, and the domestic financial markets, complete the assessment. The study concludes with an identification of critical policy issues and key tasks that need to be addressed before further liberalisation. The study has been completed.

IIB.2 Interest Rate Risk in the Indian Banking System

ILA PATNAIK and AJAY SHAH

Many observers have expressed concerns about the impact of a rise in interest rates upon banks in India. This study, by Dr Ila Patnaik, Senior Fellow, ICRIER, and Dr Ajay Shah, Consultant, Ministry of Finance, deals with this subject. The authors measure the interest rate risk of a sample of major banks in India, using two methodologies. The first consists of estimating the impact upon equity capital of certain interest rate shocks. The second consists of measuring the elasticity of bank stock prices to fluctuations in interest rates. The study finds that as of March 31, 2002, many major banks had economically significant exposures. Using the first approach, the study finds that roughly two-thirds of the banks in the sample stood to gain or lose over 25 per cent of equity capital in the event of a 320 bps move in interest rates. Using the second approach, the study finds that the stock prices of roughly one-third of the banks in the sample had significant sensitivities. The findings of the study are reported in ICRIER Working Paper No. 92.

IIB.3 New Institutional and Economic Approaches to Health Insurance for the Poor in India

RAJEEV AHUJA

Research on this project, which is funded by the Volkswagen Foundation and is being jointly carried out by ICRIER, Centre for Development Research (ZEF), Bonn (Germany), and Centre for Economic and Social Studies (CESS), Hyderabad, began in April 2002. The research is divided into three phases, of which the first phase is already complete and the project is well into its second phase. The first phase involved studying economic incentives present in community based health insurance arrangements that are observed in different parts of developing countries. In the second phase, two papers—one on health insurance for the poor in India and the other on decentralisation on health outcomes—are being finalised. The third phase consists of a primary level survey of selected community based health insurance schemes. The findings of the first phase of the study are reported in ICRIER Working Paper No. 95. With the collection and analysis of data to be collected from a field survey, this two-year project would come to an end by December 2003.

IIB.4 Health Insurance for the Poor in India: A Conceptual Analysis

RAJEEV AHUJA

Health insurance is increasingly being recognised as an important financing tool for meeting health care challenges facing the poor. However, health insurance for the poor is still not widely observed in many developing countries where the vast majority of the poor live. In India, over 50 per cent of the population living at low levels of income does not have any health insurance cover.

Globalisation and increasing commercialisation of health care services as well as shrinking government support to public health services is raising concern about the health care needs of the poor. There are different ways of pooling health risks facing the low-income people. Community based health insurance is one possible way of pooling the risk. Government-provided insurance through an arrangement with the health care providers and insurers is another way of providing health insurance to the poor. Market mediated insurance is yet another way of insuring the poor. Each arrangement has its own strengths and weaknesses.

This study by Dr Rajeev Ahuja, Senior Fellow, ICRIER, attempts to conceptually advance the understanding of how best to provide health insurance to low-income people. Identifying the strengths and weaknesses of each of the possible insurance arrangements, the study will analyse conditions under which a particular arrangement scores over other arrangements. The study is being funded by the South Asia Network of Economic research Institutes and is expected to be completed by March 2004.

Seminars



From L to R: Dr Rakesh Mohan, then Director & CE, ICRIER, and Dr Ajeet Mathur, Professor, ICRIER at the seminar on 'Indo-French Economic Relations'



From L to R: Dr Arvind Virmani, Director & CE, ICRIER, Dr R V Gupta, former Deputy Governor of the RBI, Dr Ajay Shah, Consultant, Ministry of Finance, and Dr Ila Patnaik, Senior Fellow, ICRIER at the seminar on 'Interest Rate Risk in the Indian Banking System'



From L to R: Dr Samar Varma, then Senior Fellow, ICRIER, Mr S Narayanan, former Ambassador and Permanent Representative of India to the WTO, Mr S B Mohapatra, Textile Secretary, Dr Rakesh Mohan, then Director & CE, ICRIER and Dr Rajesh Chadha, Honorary Adviser/Chief Economist, NCAER at the seminar on 'Export Competitiveness of Indian Textile and Garment Industry'



From L to R: Mr S Narayanan, Consultant at ICRIER and former Ambassador and Permanent Representative of India to the WTO, and Mr Anwarul Hoda, Professor, ICRIER at the seminar on 'WTO Rules and Dispute Settlement Procedures'

Research Seminars

Research seminars include seminars by ICRIER faculty, based on research undertaken at ICRIER, and by visitors presenting the findings of research undertaken by them at universities and research institutions all over the world.

I INDO-FRENCH ECONOMIC RELATIONS

AJEET MATHUR

At a seminar held at ICRIER on July 5, 2002, Dr Ajeet Mathur, Professor at ICRIER, made a presentation on his study titled, 'Indo-French Economic Relations'. In his study, Prof. Mathur has addressed the question of why India's economic relations with France have not developed to their full potential and has formulated a methodology that enables identification of several underdeveloped avenues of mutual trade and investment. Noting the legal and institutional barriers to trade and investment in both countries, the study points to the need for deepening research into understanding product-services linkages for mutual investments in selected sectors. The study shows how paired comparisons of any two countries in respect of trade and investment potential may be undertaken. The seminar was attended by representatives from Industry and Chambers of Commerce, academicians, and media. Dr Rakesh Mohan, then Director & Chief Executive, ICRIER, chaired the session.

II EXPORT COMPETITIVENESS OF INDIAN TEXTILE AND CLOTHING INDUSTRY

SAMAR VERMA

Dr Samar Verma, then Senior Fellow at ICRIER, made a presentation on his study titled 'Export Competitiveness of Indian Textile and Garment Industry' at a seminar organised by ICRIER at the India Habitat Centre, New Delhi on July 22, 2002. The study has examined India's competitive performance in the US and EU markets for MFA (ATC) product categories that are important in the Indian export basket and has delineated the changing landscape in the international trading environment which is likely to significantly impact global textile and clothing trade. Highlighting the areas requiring government policy intervention in order to enhance the competitiveness of the industry, the study concludes that several domestic policy reforms are needed urgently in order to unlock the latent capability in the Indian industry, especially the garment sector. The study states that market access is likely

to play an increasingly important role in translating competitiveness into export performance. The seminar was attended by representatives from various ministries/ departments, academia, and industry, and corporate consultants. Mr S B Mohapatra, Textile Secretary, chaired the session.

III THE DEVELOPING COUNTRIES AT DOHA

ARVIND PANAGARIYA

At a seminar organised jointly by ICRIER and the National Council of Applied Economic Research (NCAER), New Delhi on August 2, 2002, Professor Arvind Panagariya, Professor and Co-Director, Center for International Economics, University of Maryland, College Park made a presentation on 'The Developing Countries at Doha'. Presenting a political economy perspective on the proceedings at the WTO Doha Ministerial Conference, he admitted that any hope of reversing the imbalance in the Uruguay Round Agreement must rest on future negotiations. Prof Panagariya identified two main asymmetries between developed and developing countries which must be kept in mind when thinking about future negotiating strategies: the first being unequal bargaining power originating from unequal shares in world trade, lesser number of developed countries as opposed to developing ones, and greater similarity and coherence in policy regimes among developed countries than among developing countries; and the second being asymmetries in research and strategic thinking between the developed and developing countries. Prof Panagariya suggested that national interests, and not similar levels of development, should be the chief determinant of alliance formation. Mr A N Varma, former Principal Secretary to the Prime Minister, chaired the session.

IV INDIA'S RECENT FISCAL MATTERS

PARTHASARATHI SHOME

At a seminar organised jointly by ICRIER and the Indian Chamber of Commerce (ICC), Kolkata in the ICC premises on October 18, 2002, Dr Parthasarathi Shome, Director, International Monetary Fund, Singapore Training Institute, presented a paper on 'India's Recent Fiscal Matters'. The presentation was based on his book *India's Fiscal Matters* (Oxford University Press, New Delhi, 2002) and focused on India's fiscal policy in the 1990s. Mr S K Bajoria, former President, Indian Chamber of Commerce, chaired the session. Participants at the seminar included government officials, academicians, industry representatives, and media.



V INTEREST RATE RISK IN THE INDIAN BANKING SYSTEM

ILA PATNAIK and AJAY SHAH

At a seminar organised by ICRIER on January 10, 2003, Dr Ila Patnaik, Senior Fellow, ICRIER, and Dr Ajay Shah, Consultant, Ministry of Finance, made a presentation on their paper on 'Interest Rate Risk in the Indian Banking System'. The paper was considered highly timely, given that banks in India have made enormous profits in recent years owing to the drop in interest rates, but now face the possibility of making losses if interest rates go up. The paper finds that while the two largest banks in India, State Bank of India (SBI) and ICICI Bank, do not have substantial interest rate risk exposure, most other banks in a sample of 42 banks do seem to have significant exposure. One key theme that emerged from the seminar was the distinction between accounting-based measures of the interest rate risk of banks, which are widely used by banks, and the 'economic value perspective' which was utilised by the paper. There is a sharp difference in the estimates of interest rate risk that are obtained from these two paths. Several areas in which this paper has policy implications and there is a need for further research were emphasised. These include better rules on accounting and disclosure by banks, a reformulation of the Reserve Bank of India's 'investment fluctuation reserve' (IFR), the development of the interest rate futures market, and more careful monitoring using modern tools by the banking regulator. The seminar was attended by officials from the Ministry of Finance, representatives of prominent banks in the country, consulting firms, and the media, etc. The seminar was chaired by Dr R V Gupta, former Deputy Governor of the Reserve Bank of India.

VI TRADE IN ENVIRONMENTAL SERVICES: INDIA'S OPPORTUNITIES AND CONSTRAINTS

RUPA CHANDA and APARNA SAWHNEY

On April 30, 2003, Dr Aparna Sawhney, Consultant, ICRIER and Assistant Professor, Indian Institute of Management, Bangalore, and Dr Rupa Chanda, Consultant at ICRIER and Associate Professor, Indian Institute of Management, Bangalore, made a presentation on 'Trade in Environmental Services: India's Opportunities and Constraints' at a seminar held at ICRIER. The presentation was based on a study undertaken for the Ministry of Commerce project on Trade in Services. This study assesses the implications of liberalising environmental services in India. It suggests a gradual approach to committing this sector in the GATS 2000 negotiations, taking into account the likely benefits from transfer of technology and capital as well as

concerns on equity and environmental grounds. The seminar was attended by officials of the Ministry of Commerce and Industry, representatives of industry associations and environmental agencies such as TERI and the Central Pollution Control Board, and academicians. Mr R Gopalan, Joint Secretary, Ministry of Commerce, chaired the session.

VII INDIA'S TRADE POLICY IN THE 1990S: GENERAL EQUILIBRIUM ANALYSIS

RAJESH CHADHA

At a seminar held at ICRIER on May 14, 2003, Dr Rajesh Chadha, Reader, Department of Economics, Hindu College, University of Delhi and Honorary Adviser, National Council of Applied Economic Research, New Delhi, made a presentation on 'India's Trade Policy in the 1990s: General Equilibrium Analysis'. Using a Computable General Equilibrium (CGE) model, Dr Chadha analysed the economic effects on India and other major trading countries/regions of the Uruguay Round (UR) trade liberalisation and the liberalisation that might be undertaken in a new WTO negotiating round. He stated that India's welfare gain is expected to be 1.1 per cent (\$4.7 billion over its 2005 GDP) when the UR scenarios get fully implemented, with an estimated additional welfare gain of 2.7 per cent (\$11.4 billion) when the assumed future WTO round of multilateral trade liberalisation is achieved. Resources would be allocated in India to the labour-intensive sectors such as textiles, clothing, leather and leather products, and food, beverages, and tobacco, which would also experience growth in output and exports. In this scenario, Dr Chadha stated, real returns to both labour and capital would increase in the economy and Indian firms would become more efficient than before. Dr Chadha emphasised that even if India undertakes unilateral trade liberalisation of the order indicated in the WTO multilateral scenarios, it would still benefit, although less so than with multilateral liberalisation. The seminar was attended by academicians, policy analysts and thinkers, and researchers. Dr Arvind Virmani, Director & Chief Executive, ICRIER chaired the seminar.

VIII WTO RULES AND DISPUTE SETTLEMENT PROCEDURES

ANWARUL HODA, S NARAYANAN, ARADHNA AGGARWAL, and RAJEEV AHUJA

A day-long seminar on 'WTO Rules and Dispute Settlement Procedures' was organised by ICRIER on May 17, 2003. The seminar was based on three ICRIER studies on (i) Agreement on Subsidies and Countervailing Measures; (ii) the

Agreement on Anti-Dumping; and (iii) Dispute Settlement. The first two studies examine the implementation of the relevant agreements and then make recommendations on the improvements and clarifications that India must seek in the current negotiations while the third study examines the need for improvement and clarifications from a developing country perspective. These studies were respectively presented by Mr Anwarul Hoda, Professor, ICRIER, and Dr Rajeev Ahuja, then Fellow and now Senior Fellow, ICRIER; Aradhna Aggarwal, Consultant, ICRIER; and Mr S Narayanan, Consultant at ICRIER and former Ambassador and Permanent Representative of India to the WTO. These three studies are part of an ongoing research programme at ICRIER on a number of WTO-related issues, many of which are included in the Doha Round of negotiations. The seminar was attended by legal experts, officials from the Ministry of Commerce, representative of industry associations, and academicians.

Conferences

I ADAPTING INDIA'S FINANCIAL SECTOR TO A GLOBALIZING WORLD

JOINTLY with the WORLD BANK, NATIONAL INSTITUTE OF BANK MANAGEMENT, and INVEST INDIA ECONOMIC FOUNDATION

ICRIER partnered the World Bank, National Institute of Bank Management, and Invest India Economic Foundation in organising a conference in Goa from October 31 to November 2, 2002 on the theme of 'Adapting India's Financial Sector to a Globalizing World'. While the conference agenda included international experience with financial sector reform, especially that of Eastern Europe and Korea, the focus was on the state of India's financial sector and the need for new directions and initiatives in policy to enable the financial sector to better contribute to India's growth and development. Presentations were made on India's banking system, policies to improve banking performance, issues of regulation and supervision, and aspects related to governance dimensions of public sector banks. Presentations were also made on financing problems from a firm's perspective, capital market issues, pension reform, and micro-finance. The conference was well attended by academicians and policy makers, including former and current Finance Secretaries and Chief Economic Advisers of the Government of India, a Deputy Governor of the Reserve Bank of India, Chairman of the Securities and Exchange Board of India (SEBI), and the World Bank's Vice-President for South Asia. Several scholars from ICRIER participated as discussants, session chairs, panelists, and participants.



From L to R: Dr Shankar Acharya, Professor, ICRIER, Mr Jang-Yung Lee, Senior Counsellor to Deputy Prime Minister and Ministry of Finance and Economy, Government of Republic of Korea, Dr Roberto Zagha, Senior Adviser, World Bank and Mr Montek Singh Ahluwalia, Director, Independent Evaluation Office, IMF, at the conference on 'Adapting India's Financial Sector to a Globalizing World'

Workshop



From L to R: Dr. Rajeev Ahuja, Senior Fellow, ICRIER, Dr Arvind Virmani, Director & CE, ICRIER, Dr P R Panchmukhi, Director, Centre for Multi-disciplinary Development Research, Dharwad, and Mr Rajiv Misra, former Health Secretary at the workshop on 'New Institutional and Economic Approaches to Health Insurance for the Poor in India'

Book Release



From L to R: Dr Rakesh Mohan, then Director, ICRIER, Dr Rupa Chanda, Consultant, ICRIER, Dr Isher Judge Ahluwalia, former Director & CE, ICRIER, and Mr Manzar Khan, Managing Director, OUP at the function to release the book 'Globalization of Services : India's Opportunities and Constraints' authored by Dr Rupa Chanda

Public Lectures



Dr Nirvikar Singh (extreme left), Professor, University of California at Santa Cruz, delivering the lecture on 'Indian Federalism, Economic Reform and Globalization'



From L to R: Dr Arvind Virmani, Director & CE, ICRIER, Mr R M S Liberhan, Director, India Habitat Centre, Dr Vijay Kelkar, Adviser to the Finance Minister, and Dr Ronald McKinnon, William D Eberle Professor of International Economics, Stanford University, at the lecture on 'The World Dollar Standard and Its Crisis-prone Periphery: New Rules for the Game'



From L to R: Dr Arvind Virmani, Director & CE, ICRIER and Dr Jeffrey Frankel, James W Harpel Professor of Capital Formation and Growth at the Kennedy School of Government, Harvard University at the lecture on 'Deficits and Decades: Recent U.S. Economic History and Policy Lessons for Other Countries'

Public Policy Programme

The activities of ICRIER on public policy discussion are listed below under two heads:

- I. Public Policy Workshops
- II. Public Lectures
- III. Other Policy Interactions

I PUBLIC POLICY WORKSHOPS

I.1 New Institutional and Economic Approaches to Health Insurance for the Poor in India

As part of the ongoing collaborative research project on 'New Institutional and Economic Approaches to Health Insurance for the Poor in India', being jointly carried out by ICRIER, Centre for Development Research (ZEF), Bonn, Germany, and Centre for Economic and Social Studies (CESS), Hyderabad, a two-day workshop was held on March 17–18, 2003 at ICRIER. On the first day of the workshop, team members presented studies completed as part of the project. Two presentations were made on issues related to (a) health insurance for the poor in India and (b) community based health insurance schemes in India. Issues related to political and administrative decentralisation in India and its impact on health care delivery and outcome were also discussed in the workshop. Finally, there was a larger discussion on the future direction in which the present study should proceed. On the second day of the workshop, team members working on the India project evaluated the progress of the research study during the last one year and chalked out the research plan for the coming months. Academicians, policy analysts, government officials, representatives of multilateral agencies such as the World Bank and UNDP, and experts on health insurance from various parts of the country attended the workshop. Dr Arvind Virmani, Director & Chief Executive, ICRIER and Mr Ajit Sharan, Joint Secretary of Finance, Insurance Division, chaired the sessions on the first day of the workshop.

II PUBLIC LECTURES

II.1 Indian Federalism, Economic Reform, and Globalisation

NIRVIKAR SINGH

On August 14, 2002, Dr Nirvikar Singh, Professor at the University of California, Santa Cruz, delivered a lecture on 'Indian Federalism, Economic Reform and Globalisation' at ICRIER. Dr Singh analysed the interaction of globalisation and

India's federal system in the real and financial sectors of the economy, including the tax system, labour market restrictions, government ownership, and infrastructure. He highlighted the problems caused for the financial sector by the Central and state fiscal deficits. Dr Singh also spoke about the implications of the ability of the states to directly seek foreign direct investment (FDI) as well as the growing concentration of FDI and regional inequality in the more liberalised economy of India. Dr Shankar Acharya, Professor at ICRIER, chaired the lecture.

II.2 The World Dollar Standard and Its Crisis-prone Periphery: New Rules for the Game

RONALD I MCKINNON

On January 8, 2003, Dr Ronald I McKinnon, William D Eberle Professor of International Economics at Stanford University and Senior Fellow at the Center for Research on Economic Development and Policy Reform at the Stanford Institute for Economic Policy Research (SIEPR), delivered a lecture on 'The World Dollar Standard and Its Crisis-prone Periphery: New Rules for the Game' at a public lecture organised jointly by the India Habitat Centre, New Delhi and ICRIER. In his lecture, Dr McKinnon dealt with monetary issues associated with the hegemony of the US dollar in international finance. Noting the basic currency asymmetry in the world economy, arising from the dollar being the single strong money at the centre of the global financial system with fragile financial systems on the dollar's periphery, he pointed out that the dollar remained predominant despite the advent of the euro. While the dollar remains the currency of choice in invoicing international trade and as a peg to anchor price levels, dollar encroachment on domestic monetary domains can lead to high interest rates and financial instability in the countries on the periphery, he stated. Dr McKinnon pointed out that there is a need to have new rules for the dollar-standard game, and presented a set of rules to restructure and modify the present international monetary system: one set of rules for the developing countries on the periphery and another for the central country, the United States. Dr Vijay Kelkar, Adviser to the Finance Minister, chaired the lecture.

II.3 Deficits and Decades: Recent US Economic History and Policy Lessons for Other Countries

JEFFREY A FRANKEL

Professor Jeffrey A Frankel, James W Harpel Professor of Capital Formation and Growth at the Kennedy School of Government, Harvard University, delivered a lecture on 'Deficits and Decades: Recent U.S. Economic History and Policy Lessons for Other Countries' at a session organised by ICRIER on January 16, 2003. He provided a

post September 11 perspective on the economic history in the US over the last five decades and analysed the policy decisions taken. In particular, he outlined the reasons for the good US economic performance in the 1990s. Prof. Frankel examined the use of deficits and tax cuts in the recent US fiscal history and the economic implications of large future deficits. Based on the experience of the US, Prof. Frankel drew lessons for other countries. Dr Arvind Virmani, Director & Chief Executive of ICRIER, chaired the lecture.

III OTHER POLICY INTERACTIONS

III.1 Global Financial Issues

Dr Amita Batra, Senior Fellow, ICRIER, made a presentation on October 29, 2002 on 'Crisis Prevention and Resolution in the Context of Global Economic Situation, Domestic Policy Requirements for Regeneration of Capital Flow, and Sovereign Debt Restructuring' to the Department of Economic Affairs (DEA), Ministry of Finance. Dr Adarsh Kishore, Additional Secretary in the DEA, chaired this event. This presentation preceded the November 2002 meeting of the G-20 Ministers and Deputies held in Delhi under the Chairmanship of the Finance Minister of India.

III.2 Globalization of Services

On August 8, 2002, ICRIER organised a function to release the book *Globalization of Services: India's Opportunities and Constraints*, authored by Dr Rupa Chanda, Consultant at ICRIER, and published by Oxford University Press, New Delhi. Dr Isher Judge Ahluwalia, former Director and Chief Executive, ICRIER, released the book at the function held at the India Habitat Centre. Dr Rakesh Mohan, then Director and Chief Executive, ICRIER, presided over the function. Mr Manzar Khan, Managing Director, Oxford University Press, New Delhi, also spoke on the occasion. Senior officials from the Ministry of Commerce, NASSCOM, industry representatives, and academicians attended the function.

III.3 Subsidies and Countervailing Measures

Dr Rajeev Ahuja, Senior Fellow, ICRIER, made a presentation on March 10, 2003 on Subsidies and Countervailing Measures at the Ministry of Commerce. Mr S N Menon, Additional Secretary, Ministry of Commerce chaired the meeting. The presentation was attended by the joint secretaries from the Ministry of Commerce, including the Directorate General of Foreign Trade (DGFT), Ministry of Steel, and Ministry of Textiles. Officials from the Reserve Bank of India, the Export Credit Guarantee Corporation of India (ECGC), and Export Import Bank of India were also present.

III.4 Popular Articles

One of our Professors has contributed to the ongoing public debates on long term growth trends, macroeconomic cycles, and their linkages to policy reform. Another Professor has participated in the debate on fiscal issues including the economic costs of high fiscal deficits, what could be done to reduce such deficits, the tax and expenditure policies outlined in the Union Budget for 2003–4, the problem of ‘underfunding’ of new initiatives, and the fiscal implication of the Kelkar task force reports on Direct and Indirect Taxation. He has made a sceptical appraisal of the Tenth Plan’s growth targets and examined the importance of reviving the growth of agriculture and industry, since in his view services alone could not assure rapid economic growth. He has also commented on persisting problems of weak credit culture and large non-performing assets in India’s public-sector dominated banking system and the faltering pace of India’s policies and performance with regard to globalisation (notably trade and capital flows), especially when compared to China.

One of our Senior Fellows has contributed to the public policy debate on interest rate risk in Indian banks and on exchange rate management policy including the cost of reserves, the flexibility/fixity of the exchange rate in response to capital inflows and the appropriateness of repo rates. Another Senior Fellow has participated on debates on health insurance for the poor and community based health systems, and issues related to trade and environment such as the Shrimp-Turtle Case.

South Asia Network of Economic research Institutes (SANEI)

The South Asia Network of Economic research Institutes (SANEI), now into its fifth year, continues to promote economic research in South Asia. SANEI is a formally registered society, with Professor T N Srinivasan as Chairman and Director, ICRIER as Secretary (Coordinator). SANEI activities at ICRIER are managed by Ms Subhobrota Ray, Fellow, ICRIER. Detailed information on SANEI is available at its website www.saneinetwork.org.

I ANNUAL CONFERENCE

The Fourth Annual Conference of the SANEI was held at Dhaka, Bangladesh during August 28–9, 2002. The Conference brought together 70 participants from the SANEI member countries in South Asia (Bangladesh, India, Nepal, Pakistan, Sri Lanka). Chairman, SANEI, members of the Steering Committee, members of the Research Advisory Panel (RAP), SANEI researchers, GRP (Global Research Project) authors, and eminent economists from research institutions in Bangladesh participated in the Conference. GDN (Global Development Network) representatives were also present at the forum. Researchers undertaking collaborative projects under SANEI Round II presented their final reports on August 28, 2002. Work-in-progress of the three research projects funded under SANEI Round III were presented at the Conference on August 29, 2002. The presentations were followed by discussions and comments from RAP. Nine research proposals, which were screened for funding under SANEI IV, were also presented by researchers who had submitted these proposals. The Steering Committee of SANEI met on August 29, 2002, at Dhaka, to discuss the future plans and strategies for SANEI.

The Fifth Annual SANEI Conference will be held in August 2003 at Colombo, Sri Lanka.

II RESEARCH

SANEI funded nine research projects under the fourth round of funding and 12 research projects under the fifth round of funding. In addition, six projects were funded under the Education Research Initiative—a new programme of research launched by SANEI in 2002.



List of Projects Approved for SANEI IV

S. No.	Subject	Collaborating Institutes	Country
1	The Potential Role of the Clean Development Mechanism to Improve Energy Efficiency in South Asia	1 Indira Gandhi Institute of Development Research, Mumbai 2 Bangladesh University of Engineering & Technology, Dhaka 3 Centre for Energy Studies, Tribhuvan University, Kathmandu	India Bangladesh Nepal
2	Climate Change and Agriculture: Effects on India and Other Developing Countries	1 National Council of Applied Economic Research, New Delhi	India
3	Power Sector Reforms in India and Pakistan: Scope for Cross-Border Trade in Power	1 School of International Studies, Jawaharlal Nehru University, New Delhi 2 Pakistan Institute of Development Economics, Islamabad	India Pakistan
4	Agricultural Liberalisation and Rural Transformation: Implications of Rural Poverty in India	1 National Council of Applied Economic Research, New Delhi	India
5	Economics of Nature-based Tourism in South Asia	1 Centre for Development Studies, Thiruvananthapuram 2 Institute of Development, Environment and Strategic Studies, North South University, Dhaka 3 Kalyani University, Kalyani, West Bengal	India Bangladesh India
6	Trade Liberalisation and Bangladesh Agriculture: Impacts on Cropping Pattern, Resource Use Efficiency and Effective Incentives	1 Centre for Policy Dialogue, Dhaka	Bangladesh
7	Improving Nepal-India Economic Relations: A Study of the Impact Foreign Direct Investment (FDI) and Transfer of Technology in Nepal	1 Institute for Integrated Development Studies, Kathmandu	Nepal
8	Monetary Cooperation in South Asia	1 Institute of Policy Studies of Sri Lanka, Colombo 2 Institute for Policy Research and Development, Kathmandu	Sri Lanka Nepal
9	Economics of Pensions of Social Security in South Asia: Special Focus on Pakistan and Nepal	1 Institute for Integrated Development Studies, Kathmandu 2 Pakistan Institute of Development Economics, Islamabad	Nepal Pakistan

List of Projects Approved for SANEI V

S. No.	Subject	Collaborating Institutes	Country
1	Health Insurance for the Poor in India	1 Indian Council for Research on International Economic Relations, New Delhi	India
2	Indo-Sri Lanka Trade in Services: FTA II and Beyond	1 Indian Council for Research on International Economic Relations, New Delhi 2 Institute of Policy Studies of Sri Lanka, Colombo	India Sri Lanka
3	Economic Consequences of Gulf Migration in South Asia: Case Study of Kerala, India and Sri Lanka	1 Centre for Development Studies, Thiruvananthapuram 2 Marga Institute, Colombo	India Sri Lanka
4	Groundwater Markets in West Bengal, India: Emergence, Evolution and Market Structure	1 Department of Economics, Jadavpur University, Calcutta 2 Centre for Studies in Social Sciences, Calcutta	India India
5	Agricultural Production, Access to Land and Rural Poverty in Pakistan: A Quantitative Analysis	1 Pakistan Institute of Development Economics, Islamabad	Pakistan
6	Stock Market Liberalisations: The South Asian Experience	1 Pakistan Institute of Development Economics, Islamabad	Pakistan
7	Policy Regimes and Economies of Scale in Indian Manufacturing	1 Centre for Development Studies, Thiruvananthapuram	India
8	Foreign Aid Utilisation at Grass-roots Level	1 Institute for Integrated Development Studies, Kathmandu	Nepal
9	Trade-off between Public and Private Management of Water Services for the Urban Poor: A Case Study of Mumbai	1 Youth for Unity & Voluntary Action (YUVA), Mumbai	India
10	Can Markets Value Water Scarcity and Quality? An Analysis Using Hedonic Approach	1 Madras School of Economics, Chennai	India
11	Planning for Sustainable Forest Management: An Environment Integrated Social Accounting Matrix Approach	1 School of Social Sciences, Indira Gandhi National Open University, New Delhi	India
12	Economic Development and Reform in Nepal with Reference to Reform Process in India	1 Institute for Policy Research and Development, Kathmandu	Nepal

EDUCATION RESEARCH INITIATIVE**Approved Projects**

S. No.	Subject	Collaborating Institutes	Country
1	The Effectiveness of Private versus Public Schools in Bangladesh (and Pakistan)	1 Village Research and Service Centre, Dhaka	Bangladesh
2	A Study of Secondary Education in Bangladesh and West Bengal	1 Institute of Business Administration, University of Dhaka 2 Department of Economics, Visva Bharati University, Shanti Niketan	Bangladesh India
3	A Cost Analysis of Medical Education In India	1 Centre for Development Studies, Thiruvananthapuram 2 St. Judes College, Chennai	India
4	Human Capital Formation and Economic Growth in India: A CGE Analysis	2 National Council of Applied Economic Research, New Delhi	India
5	Education's Role on Employment and Earnings in Sri Lanka	1 Institute of Policy Studies of Sri Lanka, Colombo	Sri Lanka
6	An Analysis of Drop-outs and Inter-School Movements: Evidence from Panel Data	1 Pakistan Institute of Development Economics, Islamabad	Pakistan

III SANEI STEERING COMMITTEE MEETING

The eighth meeting of the SANEI Steering Committee was held on May 19, 2003 at ICRIER, New Delhi. It was attended by the Chairman, Prof T N Srinivasan, Dr Arvind Virmani, and members of the Steering Committee from Bangladesh (Dr M Asaduzzaman of Bangladesh Institute of Development Studies (BIDS)), Nepal (Dr D N Dhungel of Institute for Integrated Development Studies (IIDS)), Pakistan (Dr A R Kemal of Pakistan Institute of Development Economics (PIDE)), Sri Lanka (Mr Basil Ilangakoon of the Marga Institute), and India (Dr M Govinda Rao of the National Institute of Public Finance and Policy (NIPFP)).

IV GLOBAL DEVELOPMENT NETWORK (GDN)

The Global Development Network organised the Fourth Annual Global Development Conference on 'Globalisation and Equity' at Cairo, Egypt, during January 18–21,

2003. SANEI participated in the Conference at the Network Heads' Meeting, GDN Net Steering Committee Meeting, and the Knowledge Fair. Dr Arvind Virmani chaired the session on South Asia, where two papers on 'Regional Perspectives on Globalisation' were presented by Dr Sisira Jayasuriya of the Institute of Policy Studies of Sri Lanka, Colombo, and Dr Dipankar Gupta, Professor, Centre for the Study of Social Systems, Jawaharlal Nehru University, New Delhi. These papers were commissioned by SANEI. Dr Virmani was a discussant at a session on the 'World Economic Outlook', where he made a presentation on 'Economic Growth in Asia'. Dr Shankar Acharya, Professor, ICRIER, was a panelist at the session on 'The Role of the State in a Globalising World'.

GDN will hold its Fifth Annual Conference in New Delhi in January 2004. ICRIER has been approached to be the co-organiser for the Conference. More information on GDN is available on the GDN website at www.gdnet.org.

V GLOBAL RESEARCH PROJECT (GRP)

Under the second phase of the Global Research Project (GRP) of the Global Development Network (GDN), country studies on the growth experiences of the five South Asian countries, viz. Bangladesh, India, Nepal, Pakistan, and Sri Lanka, have been prepared. The final papers were presented at a GRP workshop, organised by SANEI and held at Dhaka, Bangladesh on August 27, 2002. Prior to this, a GRP workshop was organised by SANEI at ICRIER on July 29, 2002, where the country study paper on India was presented.

Studies under GRP (Global Research Project) Phase II

S. No.	Country Study Reports	Institutes
1	Bangladesh	Bangladesh Institute for Development Studies, Dhaka
2	India	Indian Council for Research on International Economic Relations, New Delhi
3	Nepal	Institute for Integrated Development Studies, Kathmandu
4	Pakistan	Pakistan Institute of Development Economics, Islamabad
5	Sri Lanka	Department of Economics, University of Colombo, Colombo

VI PUBLICATIONS

Papers completed under SANEI II are being compiled in a volume being edited by Dr Mohsin Khan, Director, IMF Institute, and RAP member, SANEI.

The GRP country study papers are being compiled in a volume to be published under the aegis of SANEI. Prof. Kirit S. Parikh, Emeritus Professor (former Director & Vice-Chancellor), Indira Gandhi Institute of Development Research (IGIDR), Mumbai, India, is editing the volume.

The South Asian Experience with Growth, edited by Isher Judge Ahluwalia and John Williamson, Oxford University Press, New Delhi, 2002.

ICRIER Team



From L to R: Prof Anwarul Hoda, Dr B N Goldar, Dr Arvind Virmani, Dr K L Krishna, and Dr Shankar Acharya



Research Assistants at work at ICRIER



Standing From L to R: Ms Subhobrota Ray, Mr C Veermani, Dr Arpita Mukherjee, Ms Aditi Mody, Ms Rashmi Banga, and Dr Ila Patnaik
Sitting From L to R: Mr C S C Sekhar, Dr Amita Batra, Dr Aradhna Aggarwal, Ms Rama Goyal, Ms Nisha Taneja, and Dr Rajeev Ahuja



Administrative and Support Staff with Director at ICRIER

ICRIER Team as of July 31, 2003

RESEARCH FACULTY

Dr Arvind Virmani	Director & Chief Executive
Dr Shankar Acharya	Professor (RBI Chair)
Dr K L Krishna	Honorary Professor
Dr B N Golder	Professor (IDBI/IFCI Chair)
Dr Ajeet N Mathur	Professor
Mr Anwarul Hoda	Professor
Ms Nisha Taneja	Senior Fellow
Dr Arpita Mukherjee	Senior Fellow
Dr Ila Patnaik	Senior Fellow
Dr Amita Batra	Senior Fellow
Dr Rajeev Ahuja	Senior Fellow
Ms Subhobrota Ray	Fellow
Mr C S C Sekhar	Fellow
Dr Debkum Das	Fellow (part-time)
Mr C Veeramani	Fellow
Ms Rama Goyal	Consultant
Ms Aradhna Aggarwal	Consultant (part-time)
Ms Aditi Mody	Consultant
Ms Rashmi Banga	Consultant
Ms Ruchika Sachdeva	Consultant

EXTERNAL CONSULTANTS

Dr Ashok Desai	Former Chief Economic Consultant , Ministry of Finance
Dr Ashok Guha	Professor, Jawaharlal Nehru University
Dr Surjit S Bhalla	Managing Director, Oxus Research & Investments
Dr Rupa Chanda	Associate Professor, Indian Institute of Management, Bangalore
Mr S Narayanan	Former Ambassador and Permanent Representative of India to WTO
Dr Wilima Wadhwa	Fellow, India Development Foundation, Gurgaon
Dr Aparna Sawhney	Assistant Professor, Indian Institute of Management, Bangalore
Dr Mihir Pandey	Reader, Ramjas College, Delhi
Mr R Vasudevan	Former Secretary, Ministry of Power, Government of India
Dr Suresh Tendulkar	Professor, Delhi School of Economics
Mr Rajiv Misra	Former Health Secretary, Government of India
Ms Rachel Chatterjee	Chairman & Managing Director, APTransco, Government of Andhra Pradesh
Dr Parthasarathi Shome	Director, International Monetary Fund
Dr Ashok Gulati	Director - Market and Str Studies, IFPRI, USA
Mr Phalguni Matilal	Financial Adviser and Chief Accountant (Retd) Officer, Ministry of Railways
Mr A Didar Singh	Joint Secretary, Department of Heavy Industry
Dr Tarun Das	Economic Adviser, Department of Economic Affairs, Ministry of Finance, Government of India

RESEARCH ASSISTANTS

Ms Monika Verma
Mr Prabhu Prasad Mishra
Ms Sukanya Ghosh
Mr Jayant Vivek Ganguly
Mr Indranil De
Mr Sovanbrata Talukdar
Mr Puneet Sudan

RESEARCH ASSISTANTS (CONTD)

Ms Nita Maitra
Ms Suchi Bansal
Ms Monika Sharma
Mr R Ravisekhar
Ms Tushi Baul
Ms Prachi Singh
Ms Nitisha Patel

LIBRARY & DOCUMENTATION CENTRE

Ms Manjeet Raizada	Library & Information Officer
Ms Mridul Saxena	Assistant (Library & Documentation Centre)
Mr Ajay Pal	Library Attendant

ADMINISTRATIVE & SUPPORT STAFF

Mr P N Bhattacharyya	Secretary
Mr V Ramamurthy	Administrative Officer
Mr S P Chathli	Accounts Assistant
Mr Prem Chand Mathur	Accounts Assistant
Mr Manmeet Ahuja	Personal Secretary
Mr Ram Autar	Dispatch-cum-Filing Clerk
Mr Jai Mansukhani	Assistant
Mr Ankush Kakkar	Office Assistant
Mr Jitender Sachdev	Office Assistant
Ms Deepa Gopalan	Office Assistant
Ms Aric Mary	Receptionist-cum-Typist
Mr Pherum Singh	Reprographic Operator
Mr Ashok Kumar Singh	Driver
Mr Baljeet Singh	Office Attendant
Mr R M Yadav	Office Attendant
Mr Jovinder	Office Attendant

OTHER ICRIER TEAM MEMBERS

RESEARCH FACULTY

Dr Rakesh Mohan	Director & Chief Executive (till September 9, 2002)
Dr Renu Kohli	Professor (till September 30, 2002)
Dr Samar Verma	Senior Fellow (till March 4, 2003)
Mr C Niranjan Rao	Consultant (till March 31, 2003)

RESEARCH ASSISTANTS

Ms Aparna Sarin	till August 29, 2002
Mr Abhijit Sengupta	till September 9, 2002
Ms Arti Aggarwal	till September 20, 2002
Mr Rajeev Ranjan Sharan	till September 23, 2002
Mr Dibyendu Mukherjee	till October 10, 2002
Ms Sumana Majumdar	till October 11, 2002
Ms Mili Gupta	till October 16, 2002
Ms Deepali Narula	till October 16, 2002
Ms Shabari Sen	till January 31, 2003
Ms Ruchika Sachdeva	till May 20, 2003
Mr Ashish Kumar Sinha	till June 13, 2003
Ms Bandita Pal	till June 13, 2003
Ms Jhumur Sengupta	till July 19, 2003
Ms Abhishiksha Roychoudhury	till July 22, 2003

ADMINISTRATION

Ms Rajni Sharma	Principal Private Secretary (April 12, 2003 - demised)
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Faculty News

ARVIND VIRMANI

Appointed

- Member, Expert Group on Trade and Investment, constituted by the Ministry of Commerce and Industry, Government of India, September 2002.
- Member, Special Presidency Group of International Chamber of Commerce, October 2002.
- Member of the Panel of Referees for the refereed journal *Strategic Analysis*, published by the Institute for Defence Studies and Analyses (IDSA), New Delhi, December 2002.
- Chairman, Internal Audit Committee of India Habitat Centre, New Delhi, January 2003.
- Member of Selection Committee of Indo-Shastri SHARP project, nominated by the Ministry of Human Resource Development (Department of Education), Government of India, March 2003.
- Member of the Board of Governors of the Centre for Policy Research, New Delhi, March 2003.
- President's Nominee on the Academic Council of the TERI School of Advanced Studies, New Delhi, April 2003.
- Member of Market Development Advisory Committee, set up by the Securities and Exchange Board of India (SEBI), April 2003.

Presentations/Lectures at Seminars/Conferences in India

- Chaired the session on 'Health Issues' at the Annual Conference on Indian Economy, organised by the National Bureau of Economic Research (NBER) and the National Council of Applied Economic Research (NCAER), at Neemrana, Rajasthan, January 13–15, 2003.
- Delivered the keynote address on 'Implications of VAT for Indian Industry' at a Round Table Discussion organised by the Indian Chamber of Commerce, Kolkata, March 6, 2003.
- Chaired the session on 'WTO, Trade Liberalization, and Food Security' at the workshop on 'The Dragon and the Elephant: A Comparative Study of Economic and Agricultural Reforms in China and India', jointly organised by Jawaharlal Nehru University (JNU) and International Food Policy Research Institute (IFPRI), New Delhi, March 26, 2003.

International Seminars/Conferences

- Participated in the Annual Meeting of Governing Body and Network Heads at the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 17–22, 2003.
- Chaired the session on South Asia at Parallels I on 'Globalisation, Equity and Development: Regional Perspectives' at the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 17–22, 2003.
- Made a presentation on Asian Growth at the Session on World Economic Outlook at Parallels 2 on 'Views from the IFIs', at the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 17–22, 2003.
- Participated in a seminar on 'Globalisation and Poverty Alleviation in India', jointly organised by the Amsterdam Institute for International Development (AIID) on behalf of the Netherlands Ministry of Foreign Affairs, Amsterdam, February 24–5, 2003.

Other Meetings

- Participated in a panel discussion on 'The Consultation Paper of the Task Force on Direct Taxes and the Task Force on Indirect Taxes (Kelkar Committee Report)', organised by the Asian Development Bank, New Delhi, December 12, 2002.
- Attended the function to mark the Golden Jubilee year of the University Grants Commission, New Delhi, December 28, 2002.
- Attended the Annual General Meeting of the India Habitat Centre, New Delhi.
- Attended the Award Committee meeting of Exim Bank International Economic Research Award–2002, Mumbai, February 8, 2003.
- Chaired the final Award Committee meeting of Exim Bank International Economic Research Award–2002, Mumbai, March 5, 2003.
- Participated as a member of the high powered jury to assess the 'Policy Drafts' of the National Manufacturing Policy Competition 2002, organised by We Think for India (WTI), New Delhi, March 8, 2003.
- Chaired the India Habitat Centre Internal Audit Committee Meeting, March 12, 2003.

Publications

- 'A New Development Paradigm: Employment, Entitlement and Empowerment', *Global Business Review*, International Management Institute, Vol. 3, No. 2, July–December 2002, pp. 225–45.



SHANKAR ACHARYA**Appointed**

- Member, Consultative Group on Knowledge Change Programme of the World Bank, September 2002.
- Acting Director and Chief Executive of ICRIER, September 7–November 15, 2002.
- Member, Working Group on Reforms in the Ministry of Finance, Government of India, August 2002.

Presentations/Lectures at Seminars/Conferences in India

- Delivered a lecture on 'The Global Financial System, MNCs and Instability in the World Economic Order', at the National Defence College, New Delhi, June 28, 2002.
- Participated as a discussant in a session on 'State of Economy', organised by the Strategic Management Group, New Delhi, July 27, 2002.
- Panel member and speaker on 'India's Foreign Exchange Reserves: When is Enough–Enough?', at the Panel Discussion organised by the Confederation of Indian Industry at India Habitat Centre, New Delhi, July 30, 2002.
- Participated in the presentation of the book edited by Prof Anne Krueger, *Economic Policy Reforms and the Indian Economy*, to the Prime Minister of India, New Delhi, August 24, 2002.
- Delivered the keynote address at a seminar on 'Innovations for Attaining 10% Growth', organised by the Indian Merchants' Chamber, Mumbai, September 6, 2002.
- Delivered a lecture on 'India's Medium Term Growth Prospects' at Shri Ram College of Commerce, University of Delhi, Delhi, October 28, 2002.
- Participated as a discussant in the Conference on 'Adapting India's Financial Sector to a Globalizing World', organised by the World Bank, National Institute of Bank Management (NIBM), Invest India Foundation, and ICRIER at Goa, October 31–November 2, 2002.
- Chaired a panel discussion on 'The Consultation Papers of the Task Force on Direct Taxes and the Task Force on Indirect Taxes (Kelkar Committee Reports)', organised by the Asian Development Bank, New Delhi, December 12, 2002.
- Delivered the keynote presentation on 'Medium-term Growth Prospects for the Indian Economy' at a conference organised by The Hongkong and Shanghai Banking Corporation Limited (HSBC), Goa, December 13–15, 2002.

- Chaired the session on 'Economic Reforms and Asian Security', at the 5th Asian Security Conference, organised by the Institute for Defence Studies and Analyses (IDSA), New Delhi, January 27, 2003.
- Chaired a plenary session on 'Meeting Basic Needs and Protecting the Environment', at the Delhi Summit on Sustainable Development, organised by the Tata Energy Research Institute (TERI), New Delhi, February 7, 2003.
- Participated in the High Level Forum on 'Poverty Reduction Strategy', organised by the Planning Commission, New Delhi, February 14, 2003.
- Delivered a lecture on 'Challenges for Indian Economy', at the National Defence College, New Delhi, April 1, 2003.

International Seminars/Conferences

- Made a presentation on India's experience at a seminar on 'Fiscal Policy Rules', at the International Monetary Fund, Singapore Regional Training Institute, Singapore, April 11–12, 2002.
- Senior Visiting Research Fellow at the Center for Research on Economic Development and Policy Reform (CREDPR), Stanford University, April 28–June 7, 2002.
- Participated in the Third Annual Conference on 'Reform of Indian Economic Policy', organised by the Center for Research on Economic Development and Policy Reform (CREDPR), Stanford University, June 3–4, 2002.
- Participated in the Conference on 'Fiscal Decentralization and Globalization' held at the Centre for Research on Economic Development and Policy Reform (CREDPR), Stanford University on June 6–7, 2002.
- Made a presentation on 'Capital Flows to India' at the 'CII–CBI Economic Conference', London, July 15, 2002.
- Presented the India country study on Growth (co-authored with Isher Judge Ahluwalia, K L Krishna, and Ila Patnaik) under the Global Research Project (GRP) at the GRP Workshop organised by SANEI during the Fourth Annual SANEI Conference held at Dhaka, Bangladesh, August 27–9, 2002.
- Participated (as Member) in the meeting of the Consultative Group for the Knowledge for Change Program (KCP), at the World Bank, Washington, D.C., September 26, 2002.
- Participated in the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 17–22, 2003.

- Discussant on the Panel on World Development Report 2004 at the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 17–22, 2003.
- Presenter on Panel on 'Globalization and Governance' at the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 17–22, 2003.

Other Meetings

- Participated in the meeting of the Working Group on Reforms in the Ministry of Finance, Government of India, April 9, 2003.
- Participated (as Member) in Board meetings of:
 - ICRIER;
 - National Council of Applied Economic Research (NCAER), New Delhi;
 - Institute for Social and Economic Change (ISEC), Bangalore.

Publications

- 'Macroeconomic Management in the Nineties', *Economic and Political Weekly*, April 20, 2002.
- 'India's Medium Term Growth Prospects', *Economic and Political Weekly*, July 13, 2002.
- 'India: Crisis, Reform and Growth in the Nineties', Working Paper No. 139, Center for Research on Economic Development and Policy Reform, Stanford University, July 2002.
- 'Managing India's External Economic Challenges in the 1990s', in M S Ahluwalia, Y V Reddy, and S S Tarapore (eds), *Macroeconomics and Monetary Policy*, Oxford University Press, New Delhi, 2002.
- 'Budget 2003–04—Back to the Past', *Economic and Political Weekly*, March 15–21, 2003.
- *Essays in Macroeconomic Policy and Growth*, Oxford University Press, New Delhi (forthcoming).
- *Indian Economy: Some Issues and Answers*, Academic Foundation, New Delhi (forthcoming).

K L KRISHNA

Presentations/Lectures at Seminars/Conferences in India

- Delivered a public lecture on 'Total Factor Productivity Growth in India' at the Workshop on Productivity and Technical Efficiency held at the Centre for Development Economics, Delhi School of Economics, University of Delhi, January 6, 2003.

- Chaired two sessions on DEA methodology and technical efficient analysis at the Workshop on Productivity and Technical Efficiency, held at the Centre for Development Economics, Delhi School of Economics, January 6, 2003.
- Delivered five lectures on productivity and competitiveness at the ICFAI Business School, Hyderabad, January 22–4, 2003.

International Seminars/Conferences

- Presented the India country study on Growth (co-authored with Shankar Acharya, Isher Judge Ahluwalia, and Ila Patnaik) under the Global Research Project (GRP) at the GRP Workshop organised by SANEI during the Fourth Annual SANEI Conference held at Dhaka, Bangladesh, August 27–9, 2002.

AJEET NARAIN MATHUR

Appointed

- Elected to represent India in the First General Assembly of the International Association for Advancement of Curriculum Studies (IAACS) at the University of Louisiana, Baton Rouge and Shanghai, China, for the period 2002–06.
- Nominated by the University of Tampere as a member of the Finnish Working Group on Public–Private Partnerships in International Education and Research Networking, December 5, 2002.

Presentations/Lectures at Seminars/Conferences in India

- Chaired the session on 'India's Reforms and the Impact of WTO and Multilateral Donors' at the National Conference on 'Politics and Economics of Liberalization in India', organised by the Rajiv Gandhi Foundation, New Delhi, April 11, 2002.
- Discussant at the seminar on 'Labour Policy in the European Union: Relevance to Indian Business', organised by the University of Aix-Marseille and Indo-European Studies Centre of the Management Development Institute, at the India International Centre, New Delhi, April 12, 2002.
- Participated as an invitee in the Seminar on Scandinavia and India organised by the Financial Express Group, July 30, 2002 and contributed the Lead Paper for the occasion.
- Made a presentation on 'What Knowledge is of Most Worth?' at the New Delhi Institute of Management, New Delhi, September 12, 2002.
- Delivered a Public Lecture on 'Globalization and India' as an invitee of the Indian Council of World Affairs, at Sapru House, New Delhi, September 18, 2002.

- Made a presentation on 'World Health and the International Economy' at the New Delhi Institute of Management, New Delhi, September 19, 2002.
- Presented a paper on 'The Changing Role of the State with Respect to Competitiveness, International Economic Relations and Governance' at the EU-CERNA international conference on 'Emergence of National Groups and World Competition', India International Centre, New Delhi, December 19–20, 2002.

International Seminars/Conferences

- Presented a paper on 'Who Owns Traditional Knowledge' at the Second International Conference on e-Business Research 'From Idea to Knowledge' at the Tampere University Technology, Finland, November 14–16, 2002.
- Visiting Professor at the University of Tampere, Finland (on leave from ICRIER), October 16–December 13, 2002 and January 3–March 28, 2003.

Other Meetings

- Participated in a consultative meeting organised by Henry Olsson, Chairman, WIPO Inter-Governmental Committee on Genetic Resources, Traditional Knowledge and Folklore at the Ministry of Justice, Stockholm, Sweden, January 14–16, 2003, as part of the ongoing work on feasibility of a *sui generis* system for the protection of traditional knowledge.
- Participated in four meetings of the Board of Directors and the Annual General Meeting as a Member of the Board of Directors of the Scandinavian think-tank, Aivoairut Oy.

Publications

- 'Who Owns Traditional Knowledge?' in Anne-Mari Jarvelin, Mika Hannula and Marko Seppa (eds), *Frontiers of e-Business Research*, Tampere University Press, 2003.
- Monograph on 'Nepal' in *International Encyclopedia of Laws*, Kluwer-Deventer, Netherlands, 2003.
- (with Markku Ryyanen and Arne Nystedt), *Communities at Risk*, Tampere University Press, 2003.
- 'Inquiring Minds and Inquiry Frames', in Partha Nath Mukherjee and Chandan Sengupta (eds), *Social Science in South Asia: Indigeneity and Universality*, Sage, Thousand Oaks and New Delhi, 2003.

- 'What Knowledge is of Most Worth?', in William Pinar, Donna Trueit, William Doll and Hongyu Wang (eds), *Internationalization of Curriculum Studies*, Peter Lang, New York, 2003.
- 'Do the Northern Lights Shine Brightly? Some Late Lessons of Early Warnings from Spatial Inequalities', UNU-WIDER Working Paper, 2003 (forthcoming).
- 'Indo-French Economic Relations: A Study of Trade and Investment Potential', in Jean Luc Racine and Balveer Arora (eds), *Indo-French Relationship in a Changing World* (forthcoming).

ANWARUL HODA

Appointed

- Member, Expert Group on Services Negotiations, Ministry of Commerce and Industry, Government of India, October 8, 2002.
- Member, Evaluation Committee in regard to ICRIER work on WTO-related issues funded by the Sir Ratan Tata Trust.

Presentations/Lectures at Seminars/Conferences in India

- Addressed the 'SAARC Network Seminar on World Trading System and South Asia: Post-Doha Challenges', organised by Research and Information System for the Non-Aligned and Other Developing Countries (RIS), New Delhi, July 23, 2002.
- Delivered a talk on India's trade regime and WTO Agreement at a seminar on 'The Aware Professional', organised by International Market Assessment India Pvt. Ltd. (An Associate of Economist Corporate Network), Chennai, September 12, 2002.
- Delivered a talk on 'India and the TRIPS Agreement' at the Foreign Service Institute, New Delhi, October 11, 2002.
- Delivered talks on 'India and the TRIPS Agreement' and 'WTO: Doha and Beyond' at LBS National Academy of Administration, Mussoorie, October 22, 2002.
- Delivered a talk on 'WTO and Globalization: Where Does India Stand?' at the Indian Institute of Public Administration, New Delhi, November 26, 2002.
- Delivered a talk at the Conference on 'Globalization and Agriculture: Challenges for South Asia', organised by Research and Information System for the Non-Aligned and Other Developing Countries (RIS), New Delhi, December 4, 2002.

- Made a presentation on 'India's Economic Reforms: Trade Policy and the WTO' at the Institute of Technology and Science, Ghaziabad, Uttar Pradesh, December 14, 2002.
- Delivered talks on 'WTO Negotiations' at a seminar on 'Global Challenges and Opportunities for the Corporate Professional', organised by ICWA, NOIDA Chapter of Cost Accountants and NOIDA Chapter of NIRC of The Institute of Company Secretaries of India, NOIDA, Uttar Pradesh, January 25, 2003.
- Delivered talks on 'WTO: Doha and Beyond' and 'India and Intellectual Property Rights' at the Foreign Service Institute, Ministry of External Affairs, New Delhi, February 3, 2003.
- Delivered a talk on 'The Current State of Play at WTO' at the seminar on 'WTO: From Doha to Cancun', organised by the Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi, February 11, 2003.
- Acted as Panelist in the meeting on 'High Stakes at Cancun: India's Approach', organised by Consumer Unity & Trust Society (CUTS), New Delhi, March 1, 2003.
- Addressed a seminar on 'India-EU Partnership on WTO Issues', organised by the Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi, March 13, 2003.
- Made a presentation on 'Agricultural Trade Liberalization: The Indian Experience' at the JNU-IFPRI Workshop on 'The Dragon and the Elephant: A Comparative Study of Economic and Agricultural Reforms in China and India', New Delhi, March 25, 2003.
- Delivered a talk on 'WTO and India's Foreign Trade Policies' to executives from Singapore, jointly organised by IE Singapore and Indian Institute of Management (IIM), Bangalore, at New Delhi, March 27, 2003.
- Chaired a session on inter-relationship between WTO disciplines on RTAs and WTO rules in important areas like SPS, TBT, Safeguards, Anti-dumping, Customs Valuation, organised by Indian Institute of Foreign Trade (IIFT) and UNCTAD, New Delhi, March 27, 2003.
- Delivered a talk on 'WTO Negotiations at the SAARC Economic Cooperation Conference on 'Doha to Cancun: WTO and SAARC'', Kolkata, March 28, 2003.
- Addressed a seminar on 'WTO Negotiations: India and the EU', organised by the Delegation of the European Union, New Delhi, April 11, 2003.
- Made presentations on 'WTO: Doha and Beyond' and 'India and Intellectual Property Rights' at the Foreign Service Institute, Ministry of External Affairs, April 23, 2003.

- Delivered a talk on 'Market Access Negotiations on Non-agricultural Products', at the seminar on 'WTO: The Indian Approach', organised by the Bengal Chamber of Commerce and Industry, Kolkata, on April 26, 2003.

International Seminars/Conferences

- Participated in the deliberations of the Independent Expert Panel for the Review of the Joint FAO/WHO Food Standards, Geneva, April 29–May 3, 2002.
- Made presentations on Modalities of Tariff Negotiations and Special and Differential Treatment in Past Negotiations at the WTO Seminar on Market Access, Geneva, May 27–June 03, 2002.
- Presented papers on 'WTO–SPS Agreement and Codex' and 'WTO–TBT Agreement and Codex' at the meeting of WHO/FAO Panel of Independent Experts on Evaluation of Codex, Rome, June 25–July 2, 2002.
- Participated in the deliberations of WHO/FAO Panel of Independent Experts on Evaluation of Codex, Rome, September 3–8, 2002.
- Delivered a talk on WTO negotiations on services at a Trade Policy Symposium, organised by Singapore Management University, at Singapore, February 20, 2003.

Publications

- (with Askok Gulati), *Negotiating Beyond Doha: Indian Agriculture and the WTO*, (forthcoming).
- (with Ashok Gulati), 'Indian Agriculture, Food Security and the WTO Agreement on Agriculture', in Suresh Babu and Ashok Gulati (eds), *Economic Reforms and Food Security in South Asia: The Role of Trade and Technology*, Howarth Press Inc.

RENU KOHLI

International Seminars/Conferences

- Rapporteur at the session on 'Foreign Director Investment' at the Annual Bank Conference on Development Economics, organised by the World Bank and held at Oslo, Norway, June 24–6, 2002.

NISHA TANEJA

Presentations/Lectures at Seminars/Conferences in India

- Discussant at a seminar on 'Transforming South Asian Preferential Trade Area to SAARC Free Trade and Investment Area', held at the Centre for Policy Research, New Delhi, 23 September 2002.

- Discussant at a seminar on 'India-Bangladesh Informal Trade' held at the Centre for Policy Research, New Delhi, 27 November 2002.

International Seminars/Conferences

- Presented a paper (co-authored with M. Sarvananthan, Binod Karmacharya, and Sanjib Pohit) on 'Informal Trade in the SAARC Region: A Case Study of India, Sri Lanka and Nepal', at the Fourth Annual Conference of SANEI, Dhaka, Bangladesh 28–9 August, 2002.

Publications

- (with M Sarvananthan, B K Karmacharya and Sanjib Pohit), 'Informal Trade in India, Nepal and Sri Lanka', in Mohsin Khan (ed.), *Economic Development in South Asia* (forthcoming).

ARPITA MUKHERJEE

Appointed

- Nominated by the Ministry of Information and Broadcasting to the Task Force for discussion of requests and offers in audio-visual services, May 2002.
- Nominated by the Ministry of Commerce and industry, to the Task Force to prepare the concept paper 'FTA II and Beyond' on trade in services between India and Sri Lanka, September 2002.

International Seminars/Conferences

- Presented a paper on 'Audio-visual Policies and International Trade: The Case of India' at the Conference on 'Competition, Cultural Variety and Global Governance: The Case of the Global Audio-visual System' at Hamburg, Germany, October 31–November 1, 2002.
- Attended the Global Policy Workshop on 'The Development Impact of Rich Countries' Policies', organised by the Global Development Network (GDN), at Cairo, January 16–17, 2003.

Publications

- (with Jane Lakey and Michael White), 'Youth Unemployment, Labour Market Programmes and Health', Report No. 869, Policy Studies Institute, London, 2002.
- 'Audio-visual Policies and International Trade: The Case of India', HWWA Report 227, Hamburg Institute of International Economics, 2003.

- 'Maritime and Air Transport Services: India's Approach to Liberalisation', *The Transport and Communication Bulletin for Asia and the Pacific*, Bulletin No. 72, published by UNESCAP (forthcoming).

ILA PATNAIK

Appointed

- Member, RBI Working Group on Economic Indicators, 2001–02.

Presentations/Lectures at Seminars/Conferences in India

- Participated in the Conference on 'Adapting India's Financial Sector to a Globalizing World', organised by The World Bank, National Institute of Bank Management (NIBM), Invest India Economic Foundation, and ICRIER, at Goa, October 31–November 2, 2002.
- Presented a paper (co-authored with Ajay Shah) on 'Interest Rate Risk in the Indian Banking System' at the Department of Economic Affairs and Policy (DEAP), Reserve Bank of India, Mumbai, January 2003.
- Presented a paper (co-authored with Ajay Shah) on 'Interest Rate Risk in the Indian Banking System', at the Annual Conference on Indian Economy, organised by the National Bureau of Economic Research (NBER) and the National Council of Applied Economic Research (NCAER), at Neemrana, Rajasthan, January 13–15, 2003.

International Seminars/Conferences

- Presented the India country study on Growth (co-authored with Isher Judge Ahluwalia, K L Krishna, and Shankar Acharya) under the Global Research Project (GRP) at the GRP Workshop organised by SANEI during the Fourth Annual SANEI Conference held at Dhaka, Bangladesh, August 27–9, 2002.
- Visiting Scholar at International Monetary Fund, Washington, D.C., on IMF–GDN Fellowship, January–February 2003.
- Presented a paper (co-authored with Ajay Shah) on 'Interest Rate Risk in the Indian Banking System', at the Asia–Pacific Division, International Monetary Fund, Washington, D.C., February 2003.

Publications

- (with Deepa Vasudevan), 'Human Development in the Nineties: A Tale Not Told by GDP Growth', *Margin*, Vol. 35, No. 2, January–March 2003, published by the National Council of Applied Economic Research (NCAER), New Delhi.

AMITA BATRA**Presentations/Lectures at Seminars/Conferences in India**

- Participated in the Conference on 'Adapting India's Financial Sector to a Globalizing World', organised by The World Bank, National Institute of Bank Management (NIBM), Invest India Economic Foundation, and ICRIER at Goa, October 31–November 2, 2002.
- Delivered a lecture to the Indian Economic Service (IES) probationers on 'International Liquidity' at the Institute of Economic Growth, Delhi, November 2002.
- Delivered a lecture to the Indian Audit and Account Service (IA&AS) probationers on 'Principles of Public Finance' at the National Institute of Public Finance and Policy (NIPFP), New Delhi, February 2003.

International Seminars/Conferences

- Participated in the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, January 19–21, 2003.

SAMAR VERMA**Presentations/Lectures at Seminars/Conferences in India**

- Made a presentation on 'Export Competitiveness of Indian Textile and Garment Industry' at Assocham, New Delhi, July 2002.
- Delivered two lectures on 'Political Economy of Textile Trade' at Indian Institute of Foreign Trade, New Delhi, July 2002.
- Participated in the Workshop on 'Integrated Database at the WTO', Indian Institute of Foreign Trade, New Delhi, August 2002.
- Delivered a talk on 'Competitiveness of Indian Textile Industry', at a lecture organised by CII South and SITRA, Coimbatore, December 20, 2002.
- Delivered a talk on 'WTO Agreements' at a lecture organised by the Consumer Guidance Society of India, Mumbai, January 28, 2003.
- Delivered a lecture on 'WTO and India' at a seminar organised by Consumer Unity & Trust Society (CUTS), Chandigarh, February 2003.

International Seminars/Conferences

- Presented a paper on 'Impact of Chinese Accession into the WTO on SAARC Textile Industries' at a conference organised by SAARC Chamber of Commerce and Industry along with Sri Lanka Chamber of Commerce & Industry at Colombo, August 2002.
- Delivered a lecture on 'Global Governance', at the EU-LDC Network annual conference, Chiang Mai, Thailand, December 2002.

Publications

- 'The Competitiveness of Indian Textiles and Clothing, Needed: Domestic Policy Reforms', *Bulletin of the European Institute for Asian Studies*, Vol. 6&7, No. 8, July–August 2002.
- 'FDI: Role of Investor-Friendly Policies', *Diplomatist*, Vol. 7, No. 2, August 2002.
- 'China Factor: A Cause for Optimism', *Indian Textile Journal*, Vol. CXIII, No. 1, November 2002.
- 'Indian Textile and Garment Industry: Preparing for the Quota-Free World', *Bulletin of the European Institute for Asian Studies*, February 2003.

RAJEEV AHUJA

Presentations/Lectures at Seminars/Conferences in India

- Presented a paper on 'Design of Incentives in Community Based Health Insurance Schemes' at the Centre for Economic and Social Studies (CESS), Hyderabad, December 18, 2002.
- Presented a paper on 'Design of Incentives in Community Based Health Insurance Schemes' at the Institute of Economic Growth (IEG), Delhi University, Delhi, February 3, 2003.

International Seminars/Conferences

- Visiting Research Fellow at the Centre for Development Research (ZEF), Bonn, April–October 2002.
- Presented a paper on 'Are the Poor too Poor to Demand Health Insurance?' at the Centre for Development Research (ZEF), Bonn, Germany, July 24, 2002.
- Presented a paper on 'Export Incentives in Brazil, India and Korea within WTO Framework at WIDER/UNU, Helsinki, Finland, October 5, 2002.



- Presented a paper on 'Design of Incentives in Community Based Health Insurance Schemes' at the Centre for Development Research (ZEF), Bonn, Germany, October 13, 2002.

Publications

- (with Jayati Srivastava), 'Shrimp–Turtle Decision in WTO: Economic and Systemic Implication for Developing Countries', *Economic and Political Weekly*, Vol. 37, No. 33.

SUBHOBROTA RAY

International Seminars/Conferences

- Made a presentation on SANEI at the GDN Knowledge Management Workshop held in Brighton, UK, July 15–17, 2002.
- Participated as SANEI Coordinator in the Fourth Annual Conference of SANEI, Dhaka, Bangladesh, August 27–9, 2002.
- Participated as SANEI Coordinator in the GDN Net Steering Committee Meeting at the Fourth Annual Global Development Conference on 'Globalization and Equity', organised by the Global Development Network (GDN), Cairo, 18–21, January 2003.

C S C SEKHAR

Presentations/Lectures at Seminars/Conferences in India

- Participated in the 'Regional Conference on Globalization and Agriculture: Challenges for South Asia', organised by Research and Information System for the Non-Aligned and Other Developing Countries (RIS), New Delhi, December 4–5, 2002.
- Presented a paper (co-authored with Anwarul Hoda) on 'Agricultural Trade Liberalisation, Poverty and Food Security: The Indian Experience' at the JNU–IFPRI Workshop on 'The Dragon and The Elephant: A Comparative Study of Economic and Agricultural Reforms in China and India', New Delhi, March 25–6, 2003.

Publications

- 'Indo-EU Relations in Agriculture—An Appraisal with Focus on WTO Related Issues', in *India and the European Union* brought out by the Embassy of India–Denmark (with assistance from the Embassy of India–Belgium, the Delegation of EU–India, and the Royal Danish Embassy–India) on the occasion of the Third EU–India Summit, Copenhagen, October 2002.

- 'Price Formation in World Wheat Markets: Implications for Policy', *Journal of Policy Modeling*, Vol. 25, Issue 1, January 2003, pp. 85–106.
- 'Agricultural Trade Liberalization: Likely Implications for Rice Sector in India', *Indian Journal of Agricultural Economics*, January–March, 2003.
- 'Determinants of Price in World Wheat Markets – Hidden Lessons for Indian Policy Makers?', *Indian Economic Review*, June–December 2003 (forthcoming).

DEB KUSUM DAS

Presentations/Lectures at Seminars/Conferences in India

- Presented a talk on 'Trade Policy Reform in India: Issues for Manufacturing Sector' at the North East Development Institute, Guwahati, October 8, 2002.
- Presented a paper on 'Improving Industrial Productivity: Does Trade Liberalization Matter? Evidence from Indian Capital and Intermediate Goods Sectors', at the conference on 'Globalization and India: Addressing the Challenge' organised by the Academy of International Business and S. J. Mehta School of Management, Indian Institute of Technology (Mumbai), and held at Mumbai, January 31–February 2, 2003.

International Seminars/Conferences

- Presented a paper on 'Quantifying Trade Barriers: Has Protection Declined in Indian Manufacturing?' at the South and South-east Asia meeting of the Econometric Society, held at the Lahore University of Management Sciences (LUMS), Lahore, Pakistan, December 28–30, 2002.

C VEERAMANI

Presentations/Lectures at Seminars/Conferences in India

- Participated in the workshop on 'Productivity and Technical Efficiency: Recent Development in Theory and Applications', held at the Department of Economics, Delhi School of Economics, January 6–8, 2003.
- Presented a paper on 'Liberalization, Industry-Specific Factors and Intra-Industry Trade in India' at the Industrial Finance Corporation of India (IFCI), New Delhi, March 31, 2003.

Book Reviews

- Review of P J Lloyd and Hyun-Hoon Lee (eds), *Frontiers of Research in Intra-Industry Trade*, in *Review of World Economics (Weltwirtschaftliches Archiv)*, Springer-Verlag, No. 3, 2003 (forthcoming).

Publications

- 'Intra-Industry Trade of India: Trends and Country-Specific Factors', *Weltwirtschaftliches Archiv (Review of World Economics)*, Vol. 138, No. 3, September 2002.

ARADHNA AGGARWAL

Presentations/Lectures at Seminars/Conferences in India

- Presented a paper on 'Infrastructure Development in Development Countries: Attracting FDI Participation' at a National Level Seminar on 'Competition, Regulation & Investment Role in Economic Growth' organised by Consumer Unity & Trust Society (CUTS) in collaboration with the National Council of Applied Economic Research (NCAER), New Delhi, at Chennai, June 8–9, 2002.
- Presented a paper on 'Anti-dumping Law and Practice: Issues Concerning Dumping Margins', at a National Seminar on Anti-dumping, organised by the Ministry of Commerce and Industry, Government of India, August 12, 2002.

Publications

- 'Anti-dumping: What Really Needs To Be Done', *Economic and Political Weekly* (forthcoming).
- (with Nagesh Kumar) 'Liberalisation, Outward Orientation and In-house R&D Activity of Multinational and Local Firms: A Quantitative Exploration for Indian Manufacturing', *Research Policy*, Elsevier Science (under review).
- 'Macro Economic Determinants of Antidumping: A Comparative Analysis of Developed and Developing Countries', *World Development* (under review).

RASHMI BANGA

Publications

- 'Do Productivity Spillovers Differ from Japanese and U.S. Foreign Direct Investments?' in Raghbendra Jha (ed.), *Indian Economic Reforms*, Australian South Asian Research Center, Palgrave-Macmillan, 2003.
- 'Differential Impact of Japanese and U.S. Foreign Direct Investments on Technology Acquisition of Domestic firms in the Indian Manufacturing Sector', in H S Kehal (ed.), *Foreign Investment in Developing Countries*, Palgrave-Macmillan (forthcoming).

MANAGEMENT COMMITTEES

As on March 31, 2003

EXECUTIVE-CUM-FINANCE COMMITTEE

Dr I G Patel	:	Chairman
Mr A N Varma	:	Member
Mr N K Singh	:	Member
Dr Shankar Acharya	:	Member
Ms Janaki Kathpalia	:	Member
Director, ICRIER	:	Member Secretary

INVESTMENT COMMITTEE

Mr Uday S Kotak	:	Chairman
Dr Shankar Acharya	:	Member
Ms Janaki Kathpalia	:	Member
Director, ICRIER	:	Member Secretary

Table 1**ICRIER WORKING PAPERS (2002–03)**

No.	SUBJECT	AUTHOR	DATE
86	Electronic Commerce: Issues of Policy and Strategy for India	A Didar Singh	September 2002
87	Indo-French Economic Relations: A Study of Trade and Investment Potential	Ajeet Narain Mathur	September 2002
88	External Assistance to the Health Sector and Its Contributions: Problems and Prognosis	Devendra B Gupta Anil Gumber	November 2002
89	State Health Systems: Orissa	Meena Gupta	November 2002
90	Health Insurance for the Informal Sector: Problems and Prospects	Anil Gumber	November 2002
91	The Evolution of the Securities Markets in India in the 1990s	Ajay Shah Susan Thomas	December 2002
92	Interest-Rate Risk in the Indian Banking System	Ila Patnaik Ajay Shah	December 2002
93	Real Exchange Rate Stationarity in Managed Floats: Evidence from India	Renu Kohli	October 2002
94	Export Competitiveness of Indian Textile and Garment Industry	Samar Verma	December 2002
95	Design of Incentives in Community Based Health Insurance Schemes	Rajeev Ahuja Johannes Jütting	February 2003
96	Who Owns Traditional Knowledge ?	Ajeet N Mathur	January 2003
97	Liberalisation, Industry-Specific Factors And Intra-Industry Trade In India	Choorikkad Veeramani	March 2003
98	Indo-Singapore Trade In Services: Enhancing Co-operation	Arpita Mukherjee Aditi Mody Nisha Taneja Ruchika Sachdeva	March 2003
99	The WTO Anti-dumping Code: Issues for Review in Post-Doha Negotiations	Aradhna Aggarwal	May 2003
100	Special and Differential Treatment in Agricultural Negotiations	Anwarul Hoda	May 2003
101	Agreement on Subsidies and Countervailing Measures: Need for Clarification and Improvement	Anwarul Hoda Rajeev Ahuja	May 2003
102	Trade in Environmental Services: Opportunities and Constraints	Rupa Chanda Aparna Sawhney	May 2003
103	Volatility of Agricultural Prices – An Analysis of Major International and Domestic Markets	C S C Sekhar	June 2003

Table 2**ICRIER DISCUSSION PAPERS – PUBLIC POLICY WORKSHOP SERIES**

No.	SUBJECT	AUTHOR	DATE
1	India's BOP Crisis and External Reform: Myths and Paradoxes	Arvind Virmani, Adviser, Planning Commission of India	December 2001
2	Reflections on Crises	Stanley Fischer, Former First Deputy Managing Director, International Monetary Fund	January 2002
3	Emerging Issues in Trade and Technology: Implications for South Asia	Per Pinstrup-Andersen, Director General, International Food Policy Research Institute	April 2002
4	Deficits and Decades: Recent U.S. Economic History and Policy Lessons for Other countries	Jeffrey A Frankel, James W. Harpel Professor of Capital Formation and Growth, Kennedy School of Government, Harvard University	January 2003
5	The World Dollar Standard and Its Crisis-Prone Periphery: New Rules for the Game	Ronald I McKinnon, William D. Eberle Professor of International Economics, Stanford University	January 2003

Table 3
OTHER PUBLICATIONS

SUBJECT	AUTHOR	DATE	TYPE
Customs Tariff Reform	Arvind Virmani, Director & Chief Executive, ICRIER	January 2003	Policy Brief
Central Value Added Tax (CENVAT)	Arvind Virmani, Director & Chief Executive, ICRIER	February 2003	Policy Brief

Table 4

MAJOR PUBLICATIONS – NEW AND FORTHCOMING

1. *India's Fiscal Matters*, by Parthasarathi Shome, Oxford University Press, New Delhi, 2002.
2. *The South Asian Experience with Growth*, edited by Isher Judge Ahluwalia and John Williamson, Oxford University Press, New Delhi, 2002.
3. *Reintegrating India with the World Economy*, by T N Srinivasan and Suresh Tendulkar, Oxford University Press, New Delhi, 2003.
4. *India Health Report*, by Rajiv L Misra, Rachel Chatterjee, and Sujatha Rao, Oxford University Press, New Delhi (forthcoming).
5. *Negotiating Beyond Doha: Indian Agriculture and the WTO*, by Ashok Gulati and Anwarul Hoda (forthcoming).
6. *Essays in Macroeconomic Policy and Growth*, by Shankar Acharya, Oxford University Press, New Delhi (forthcoming).

Accounts

AUDITOR'S REPORT

The Members,
Indian Council for Research on
International Economic Relations,
Core 6A, 4th floor,
India Habitat Centre,
Lodi Road, New Delhi – 110 003

We have audited the accounts of your Council for the year ending March 31, 2003 and certify that the annexed Income and Expenditure Account and the Balance Sheet as at March 31, 2003 and the Receipt and Payments 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 purposes of our audit;
- (b) Proper books of account 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 Payments accounts 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, 2003; and
 - (ii) in the case of the Income and Expenditure Account of the excess of Expenditure over Income for the financial year ending on March 31, 2003.

For V. Sahai & Co.
Chartered Accountants



(Rajan Sachdeva)
Partner

Place: New Delhi
Dated: August 21, 2003



**INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC
RELATIONS BALANCE SHEET AS ON MARCH 31, 2003**

Particulars	Current Year (in Rs.)	Previous Year (in Rs.)
LIABILITIES	12,52,79,014	10,16,19,014
Endowment Fund		
Balance as on 1.4.02	10,16,19,014	
(Add) Donation received during the year	<u>2,36,60,000</u>	
Earmarked-SANEI Fund	4,18,49,353	3,68,52,991
Gift Assets Funds	96,117	1,19,438
As per Schedule	1,84,762	
(Less) Depreciation Reserve	65,324	
Less Depreciation for the year	<u>23,321</u>	
General Fund	2,94,77,850	3,34,48,732
Balance as on 1.4.02	3,34,48,732	
(Add/less) transferred from Income & Expenditure A/c	<u>(39,70,882)</u>	
Current Liabilities	2,75,162	2,22,688
TOTAL	19,69,77,496	17,22,62,863
ASSETS		
Fixed Assets		
As per schedule	3,92,00,758	
(Less): Depreciation Reserve	<u>1,77,22,705</u>	
Investments (As per Annexure)	2,14,78,053	2,29,72,060
Long-term Investments	12,71,14,943	10,07,62,500
Short-term Investments	12,33,95,922	
Capital Advance	<u>37,19,021</u>	
Current Assets Loans & Advances		80,337
Cash in Hand:		
Imprest	5,295	
Bank Balances		
Balance with Bank in Savings Account (Rs)	41,18,667	
Balance with Bank in Dollar Account (\$ 43,152)	<u>20,49,720</u>	
SANEI Funds balance with bank (\$ 8,81,039)	61,73,682	1,12,74,937
Advances recoverable in cash or in kind or for value to be received	4,18,49,353	3,68,52,991
	3,61,465	3,20,038
TOTAL	19,69,77,496	17,22,62,863

In terms of our separate report of even date

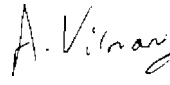
For V. SAHAI & CO
CHARTERED ACCOUNTANTS



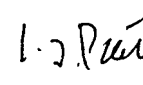
Rajan Sachdeva
(Partner)



P. N. Bhattacharyya
(Secretary)



Arvind Virmani
(Director & Chief Executive)



I. G. PATEL
(Chairman)

**INDIAN COUNCIL FOR RESEARCH ON
INTERNATIONAL ECONOMIC RELATIONS INCOME AND
EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003**

Particulars	Current Year (in Rs.)	Previous Year (in Rs.)
A. Income		
Grants	1,28,22,169	2,26,13,029
Income on Investment	1,09,19,552	1,01,97,073
Interest on Savings Bank Account	19,145	1,52,482
Other Income	1,33,310	33,893
Exchange Rate Fluctuation	1,28,844	3,50,789
Profit on Sale of Assets	51,558	-
TOTAL (A)	2,40,74,578	3,33,47,266
B. Expenditure		
Research Expenses	2,02,02,679	2,24,43,345
Salaries & Allowances	71,78,499	64,50,560
Consultancy Charges	25,17,884	48,47,914
Travel Expenses	53,55,663	35,95,787
Workshop Seminar & Meetings	13,29,357	31,37,392
Publication Expenses	12,86,130	18,00,610
Communication Expenses	10,59,714	15,12,111
Library Expenses	14,75,432	10,98,971
Administrative Expenses	36,51,789	33,60,297
Salaries & Allowances	20,05,952	18,91,577
Professional Services	3,31,124	2,82,520
Fees and Subscriptions	25,000	25,600
Gratuity Expenses	1,87,693	-
Office Expenses	11,02,020	11,60,600
Overheads	20,93,269	24,07,211
Utility & Electricity Charges	11,13,955	11,22,853
Repair and Maintenance	8,61,310	10,09,676
Property Tax	1,18,004	2,74,682
TOTAL (B)	2,59,47,737	2,82,10,853
Surplus/Deficit before Depreciation	(A) - (B)	(18,73,159)
Less Depreciation		20,97,723
Surplus/Deficit after Depreciation		(39,70,882)
TOTAL	2,40,74,578	3,33,47,266

In terms of our separate report of even date

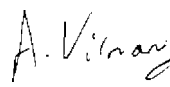
For V. SAHAI & CO
CHARTERED ACCOUNTANTS



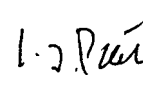
Rajan Sachdeva
(Partner)



P. N. Bhattacharyya
(Secretary)



Arvind Virmani
(Director & Chief Executive)



I. G. PATEL
(Chairman)



**INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC
RELATIONS RECEIPTS AND PAYMENT ACCOUNT AS AT MARCH 31, 2003**

Receipt	Amount (in Rs.)	Payment	Amount (in Rs.)
Opening Balance	1,12,74,937	Expenditure Revenue	
Income Revenue		Research Expenses	2,02,02,679
Grants	1,28,22,169	Salaries & Allowances	71,78,499
Income on Investment	1,09,19,552	Consultancy Charges	25,17,884
Other Income	1,33,310	Travel Expenses	53,55,663
Interest on Savings Bank A/c	19,145	Workshop Seminar & Meetings	13,29,357
Exchange Rate Fluctuation	1,28,844	Publication Expenses	12,86,130
Donations Received	2,36,60,000	Communication Expenses	10,59,714
Current Liabilities Recovered	16,61,115	Library Expenses	14,75,432
Advance Recovered	26,41,419	Administrative Expenses	36,51,789
Assets Sold	2,15,000	Salaries & Allowances	20,05,952
Investment Matured	14,45,84,591	Professional Services	3,31,124
		Fees and Subscriptions	25,000
		Gratuity Expenses	1,87,693
		Office Expenses	11,02,020
		Overheads	20,93,269
		Utility & Electricity Charges	11,13,955
		Repair and Maintenance	8,61,310
		Property Tax	1,18,004
		Assets Purchase	7,10,142
		Investment Made during the Year	17,09,37,033
		Current Liabilities Paid	16,08,641
		Advance Paid	26,82,847
		Closing Cash & Bank Balances	61,73,682
TOTAL	20,80,60,082	TOTAL	20,80,60,082

In terms of our separate report of even date

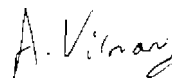
For V. SAHAI & CO
CHARTERED ACCOUNTANTS



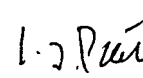
Rajan Sachdeva
(Partner)



P. N. Bhattacharyya
(Secretary)



Arvind Virmani
(Director & Chief Executive)



I. G. PATEL
(Chairman)

INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS
SCHEDULE OF FIXED ASSETS

	Rate of Dep.	Cost as on 01.04.02		Purchased	Sold/written off	Total value 31.03.03	Dep. Reserve sale/written off Assets	Depreciation		Dep. Reserve		W.D.V. of Assets	
		Own Assets	Gifted Assets					Own Assets	Gifted Assets	1.4.02	31.3.03	31.3.03	31.3.02
Air Conditioner	20%	0	43000			43000		0	5504	15480	20984	22016	27520
Bicycle	20%	467				467		1		461	462	5	6
Building	5%	22098094				22098094		760133		6895433	7655566	14442528	15202661
Calculator	15%	27910		2150		30060		635		25824	26459	3601	2086
Car	20%	443363		636396	443363	636396	298081	163600		261761	127280	509116	181602
Cell Phone	10%	650	7000	5995		13645		658	567	1395	2620	11025	6255
Computer	20%	8277651	134762	34926		8447339		697561	17250	4873286	5588097	2859242	3539127
Dictating Machine & Transcriber	20%	1300				1300		3		1287	1290	10	13
Duplicator	15%	15763				15763		96		15126	15222	541	637
Electric Stencil Cutter	15%	26059				26059		158		25005	25163	896	1054
Electrical Fittings	10%	392543				392543		18957		202975	221932	170611	189568
EPABX	10%	358375				358375		24067		117705	141772	216603	240670
Fan	10%	12293				12293		667		5621	6288	6005	6672
Fax	15%	160210				160210		10646		89235	99881	60329	70975
Furniture and Fixtures	10%	4694389		80337		4774726		256484		2209884	2466368	2308358	2484505
Laser Printer	20%	365200		9475		374675		34355		202898	237253	137422	162302
Misc. Equipment	10%	36109				36109		1611		20001	21612	14497	16108
Multimedia Presentation System	25%	270400				270400		38025		118300	156325	114075	152100
Overhead Projector	25%	45500				45500		6399		19906	26305	19195	25594
Photocopier	15%	1147239				1147239		90990		540642	631632	515607	606597
Refrigerator	10%	15500				15500		667		8828	9495	6005	6672
Scanner	20%	13500		13200		26700		4368		4860	9228	17472	8640
Typewriters	15%	232761				232761		2797		214113	216910	15851	18648
Water Cooler	10%	33604		8000		41604		3005		11556	14561	27043	22048
Total		38668880	184762	790479	443363	39200758	298081	2115883	23321	15881582	17722705	21478053	22972060
Previous Year		38536960	184762	135195	3275	38853642	0	2263906	29072	13588604	15881582	22972060	

Note:

1. Depreciation of Gifted Assets is adjusted from Gift Assets Fund.

2. W.D.V. of assets at the end of the year includes Rs. 96,117/- on gifted assets (estimated cost Rs. 184,762/- less depreciation of Rs. 88,645/-).

Annexure

STATEMENT OF FINANCIAL ASSETS
AS OF MARCH 31, 2003

	(Rs lakh)	
	2001-02	2002-03
Endowment Fund	1016	1253
Financial Assets	1120	1331
Long-term	815	1233
Units	307	307
UTI –IIFUS-98 (II)	307	307
Money Market Funds	040	-
Prudential ICICI Gilt Fund Treasury Plan	040	-
Bonds	050	050
IDBI (5 years @ 9.25% maturing in September 2007)	025	025
IFCI (3 years @ 9% maturing in February 2003)	025	025
Fixed Deposits	418	743
SBI @ 12% maturing in September 2003	018	018
ICICI Bank @ 8.25% maturing in September 2002	100	-
ICICI Bank @ 9% maturing in January 2003	100	-
SC Grindlays @7.75% maturing in January 2003	100	-
PNB @ 8.5% maturing in January 2003	100	-
PNB @ 7.1% maturing in March 2004	-	100
ICICI Bank @ 6.85%, maturing in January 2004	-	125
ICICI Bank @ 7.3%, maturing in April 2004	-	100
UTI Bank @ 6.86% maturing in January 2004	-	125
UTI Bank @ 7.5% maturing in July 2003	-	050
UTI Bank @ 7.5% maturing in September 2003	-	025
UTI Bank @ 7.5% maturing in September 2003	-	100
HDFC Bank @ 7.25% maturing in September 2003	-	050
HDFC Bank @ 7.25% maturing in October 2003	-	050
Govt. of India Securities @ 11.5% maturing in November 011)	-	133
Short-term	305	098
Rupee Account	197	078
Money Market Funds	192	037
Savings Accounts	005	041
Dollar Account	108	020
General	023	009
Project	085	011

**INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC
RELATIONS FOR THE YEAR ENDING MARCH 31, 2003**

STATEMENT OF ACCOUNTING POLICIES

1. (a) Accounts are maintained on cash basis except that to facilitate accurate accounting for depreciation, liability for unpaid amounts in the case of fixed assets is provided on the basis of bills received.
- (b) Capital advances for purchase of fixed assets are adjusted only after the assets are installed and their final bills received.
2. In the case of investments in money market growth fund schemes and Government securities, the 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.
3. (a) ICRIER has a US Dollar account with the American Express, New York in which earmarked funds of SANEI are included. To the extent of the balance in the SANEI fund account the US Dollar account is an earmarked asset.
- (b) In respect of foreign exchange accounts operated by the Council, withdrawals are converted at the rate of exchange prevailing on the date of issue of cheques and for deposits the rate of exchange prevailing on the date of issue is adopted. The closing balance is independently converted at the bank-buying rate at the end of the year and the difference between this amount and the balance as per books is transferred to the Income and Expenditure account under the head "Exchange rate fluctuation".
4. Security deposits for installation of various facilities are charged as expenses and will be treated as income in the year of refund.
5. Capital items of limited life and small values upto Rs. 5,000 are written off as expenses but a record of such assets is maintained in a separate register.
6. (a) Expenditure on books and publications is charged to the Income and Expenditure account but a separate record of items purchased is maintained.
- (b) Expenses on computer software are fully charged to the profit & loss account when the expense is incurred.



7. (a) Depreciation is provided on the written down value method in the year that assets are received and put to use. Depreciation for the entire accounting period is provided irrespective of the date of purchase of assets. The rates adopted and disclosed in the fixed assets schedule are consistent with the rates adopted in earlier years.
(b) In the case of sale of assets depreciation is charged upto the date of sale.
8. Donations received are carried forward in the Balance Sheet under 'Endowment Fund'.
9. An LIC policy has been taken to cover against future liability on account of gratuity payable to the staff. The premium paid is charged to the Income and Expenditure Account.
10. Gifted assets are valued by the management and shown as an addition to fixed assets with a corresponding credit to 'Gifted Assets Fund' account. Annual depreciation on gifted assets is deducted from the cost as well as the 'Gifted Assets Fund' account.
11. Leave salary is accounted for on the basis of actual payment to the employees at the time of retirement/leaving.
12. Previous years figures have been recast wherever necessary to make them comparable with the figures of the current year.