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Letter from the Director



Dear Reader,

The highlight of the past six months was ICRIER's Silver Jubilee Conference on 6-7 November that was inaugurated by the Hon'ble Prime Minister, Dr. Manmohan Singh. The Prime Minister's speech, extracts of which are reproduced in the Newsletter, was an inspiring address that will guide ICRIER in developing its research agenda and planning its future activities. A special brochure highlighting ICRIER's achievements in the past 25 years was released by the Prime Minister on this occasion.

The Silver Jubilee Conference, entitled 'India and the Global Economy', brought together some leading international and national experts on India's economic development and related issues. The discussion focused on policy initiatives needed to exploit the emerging opportunities offered by India's integration with the world economy.

ICRIER's position as a leading think tank on policy issues continues to be strengthened and recognized both within the country and abroad. This is reflected both in the quantum jump in research projects as well as in number of seminars and conferences during the past six months. I am pleased to report that ICRIER has already received firm commitments for new research projects of over Rs 205 lakh in 2006-07, which is a 226 per cent growth over 2005-06. Our annual budget for 2006-07 is estimated to be Rs 442.8 lakh as compared to Rs 267.2 lakh in 2005-06, an increase of 66 per cent. ICRIER continues to leverage its in-house research capacity to collaborate effectively with external consultants and other organizations. In the past six months our in-house research staff has increased by nine and we have engaged five external consultants.

Other prominent events organized during the third quarter of 2006 include: an international conference on 'Growth in India and the World' with the London School of Economics and the World Bank; an interactive session with Sir Nicholas Stern on his report on the economics of climate change; the Sixth India-Korea Dialogue; a special address by the Commerce Minister Kamal Nath on the Prospects of the Doha Development Agenda and India's Role; and interactions with two Nobel Laureates in Economics, Professor Michael Spence and Professor Joseph Stiglitz. We also brought out eight Working Papers during this period.

A new initiative in the Financial Sector Research Programme (FSRP) was launched in October 2006 for carrying out a series of research activities under the overall guidance of a Steering Committee. Several research projects on financial sector issues are now on the anvil. FSRP also includes a series of monthly seminars. Four seminars held so far were addressed by Dr. Ajay Shah, Dr. S. L. Shetty, Professor D. M. Nachane and Professor J. R. Varma.

I would like to express my sincere gratitude to the Chairperson and members of the Board of Governors for their initiative and support in mobilizing additional resources for ICRIER's Endowment Fund. We are confident of meeting our target of more than doubling our Endowment Fund in our Silver Jubilee year. This would put ICRIER on an even more stable footing and also help us achieve the objective of maintaining a balance between commissioned and self generated research.

Lastly I would like to thank all my colleagues in ICRIER and wish you all a very joyous and fulfilling new year.

With best wishes,


Rajiv Kumar

Linking India to the World Economy

ICRIER Silver Jubilee Conference

Prime Minister's Speech: Some Excerpts

“I am truly delighted to be here at the Silver Jubilee of ICRIER. This is a homecoming of sorts for me.

Shri K. B. Lall, ICRIER's founder and builder... was convinced that India had to make the transition from being an inward-oriented economy to becoming a more outward-oriented one. This required preparation and changes in domestic policy. The founders of ICRIER chose to build this institution to study all these issues and guide policy.

I do believe that ICRIER, under a succession of dedicated directors and chairpersons, has lived up to the expectations of its founders. In this context, I would like to record with deep appreciation ICRIER's role as a leading think tank on international economic relations... ICRIER must continue with its focus and emerge as one of the foremost think tanks in India and in the world.

ICRIER must continue to scan global economic developments and explore new opportunities so that our development goals are met. ICRIER must chart for itself a clear agenda that enables you to become the first stop and the last word on India's relations with the global economy.

ICRIER must also create internal expertise on regional economies, especially regions that matter to us... There must be a sharper focus on development trends in China and their consequences.

The study of services trade is still in its infancy and much more needs to be done, particularly in India... What I would call a “reverse brain drain” is in the making. How can we encourage this?... With a more open capital account, the management of the exchange rate also raises several issues. Overall, the behaviour of international financial markets merits in-depth analysis.

Think tanks like ICRIER must participate actively in the public debate on India's place in the world and the consequences of increased global interdependence... One feels at times that there is inadequate recognition at home about the increasing interdependence between India and the world, and the consequences thereof for our domestic policies.

I once again compliment all those who have been associated with ICRIER's growth and development. I wish you all many more years of productive and creative research.”

For the full text of the PM's speech please visit our website (www.icrier.org).

Conferences/Workshops

Silver Jubilee International Conference on “India and the Global Economy”

November 6-7, 2006

ICRIER held its silver jubilee conference in November, 2006. While delivering the keynote address on “India and the Global Economy”, Prime Minister Dr. Manmohan Singh recalled his long association with ICRIER: “I am truly delighted to be here at the Silver Jubilee function.

This is a homecoming of sorts for me because I had the privilege of being associated with ICRIER's creation as a founder-member.”

Lauding the contributions of ICRIER during the past 25 years, the Prime Minister said: “ICRIER has lived up to the expectations of its founders. Its research work has covered many issues pertaining to trade policy, industrial policy, exchange rate and balance of payments management, the international financial system, capital flows, migration and labour policies. In all these areas, ICRIER has made a profound impact on contemporary thinking. I do think that ICRIER must continue with its focus and emerge as one of the foremost think tanks ...”

Setting out the agenda for ICRIER, the Prime Minister said, “I have often said in recent months that I do believe that there are today no binding external constraints on India's economic growth. Most constraints we face are inherently internal. The global environment is more benign

today for India's development than at any other time in recent history... This requires a continuous study of the global economic scenario and a contextualization of this for our policy design purposes. This should be in my view the focus of ICRIER's work... Institutes like ICRIER must continue to scan global economic developments and explore new opportunities so that our development goals are effectively met. ICRIER

must chart for itself a clear research agenda that enables it to become the first stop and the last word on India's relations with the evolving global economy.”



Prime Minister Dr. Manmohan Singh inaugurating ICRIER's 25th Anniversary Brochure.

The Prime Minister urged ICRIER to develop expertise on multilateral negotiations, particularly in the context of WTO. "It must also create internal expertise on our understanding of the regional economies, especially regions that matter to us. We need more expertise in India on what is happening in our own neighbourhood in South Asia. Considering the rise of China on the global economic scenario, there must be a sharper focus on development trends in China and their implications for our development. ICRIER should consider acquiring a deeper understanding of China which would be of immense value to our economic planners, diplomats and the polity at large." He expressed hope that ICRIER would provide insights into economic trends and analysis in the East and Southeast Asia, West and Central Asia, Africa, Latin America, Europe and North America in the near future.

Dr. Manmohan Singh outlined the need to understand certain areas such as trade in services, including trade in labour services and financial services. "We need to know the extent to which principles that drive liberalization in goods trade apply to services trade particularly trade in financial services. We need to have a deeper knowledge of our relative strengths in many services such as entertainment, business services, retailing, finance and banking, construction, education and health," the Prime Minister said.

He urged ICRIER to engage in studying the likely implications of what he called a "reverse brain drain." He underlined the need for think tanks like ICRIER to participate actively in the public debate on India's place in the world and the consequences of increased global interdependence. I am often disappointed by the lack of adequate appreciation in our country, including among our political leaders, of the changing nature of our relationship with the world, and indeed with the region around us. Our food security, our technological security, indeed our national security, are closely linked to developments around the world. "It is this challenge that ICRIER should take up as it prepares for its next 25 years," Prime Minister said.

In her opening remarks, ICRIER Chairperson Dr. Isher Judge Ahluwalia said that since ICRIER was founded, India has seen a sea change in the overall policy regime. Even though the process began in a cautious way in the 1980s, real reform only started in 1991, when the present Prime Minister was Finance Minister. "Today we are acknowledged as one of the fastest growing economies of the world, well set to become a major player on the global stage," said Dr. Ahluwalia.

Dr. Ahluwalia outlined ICRIER's research agenda in five areas: (i) trade, openness, restructuring and competitiveness, (ii) WTO related issues, (iii) regional and bilateral issues, (iv) financial liberalization and integration, and (v) macroeconomic management. She mentioned ICRIER's recent research tie-ups with the Waseda University in Japan. She also underlined ICRIER's leadership role in setting up of SANEI the network of research institutions in India, Pakistan, Bangladesh, Sri Lanka and Nepal.

Welcoming the august gathering on a personal note, Dr. Rajiv Kumar, Director and Chief Executive of ICRIER, said, "I started my career in 1982 at ICRIER as a young researcher and learnt the art of policy-oriented research under the guidance of Dr. K.B. Lall, its founding Chairman and other founding members that included our Hon'ble Prime Minister. For me, therefore, it is a very proud and privileged occasion welcoming you all on ICRIER's Silver Jubilee. When I left the Ministry of Finance in 1995 to join the Asian Development Bank, Dr. Manmohan Singh had advised me to come back to India and not stay away. Welcoming him today on this occasion, therefore, helps me to redeem my assurance to him."

The Silver Jubilee celebrations inaugurated by the Prime Minister on November 6 culminated in two intense days of high-level panel discussions on various issues confronting the nation where leaders of business and eminent economists participated. **The first session on**

"Addressing the Infrastructure Deficit" was chaired by Mr. Deepak Parekh, Chairman of HDFC. The panelists, Dr. Rajiv Lall, Managing Director and CEO of IDFC; Mr. Gajendra Haldea, Adviser to Deputy Chairman, Planning Commission; Dr. Sumila Gulyani, Assistant Professor of Urban Planning at Columbia University; Mr. Hari Sankaran, Managing Director, Infrastructure & Leasing Financial Services Ltd; and, Mr. Nitin Desai, Member, Board of Governors of ICRIER, discussed various impediments in the infrastructure sector.

In his opening remarks, Mr. Parekh suggested that India needed more public-private partnerships in infrastructure to meet the rising demand for infrastructure services sustainably. "Though the reforms were introduced in 1991, private sector infrastructure entities actually started playing a significant role much later, that too in select sectors like telecom, highways and ports. Over the last decade, private players have played a more important role in rapidly increasing the tele-density from about 2 per cent in 1998 to 15-plus as of now," said Mr. Parekh.

Dr. Rajiv Lall called for reforms in governance which, he felt, would provide creative solutions to meet infrastructure deficits. Besides attracting domestic investments, the government should also invite foreign financial investors into the infrastructure space, Dr. Lall said. Transparency of information, non-discrimination against foreign investors and removing the FDI caps are some of the reforms that are required to be addressed so that a congenial investment environment is created. He also suggested that a dedicated institute for training the public-private partnership management would help capacity building and institutional strengthening.

Dr. Sumila Gulyani talked about the demand side. She cited the example of Maruti Udyog, which when confronted with constant power disruptions set up its own power generation units. Dr. Gulyani is convinced that the Maruti's innovative model can be successfully replicated by other private corporations in India, which can provide them cheap and quality power. Mr. Haldea said that we cannot do away with government presence be it in Central, state or local issues relating to infrastructure and so the challenge before us is to set the systems right and address the issues to the government mindset, he said.

Mr. Sankaran underlined the need to understand different partnership modes that are emerging and looking for sustainable solutions in the long term. He showcased the textile industry scenario where public-private partnership is making significant strides. Mr. Nitin Desai focused on issues concerning the accessibility, affordability, security and reliability and environmental sustainability. He said that the resources to build infrastructure should come from not only the central pool but also from the state and local bodies.

The discussion was followed by equally stimulating interaction session with the audience.

Session II on "Round Table on Agriculture" was chaired by Professor Ross Garnaut, Chairperson of IFPRI. The panelists for the session, Dr. Nachiket Mor, Deputy Managing Director, ICICI Bank; Dr. Ashok Gulati, Director in Asia, IFPRI; Dr. S.S. Jhoh, Vice-Chairman, Punjab State Planning Board; and, Dr. Tushar Shah, Principal Scientist in the International Water Management Institute, outlined several initiatives the government must take up in the area of agriculture.

In his opening remarks, Professor Garnaut emphasized the need for greater reforms in Indian agriculture as such a large percentage of people depended on it for their livelihood. Dr. Mor described how ICICI has been working in the agriculture sector with six initiatives: farmers to be persuaded to change cropping patterns, post-harvest infrastructure such as storage and warehouse capacity to be built, adequate national markets

to be set up, natural contract cropping and dryland cropping to be initiated and decentralized processing capacity to be built up.

Dr. Gulati drew attention to the procurement policy, especially wheat and rice and raised concerns about the increasing gap between the agricultural imports and exports during the past one decade. Dr. Johl talked about food security issues, the techniques to avoid environmental degradation, and organic farming. Dr. Tushar Shah recounted the issues around water management, micro-irrigation, drip irrigation and sprinkler irrigation equipment. India is the largest user of ground water in the world which has resulted in immense growth and diversification of agriculture. However, India needed to find practical ways of managing the ground water system, he stressed.

Session III “Towards a Competitive Manufacturing Sector” was chaired by Dr. V. Krishnamurthy, Chairman of National Manufacturing Competitiveness Council. The panelists were Dr. Rajiv Kumar, Director and Chief Executive of ICRIER; Professor Pankaj Chandra of IIM Ahmedabad; Mr. Adil Zainulbhai, Managing Director, McKinsey; and, Professor Bibek Debroy, Secretary General, PHDCCI.

Stressing the need for increased growth in the manufacturing sector, Dr. Krishnamurthy said that India with all its strengths has to improve its competitiveness. Dr. Rajiv Kumar analysed the trends in manufacturing sector growth rate and its performance across different regions of the country. He also explored other factors that affect competitiveness in industry such as higher education and skill levels of workforce, collating the data state-wise. He concluded that in order to increase and sustain growth we need to go for a transition to mass manufacturing. He suggested a few ways forward: (a) improve exports, (b) expand the indigenous market base, (c) improve R&D, (d) remove exit barriers, (e) bring reforms in the labour market and the education sector, and (f) remove impediments to FDI.

Professor Pankaj Chandra said that to improve competition, issues relating to shop floor must be addressed. According to him the five key critical areas are: lead time, skills, scale, strategy and tools of production. McKinsey's Mr. Zainulbhai made a strong case for mass manufacturing, mergers, skilled manpower and outsourcing contracts and services. Professor Bibek Debroy spoke of the need for removal of disparities in growth and tax structure across states and regions.

On Day Two, **the fourth session “Round Table on Macro-economic Issues”** was chaired by Dr. Bimal Jalan, Rajya Sabha Member. The panelists were Dr. Shankar Acharya, Member, Board of Governors, ICRIER; Dr. Vijay Joshi, Reader at Merton College, Oxford University; Dr. Avik Chakrabarti, Associate Professor at the University of Wisconsin-Milwaukee; and, Dr. S.S. Bhalla, Managing Director, Oxus Research and Investments. The discussion centred on macro-economic issues covering the monetary policy, external stability, employment growth, poverty alleviation and financial stability.

Dr. Acharya presented empirical data showing that when fiscal deficits were brought down in the 1990s economic growth had been accelerating. He argued for more fiscal discipline both at the central and state government levels. “If we are not watchful and not determined on the fiscal front the situation could easily weaken our medium term growth prospects,” he argued. Employment generation is one of the key issues for macro-economic development: employment for not only the college graduates but for majority of the Indian labour force including school leavers and dropouts is imperative.

Dr. Joshi outlined three areas for the success of macro-economic policy, namely exchange rate stability, monetary autonomy with the ability to vary interest rates and capital account convertibility. He said that India,

as an aspiring global economic power in near future, should aim at moving towards capital account convertibility, target inflation and floating exchange rates, which are important inducements to invest. “This is true of all successful, fast growing countries. As far as growth rates are concerned export growth has been very satisfactory,” he said.

Professor Chakrabarti analysed the infrastructure sub-sectors, which constitute major components of economic growth. He suggested reform and expansion in the infrastructure sector, similar to recent reforms introduced in the telecommunication sector which produced tremendous results. These initiatives spur economic growth. Innovation and fair competition are complementary components for sustained growth.

Dr. Bhalla argued for structural changes which will potentially help to increase the growth rate. Undervalued exchange rate in 1991–2 was an important contributor to growth prospects. Huge investments in corporates and services sector could push growth to an estimated overall rate of 8 per cent per annum, opined Dr. Bhalla. He said that the growth of Indian middle class is a crucial factor for sustaining growth.

In his concluding remarks, Dr. Jalan brought out that the success that India had found in the management of exchange and interest rates in the recent past through short term policy instruments.

The fifth and final session “Towards Global Integration of India's Financial Sector” was chaired by Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission. The panelists were Dr. Jaimini Bhagwati, Joint Secretary, Ministry of External Affairs; Mr. Uday S. Kotak, Vice Chairman & Managing Director of Kotak Mahindra Bank Limited; Dr. Ajay Shah, Former Consultant, Ministry of Finance; and, Mr. Aman Mehta, Member, Board of Governors, ICRIER.

Initiating the discussion, Dr. Bhagwati, reflecting on a 15-year scenario of deregulation and global integration policies of the government in financial sector, proposed for more deregulation and injecting competition on a large scale, especially among the public sector banks, insurance and pension funds sectors so that the depth of our financial sector is relatively higher as compared to other Asian countries. “There is much to be done and the only magic word is competition”, said Dr. Bhagwati.

Mr. Uday S. Kotak outlined the action plan for the financial sector. He sought for an integrated approach to financial sector services and the need to put the action plan in place to meet any challenges. “Something is changing pretty dramatically in the world. The action in the financial sector is moving to Asia and I believe the Indian financial sector is significantly undervalued compared to its true potential by a factor of four or five,” Mr. Kotak said. He suggested that the reverse brain drain, if encouraged, will help in integrating the sector because people who come back are familiar with various global practices and processes.

Mr. Shah argued for changing the mindset in the financial sector. For this, he said, innovation is the key. He pointed out that the need of the hour is to get away from the licence permit raj in the financial sector. He pointed out “the pieces of legislation that are outdated” are working as barriers to innovation in financial sector's “economies of scale and economies of scope.”

Mr. Aman Mehta pointed out that “money is the most homogenous commodity of all. Like water financial markets will always find their correct level based on supply and demand.” He favoured an orderly regulation of financial markets and liberalization in a measured and deliberate way. Such policies led to huge economic growth in China. “The financial sector has made huge progress in India, but I think this is a stage where still a great deal of nurturing is required,” Mr. Mehta opined.

Winding up the discussion, Dr. Montek Singh Ahluwalia pointed out two contrasting scenarios in the present Indian financial sector: the incredible dominance of public sector as far as banks is concerned and the virtual disappearance of public sector as far as the capital markets is concerned. While arguing against the common public perception of privatization as the talisman Dr. Ahluwalia posed a question to the audience: Is it not possible to have an efficient public sector banking system without privatization?

In his valedictory speech, Mr. Pranab Mukherjee, External Affairs Minister, commended the excellent work ICRIER has been doing and contributing to the economic developmental processes in India. Mr. Mukherjee highlighted a few areas that ICRIER needs to focus on for India to attain double-digit economic growth: FDI for infrastructure, access to better quality education, strengthening R&D activities, energy security and greater global economic integration. "It is imperative to turn the many challenges and constraints that face us into



Dr. Isher Judge Ahluwalia, Chairperson, ICRIER, Mr. Pranab Mukherjee, Minister of External Affairs and Mr. N. K. Singh, Member, Board of Governors, ICRIER.

opportunities for investment and growth. India's renowned economists, so many of who are represented in ICRIER, must dwell on the manner by which this can be done," Mr. Mukherjee said.

Conference on "Growth in India and the World"

December 14–15, 2006

The conference was organized by ICRIER, in collaboration with the London School of Economics and World Bank's 'Microeconomics of Growth' research network. The first day of the event focused exclusively on India. Professor Angus Deaton (Princeton University) drew attention to methodological and coverage discrepancies in poverty statistics and felt that these inconsistencies were influencing research conclusions. Discussing regulation, Professor Timothy Besley (London School of Economics) underlined weaknesses of the judicial system as one of the main challenges.

discussed the problems resulting from undercapitalization of small firms.

Professor Abhijit Sen, Member, Planning Commission; Dr. Nripendra Mishra, Chairman, TRAI; Dr. Rajiv Kumar, Director, ICRIER; Dr. Pratap Bhanu Mehta, Director, CPR; Professor Ashish Bose, IEG; Dr. Ashok Lahiri, Chief Economic Adviser, Ministry of Finance; Professor Chang-Tai Sieh, University of California, Berkeley, chaired different sessions. Professor Mihir Rakhsit, ICRA; Dr. Rakesh Mohan,



Dr. Rakesh Mohan, Deputy Governor, Reserve Bank of India and Member, Board of Governors, ICRIER; Professor Timothy Besley, London School of Economics; and Dr. Nripendra Mishra, Chairman, TRAI.

Addressing manufacturing issues, Professor John Sutton (London School of Economics) emphasized the importance of global supply chains and better business climates for enhancing productivity and capabilities.

Deputy Governor, Reserve Bank of India; Dr. Geeta Kingdon, University of Oxford; Professor Amit Shovon Ray, JNU; Professor Govind Rao, Director, NIPFP, were the discussants.

Esther Duflo (Massachusetts Institute of Technology) emphasized the need for reforming secondary education for addressing needs of increasing number of primary students. Lant Pritchett (World Bank) called for a whole sale reform of the public health system to address people's needs. Professor Roger Gordon (University of California, San Diego), wondered whether structural reforms will be able to accommodate rising fiscal pressures. Professor Abhijit Banerjee (Massachusetts Institute of Technology)

The second day of the conference was an academic interaction with presentations by several distinguished economists, who included Xavier Gine (World Bank), Stefan Klonner (Cornell University), Eswar Prasad (IMF), Arvind Subramanian (IMF), Maitreesh Ghatak (London School of Economics), Kaivan Munshi (Brown University), David McKenzie (World Bank), Chris Woodruff (University of California, San Diego), Mark Rosenzweig (Yale University) and Andrew Foster (Brown University).

Discussion via Videoconference on “The Rise of China and India: Implications for the United States and the International Order”

October 11, 2006

ICRIER and the Asia Society India Centre held a discussion via videoconference on “The Rise of China and India: Implications for the United States and the International Order.” The survey results from the 2006 Chicago Council on Global Affairs Public Opinion Study were presented on October 11, 2006 from 5:30-6:15 PM Indian Time at the TERI Videoconference Room, Habitat Centre, New Delhi.

The Chicago Council’s biennial public opinion studies are among the most comprehensive and widely cited surveys of American attitudes towards U.S. foreign policy and international relations. The survey includes polling undertaken by the Chicago Council, in cooperation with Asia Society in the US, China, and India, with parallel surveys

carried out by partner organizations in South Korea and Australia.

The study compares international attitudes on how the emergence of China and India as economic dynamos and claimants to great power status will affect the global economy, international security, and politics. It assesses public opinion in the surveyed countries on a variety of challenges, including international terrorism, nuclear proliferation, conflict in the Middle East, the rising economic and political power of Asia, economic competition from other countries, and threats to energy supplies and the environment. The study also presented Chinese and Indian views on international challenges and opportunities and their respective roles as emerging economic powers.

ASSOCHAM and ICRIER jointly organized a conference on “Globalization and Higher Education in India”

November 1-2, 2006



Professor Sukhadeo Thorat, Chairman, University Grants Commission, New Delhi, Dr. Ram S. Tarneja, Chairman, ASSOCHAM Education Committee; Mr. Anil K. Agarwal, President, ASSOCHAM and Dr. Rajiv Kumar, Director & Chief Executive ICRIER

The salient points that emerged from the discussions were:

- ✱ To increase the EER (eligible enrolment ratio) from prevailing 55% to ideal 100%, budgetary allocation to the sector must rise from 0.37% to at least 0.75% along with vigorous private sector participation, comprehensive fiscal management; and an enabling regulatory mechanism.
- ✱ Given the large unmet demand for quality education, private universities should be encouraged to grow, in line with the Mukesh Ambani Committee Recommendations.
- ✱ Financial outlay of Rs 12000 crore in the next ten years would be critical for the sector to increase access, training and skill enhancement of teachers as well as revision of remuneration to market determined levels. Funds may be generated by increasing user fees for those who can afford to pay while using the collections from the 2% education cess for quality provisioning to a wider user group.
- ✱ Multi-pronged approach to borderless learning:
 - ✓ attracting world class institutions to India
 - ✓ diversifying the range and modalities of PPP
 - ✓ making India an educational destination
 - ✓ devising an India window programme for internship and
 - ✓ promoting distance education through a hybrid model such as IT&ITES undertaking a “Brand India Education Mission” abroad
- ✱ SEZs for Universities for capitalization of knowledge along with mobilizing international access through a World Knowledge Bank recognizing credit transfers, favourable Foreign Education Providers Regime, and institutions of collaboration.
- ✱ National qualification framework to remove intra-control barriers, overlaps, and gaps to bring India in line with International Agreements on Accreditation in Distance Learning.
- ✱ Dovetailing vocational education and diversifying it at secondary school level.
- ✱ Leveraging synergistic postgraduate research across universities.

Seminars

Seminar on “Governance and Economic Development”

August 3, 2006

Dr. Avinash Dixit, Professor of Economics at Princeton University and a Fellow of the National Academy of Sciences in the United States, gave a talk on Governance and Economic Development at the Silver Jubilee celebrations in New Delhi. The session was chaired by the Director General of Council of Scientific and Industrial Research (CSIR), Dr. R.A. Mashelkar.

Dr. Dixit explained the nuances of the term “economic governance.” The models discussed ranged from the highly developed ones involving lot of arbitration and government intervention such as those prevailing in the United States and other developed economies to those controlled by the mafia and the tribes as prevailing in the Africa and Latin American countries.

According to Dr. Dixit, the economic governance systems in Asia were based more on human relations and societal arbitration and less on organized governmental mechanism. In contrast, those of the United States and Europe depended heavily on organized governance. He pointed out that the need of the hour was to devise a system which allowed a greater role for organized governance as this



Professor Avinash Dixit, University of Princeton and Dr. R.A. Mashelkar, Secretary & Director General, CSIR look on as Dr. Rajiv Kumar introduces the speaker.

reduced uncertainty and had positive economy-wide impact.

Dr. Dixit answered questions, which ranged from the effect of corruption on economic development to the efficacy of the Panchayati Raj Institutions in delivering effective governance in India. He was of the view that no fixed models of economic governance could be imposed on complex societies like India. But whatever the form, governance had to be firm.

Special Address on “The Doha Development Agenda: Prospects and India’s Role”

August 8, 2006



L to R: Dr. Rajiv Kumar; Mr. Kamal Nath, Minister of Commerce and Industry; Mr. Saroj Kumar Poddar, President, FICCI; Mr. Harsh V. Singh, DDG, WTO and Dr. Amit Mitra, Secretary General, FICCI.

On August 8, 2006 ICRIER and FICCI organized a joint interactive session with Mr. Kamal Nath, Minister for Commerce and Industry, on “The Doha Development Agenda: Prospects and India’s Role.” Mr. Kamal Nath spoke about India’s role in strengthening the multilateral

trading system. He said the developed countries were sidelining the development agenda of the Doha Round and increasing emphasis on the importance of market access by asking for maximum tariff reductions. He described this as unfair, especially since the developed countries would continue to impose trade distorting agriculture production and export subsidies. He pointed out that on all imported products (except some like wine and cigarettes) from the EU and the US, India already applied very low tariffs. Reducing tariffs would threaten livelihoods of millions of small farmers and in any case India could not open its market to subsidized agro-exports. India supported the proposal made by G20, which includes Brazil, India, China and South Africa among others, before the G6 Meet asking for a reduction in agricultural subsidies and tariffs of developed countries with fewer demands on the developing countries. He also said that WTO members needed trade rules that allowed countries to decide the order in which they would prefer to liberalize their sectors, with due allowance for sectors that required increased protection. Multilateral trade rules needed to be fair in order to serve the development needs of people, he said.

Seminar on “India-Japan Political and Economic Development”

August 24, 2006

A lecture on “The Rising Indian Economy” was delivered by Professor Esho Hideki, Professor, Hosei University. He said the 1990s marked the beginning of private and service sector-led, secular and high economic growth. Until then growth had been public sector driven with emphasis on traditional industries. The 1990s also marked the beginning of remarkable growth of the IT industry. Professor Esho said this has led to the growing affluence of the Indian elite and an expanded market for

consumer goods. The decade has seen an increase in exports. With the collapse of the Soviet bloc, the bulk of the former Indo-Soviet trade was shared between USA, Europe and Asian countries with the noticeable exception of Japan, with whom the trade share actually declined. FDI also increased and was directed at the local market. Professor Esho concluded that the Indian middle-class is still not as big as it is believed to be. Due to the imbalance which limits the purchasing power of the

local market, Professor Esho was of the opinion that Indian businessmen should focus on export markets to expand revenues.

A lecture on “Party Politics in India” was delivered by Professor Hiroki Miwa, who is an instructor in the University of Tsukuba in Japan. He said party politics in India is fragmented and has developed along regional and religious lines. He put this in the context of the framework developed by the Japanese scholar Sartorius of the pluralistic party system. When the number of parties are too many it is extreme pluralism, otherwise it is limited pluralism. Similarly if there are too many ideological differences between the political parties it is polarized pluralism, otherwise it is moderate pluralism. Extreme

pluralism goes hand-in-hand with polarized pluralism and limited pluralism is linked to moderate pluralism. In India extreme pluralism was co-existing with polarized pluralism until the late 1990s, when it changed to moderate pluralism because of the change in strategy of BJP, which ceased to be an anti-system party and began to co-operate with other parties. Since 2004 the Congress party also started following co-operative politics. Another reason for the shift to moderate pluralism was attributed to the collapse of the Janata Dal. Although India has a bipolar, moderate pluralistic model, the transition from highly fragmented polarized pluralism to moderate pluralism has happened without the change in the number of parties and the social situation and hence there is a danger of the collapse of the system.

Seminar on “FDI in Developing Countries: Special Reference to India and China”

September 4, 2006

Professor V. N. Balasubramanyam, University of Lancaster, UK, spoke on several key aspects pertaining to FDI flows to India and China wherein he pointed out the diversities between India and China, after comparing select macroeconomic indicators for the two countries. Regarding the diversity in FDI inflows between the two countries, he argued that countries require ‘optimum’ levels of FDI, and that as far as India and China were concerned, India was yet to

reach the optimum while China is likely to have crossed it. He supported his arguments by referring to the factor endowments and capital-labour ratios in two countries, as well as the human capital resources. The upshot of his arguments was that India probably required lesser FDI than China. He also indicated that India should focus more on technological collaborations rather than FDI.

Seminar on “Anti-Dumping and Excess Injury Margins in the European Union: A Counter Factual Analysis”

September 19, 2006

Dr. P. K. M. Tharakan, Professor at the University of Nottingham and an advisor on Anti Dumping measures to WTO, gave a talk on “Anti Dumping and Excess Injury Margins in the European Union: A Counter Factual Analysis”. Professor Tharakan talked about the over estimation of domestic injury caused by dumping and the consequent imposition of higher duties by the European Union during 1980–95. He highlighted the simplistic nature of the method adopted by the European Union and

sought to correct this by applying a counterfactual analysis in a model that considers two situations—the actual one and the counterfactual. This paper shows that the excess injury margins imposed by EU were a result of distortions in the method of estimation. Professor Tharakan answered questions ranging from how to handle such heavy data requirements in India and to conducting a similar study for the US, which does not follow the lesser duty rule like the European Union.

Interactive Session with Professor Michael Spence

September 21, 2006

An interactive session was organized with Professor Michael Spence, the Nobel Prize winner in Economics in 2001 who was visiting India as the Chairman of the Growth Commission. Professor Spence initiated the discussion by stating that no economy could achieve high growth rates by being cut off from the rest of the world. He cited as examples 11 economies in the post world war II period (8 of which were from Asia) that experienced sustained growth with increasing integration with the rest of the world. In his opinion growth could be initiated only if domestic peace, sound political leadership and dynamic strategies and policies were in place.

On the question of inequality associated with rapid growth, he said that the focus should be on generating more employment and making public services more inclusive. Citing the growth experience of China, he said that as more and more people moved into the manufacturing sector (largely export-oriented) in China, income inequality declined. Professor Spence agreed that an economy must possess the innovative capabilities to produce for the bottom of the pyramid. Domestic demand, he said, had a great role to



Professor Michael Spence, Chairman, Commission on Growth and Development, World Bank and Dr. Isher Judge Ahluwalia, Chairperson, ICRIER.

play in the growth process. He concluded by stating that in case of developing countries, economic theory should not be blindly followed. In such circumstances one needs to be pragmatic in experimenting with different forms and pace of liberalization.

Monthly seminar series on issues pertaining to India's financial sector

As part of the newly initiated Financial Sector Research Programme (FSRP), ICRIER launched, in October 2006, a monthly seminar series on issues pertaining to India's financial sector. The objectives of the seminar series are to encourage exchange of ideas across a wide range of financial sector issues, to facilitate interaction between policy makers, industry representatives and the academic community working in the field of financial sector in India and to disseminate current findings of research on financial sector issues in India.

In the **first seminar** of the series, held on October 3, 2006, Dr. Ajay Shah, former consultant at the Union Ministry of Finance spoke on "India's Stock Market volatility". He elaborated on several factors that lead to volatility in the stock markets and showed how the stock market in India has been moving over the last 27 years. It emerged that the volatility in recent years is not appreciably higher than in the past and was in fact lower than in the mid-1990s. It was observed that an efficient market which responds rapidly to new information and prices is of essence to the efficient functioning of a stock market. In that sense stock market volatility within bounds is desirable. He also made some recommendations for reducing stock market volatility in India such as encouraging more rational investors in the market, including global and local hedge funds, shifting from FII framework to "foreign individual investor" framework, improved regulation of banks, insurance companies and pension funds, increasing position limits in the derivatives markets and improved information disclosure by firms.

In the **second seminar** held on November 14, 2006, Dr. S. L. Shetty, Director of EPW Research Foundation, Mumbai, made a presentation on "Policy Responses to the Failure of Formal Banking Institutions to Expand Credit Delivery for Agriculture and Non-Farm Informal Sectors: The Ground Reality and Tasks Ahead". He pointed out that the credit delivery performance of scheduled commercial banks has been truly disappointing. After studying the various new initiatives taken for expanding credit flow to

agriculture and other informal sectors and taking a holistic view of supply- and demand- side issues as well as the issues concerning the behaviour of formal banking institutions, Dr. Shetty sought to restore the reasonably well-tested policy of affirmative action that promotes supply-leading approach to financial intermediation. His research, accordingly, presented a system of calibrated intervention strategy such that the rural credit structure was strengthened and credit delivery arrangements for agriculture, rural industries, other non-farm informal sectors, and small borrowers in general were placed on an enduring basis.

The **third seminar**, held on December 5, 2006 and delivered by Professor Dilip M. Nachane, Professor at IGIDR, Mumbai, dwelt on "Basel II: A Critical Appraisal from an Indian Perspective" where he discussed international harmonization of financial regulation through the two successive Accords Basel I and II, and discussed the challenges posed by Basel II for the banking system in India. Three major concerns were dealt with in the seminar. First, the application of IRB (Internal Ratings Based) approach of Basel II is costly and discriminates against the smaller banks. Secondly, capital requirements, unless adjusted for cyclical fluctuations, are very likely to exacerbate these fluctuations. Thirdly, a problem of adverse selection arises, because only those banks likely to benefit from IRB will adopt the approach, other banks will hold on to the standardized approach. Overall the amount of banking capital is liable to decrease below the safe limits. Additionally, as pointed out by the Reserve Bank of India (RBI), in its comments on the Second Consultative Document, Basel II would involve a shift in direct supervisory focus away to the implementation issues, and that banks and the supervisors would be required to invest large resources in upgrading their technology and human resources to meet the minimum standards. Basel II is thus likely to pose profound challenges for the Indian banking system. Some of these consequences could force considerable internal adjustment on banks, a realization which has been gradually dawning among banking circles in India.

Roundtable Discussions with The Global Foundation Mission 2006. ICRIER jointly with CII

October 4, 2006

CII and ICRIER organized roundtable discussions with The Global Foundation, Australia on 4 October 2006 at New Delhi in order to explore the ways in which Australia can make a contribution to regional prosperity in the Asia-Pacific in the areas of education, science and technology, especially in the context of key global issues that may engage both Australia and India in the next decade or two. The Global Foundation undertook its second mission to India to continue its evolving Australia-India dialogue in energy, infrastructure, and financial services. Looking forward to opening up discussions and debates with Indian counterparts, think tanks and academia, the Global Foundation participated in the roundtable with CII and ICRIER on the initial topics of education, science and technology and the imperative of the Asia Pacific Regions in these areas.

The first roundtable focused on the issues related to sustained excellence of standards in knowledge cultures, the role of the

government and the private sector in quality education provisioning. If human capital is to be the key driver of economic wealth in the years to come, maintenance of consistent standards of education responsive to changing needs of the market and the economy is imperative. For this, private sector participation in education, commercial investments into R&D and encouragement to small and medium sector firms to innovate in terms of technology are very important. The key global issues likely to be of concern in the Asia Pacific in general and India is particular in the next couple of decades included peace and security, resource accessibility, climate change, water resource management, disease control, pace of globalization envisaged and the regional cooperation between Australia and India envisioned in the context of the failed talks at the Doha Round of the WTO.

Seminar on “India's Long-term Growth Experience: Lessons and Prospects”

October 9, 2006



Dr. Sadiq Ahmed, Director, Poverty Reduction and Economic Management Unit, South Asia Region, World Bank at the seminar.

Dr. Sadiq Ahmed, Sector Director, Poverty Reduction and Economic Management Unit, South Asia Region, World Bank outlined the story of Indian economic growth by dividing it into two phases, the 1950-80 and 1980 onwards. During the second phase, Dr. Ahmed pointed out that the services sector has outdone the manufacturing sector. He also said that wages in the formal manufacturing sector have remained high compared to the informal sector wages. Consequently, employment in the formal manufacturing sector has remained stagnant. According to Dr. Ahmed, proper education, training and improving the health standards of the people will create a better living standard for the underprivileged.

Seminar on “Employment and Development: Good Jobs, Bad Jobs”

November 13, 2006

ICRIER organized a lecture by Professor Francois Bourguignon, Chief Economist of the World Bank Unit in South Asia Region, entitled “Employment and Development: Good Jobs, Bad Jobs.” The session was chaired by Mr. Ashwani Kumar, Minister of State for Industrial Policy and Planning. Professor Francois Bourguignon redefined the concepts of employment and unemployment in order to analyse labour market conditions. He said that in some of the fastest growing economies, economic growth was accompanied by a growing inequality in the earnings and household income that prevented the benefits of growth from percolating to all the layers of the society. So it was essential to shift focus from the number of jobs being created to the level of earnings at which they are being employed. In that sense, he said, the unemployment rate and participation rate are not meaningful concepts for analysing the labour market conditions that required the use of extended set of indicators.

He introduced the concept of “Working Poor” defining it as a person who has a decent level of earnings but supports a large family, with very few of its members participating in the labour force. He cited examples of Sub Saharan Africa and South Asia, where the number of working poor exceeded those unemployed. Thus he highlighted that the unemployment rate was not a good enough indicator of poverty.



Professor Francois Bourguignon, Chief Economist, World Bank, Mr. Ashwani Kumar, Minister of State for Industry and Dr. Rajiv Kumar.

He defined a “Bad Job” as a low paid job that failed to provide 50% of the median consumption per capita. He added that the low pay threshold being a relative concept was changing overtime. Only in an economy with full employment and good jobs would there be no poverty, he said.

Seminar on “The Changing Competitiveness Landscape among Emerging Economies: The Role of China and India”

November 16, 2006

ICRIER organized a lecture by Professor Bart Van Ark, University of Groningen (The Netherlands) entitled “The Changing Competitiveness Landscape among Emerging Economies: The Role of China and India.” He pointed out that the contribution of productivity growth in GDP in India and China was higher than in the advanced countries. However China was ahead of India in productivity growth as opposed to employment growth in enhancing GDP levels. Dr. Ark also discussed the “Global Competitiveness Index” of the World Economic Forum, ranking countries on a scale of zero to one hundred and twenty, with zero being the most competitive country. He found a strong if

imperfect relationship between labour productivity levels and the global competitiveness index of most emerging economies with the exception of India and China. An important observation in this regard was that India was ahead of China in terms of competitiveness, despite its lower productivity. But he said that large variations in the underlying indicators of competitiveness made productivity a better basis for comparison. He also said that the total factor productivity in China was slowing down primarily due to too much investment relative to GDP. While in India role of investments has increased only slightly and total factor productivity has remained practically unchanged.

Interactive Session - Sir Nicholas Stern's Review of the Economics of Climate Change

December 4, 2006



Sir Nicholas Stern, Adviser to the UK Government on the Economics of Climate Change & Development and Dr. Isher Judge Ahluwalia, Chairperson, ICRIER at an Interactive Session.

Sir Nicholas Stern, head of the U.K. Government Economic Service and former chief economist of the World Bank made a presentation on his report on the economics of climate change on December 4, 2006 in New Delhi. Dr. Isher Judge Ahluwalia chaired the discussion. Participating in the debate, Professor Stern said that climate change presents a very serious global risk and demands urgent global response. According to him carbon trading is vital because that is the only way the world can work out the market price which, in turn, provides a

mechanism to fund clean-up activities. "We need to spend 1 per cent of GDP each year to avoid losing 5 to 20 per cent of GDP each year to global warming", said Stern. He cited efforts being made by state governments in the United States, in particular California and the growing awareness in the European Union and their promise to mitigate the problem by 2050. He urged for concerted international action in this field.

Professor Joyashree Roy, Professor of Economics and Coordinator of Global Change Programme at Jadavpur University, gave the South Asian perspective. She said that it is important to integrate development policy options with climate policy options. She gave an overview of the impact of climate change and the economic costs on each household.

Dr. Jyoti Parekh of Integrated Research and Action for Development spoke about mitigation, adoption and adaptation. Professor P.R. Shukla of IIM Ahmedabad argued for better understanding on the issue taking into account the economic costs. Mr. Ajay Mathur, Director General of the Bureau of Energy Efficiency, said that almost all the discussion of climate change up to now has been about "mitigation" - in other words, how to prevent it from happening. He proposed new concepts that could help to integrate an analytical approach, domestic policy action international collective action.

6th India-Korea Dialogue: India-Korea Bilateral Cooperation in the Era of Asian Economic Integration

December 11-12, 2006

ICRIER jointly with the Seoul Forum for International Affairs (SFIA), Seoul organized the sixth India-Korea Dialogue on December 11-12, 2006 in New Delhi. The dialogue brought together leading industry representatives, defence and security analysts and economists from both the countries. Mr. Shashank, former Foreign Secretary, Government of India led the Indian Delegation. Professor Kim Dalchoong, Program Chair, SFIA led the Korean Delegation. The broad theme of the Dialogue was "India - Korea Bilateral Cooperation in the Era of Asian Economic Integration." Discussions spread over a day and a half covered issues relating to bilateral economic relations between India and Korea, the rise of India and China and its implications for an integrated Asian economy, political and strategic issues with reference to Northeast Asia and South Asia as also bilateral cooperation in the areas of

defence and human resource development. A joint statement was issued after the conclusion of the dialogue. Both sides reaffirmed the existing friendly relations

between the two countries and acknowledged the great potential for further cooperation in various fields.



L to R : Kim Won-Wung, Chairman of Committee on Unification, Foreign Affairs and Trade of the National Assembly; Prof. KIM Dalchoong, Program Chair of the SFIA; Dr. Isher Judge Ahluwalia, Chairperson, ICRIER; Mr. Shashank, Former Foreign Secretary, Govt. of India & Mr. Choi Jung-il, Korean Ambassador to India at 6th India-Korea Dialogue.

Brainstorming Session on "Regional Cooperation and Integration in South Asia"

December 13, 2006

A brainstorming session on regional cooperation in South Asia was organized by ICRIER in New Delhi on December 13, 2006 where several experts put forward their perspectives. The session was moderated by Dr. Rajiv Kumar, Director and CE of ICRIER. Initiating the discussion, Mr. Sultan Hafeez Rahman from the Asian Development Bank, underlined the need to not only strengthen the regional economic cooperation between the SAARC countries but also integrating their economic activities through freer trade. The session endorsed the view expressed by a participant that South Asia seems to be focusing more on trading with the rest of the world than within itself. Due to several constraints the transaction costs of trading

with neighbours, ironically, are much higher than with other countries. Several problem areas that were identified were: transportation hurdles, tariff and non-tariff barriers, checks on FDI flows, and lack of transparency in liberalization policies among SAARC countries. The experts felt that every country gains out of the open trade, though initially the smaller countries, namely Bangladesh and Sri Lanka, may reap higher gains in the short run. A concerted effort and reciprocity among SAARC countries will help enhance the potential in sectors like energy, health services, climate change and tourism. It was also suggested in this context that each country in the region should champion a particular sector.

Interactive Session on “Making Globalization Work for India”

December 19, 2006

At an interactive working session organized by ICRIER on “Making Globalization Work for India,” Dr. Joseph Stiglitz, Nobel Prize Winner in Economics in 2001 and Professor at Columbia University, provided an insight into how the bilateral, multilateral and WTO plus trade agreements can help India take advantage of global markets. Mr. Kamal Nath chaired the session

Dr. Stiglitz said that though subsidies are not desirable, food importing countries will be worse off if subsidies are eliminated. He also said that developing countries should push for a large development agenda at global trade conferences. If strong measures are taken it would help the Indian agriculture sector to grow at a targeted rate of 4 per cent per annum instead of the current growth rate of 2 per cent.

In his opening remarks, Commerce Minister Mr. Kamal Nath spoke about India's recent growth rate and added that “there could be no globalization without globalization in agriculture. And there cannot be globalization in agriculture as long as the structural flaws



Dr. Joseph Stiglitz, Professor, Columbia University with Mr. Kamal Nath, Minister of Commerce & Industry and Dr. Rajiv Kumar

in that sector remain unaddressed.” Other participants in the session suggested that the developing countries must explore new policy alternatives, for achieving sustained growth in a globalizing world while improving equity and reducing poverty.

Seminar on “Outlook for Asia: Will the US Slowdown Spoil the Party?”

December 21, 2006

At the seminar on December 21, Dr. Joshua Felman, the Senior Resident Representative for IMF in New Delhi presented the main messages of the recent World Economics Outlook that states that India and China would continue to boom in 2007 and perhaps even in 2008. Although the US economy is likely to slow down by about one percentage point from the current 3.5 per cent, this would not slow down India and China. He said many countries, including the

European Union countries and Japan, may also not be impacted. “Once housing and food processing in the US show robustness, the overall economy will recover,” said Dr. Felman. Dr. Felman's presentation was characterized by an in-depth discussion of household savings behaviour in the US in current years and of the emerging trends in the US housing market. Both these factors, he said, critically impacted the US economic growth.

Lectures

“Suspension of DOHA Round and its Implications”

July 31, 2006

At the seminar on ‘Suspension of the Doha Round and its Implications’ held on 31 July 2006 Mr. Gopal Pillai, Special Secretary, MOC & Industry addressed issues connected with the G-6 Ministerial meeting in the WTO in Geneva and the failure of the negotiations.

He recalled how the meeting had begun with market access because of the attitude of the US that only if they could move on market access would movement on any other issue be possible. Consequently, discussions on market access had taken up a major part of the proceedings.

Mr. Pillai reiterated that India would continue to pursue its policy of ‘autonomous liberalization’ through its own bilateral and regional trade agreements. He was of the view that the one area where India could have gained was on reduction of domestic support.

He pointed out that with the peace clause having expired in 2004, the US would find more and more cases against them in the WTO.

Mr. Pillai stated that in spite of the many hurdles, a landing zone for an agreement had been built; but one should not expect everything to get ‘tied up at once’.

During the question-answer session that followed Mr. Pillai stressed that India was very actively involved in the Round. Responding to the query whether India's domestic policy was unaffected by what happened in the WTO, he was of the view that it is almost 75 per cent independent and only 25 per cent would depend upon what happened in the Doha Round.



Mr. Gopal Pillai, Special; Secretary, Ministry of Commerce & Industry

“Global Warming: The Known, The Unknown, and The Unknowable”

October 6, 2006

Professor Jagdish Shukla, Distinguished Professor at the George Mason University and President, Institute of Global Environment and Society, Maryland, USA gave a talk on “Global Warming: The Known, The Unknown, and The Unknowable.” Mr. Kapil Sibal, Union Minister for State for Science, Technology and Ocean Development, chaired the session. Professor Shukla described global warming as a manifestation of the excess carbon di-oxide and methane in the atmosphere. These gases trap terrestrial heat and generate instabilities in climatic conditions. Apart from the changes in the chemical composition of the atmosphere, there are natural variations--better known as hydrodynamic instabilities--that interact with the oceans and forests to produce large fluctuations in the climate from year to year. Global warming affects the equilibrium temperature of the earth. Changes such as a decline in the snow cover in the northern hemisphere, delayed freezing of lakes by at least six days, loss of mass in glaciers and ice caps, increase in temperature of permafrost and frozen areas by 2 to 4 degrees etc can be seen as examples of this phenomenon. Most importantly, he said, global temperature has increased by 0.75 degrees and sea level has been rising by about 2 mm per year for the last 50 years. He therefore emphasized the need to develop sophisticated models that would help reduce the uncertainty



Professor Shukla, Distinguished Professor, George Mason University, Mr. Kapil Sibal, Minister of Science & Technology and Dr. Rajiv Kumar

associated with the determination of global warming and its effects. Professor Shukla reiterated that the ability to make predictions about the weather over a short span of time was constrained primarily by the lack of high resolution models. He emphasized the need to develop scientific manpower and models in India in order to utilize the existing data effectively and bring out the likely impact on Indian agriculture.

Recent ICRIER Publications

Working Papers

190	Indo-US FTA: Prospects for the Telecommunication Sector	Arpita Mukherjee Prerna Ahuja	December 2006
189	An Analysis of the Special Safeguard Mechanisms in the Doha Round of Negotiations	Parthapratim Pal Deepika Wadhwa	October 2006
188	The Debate on the Poverty Estimates of 1999–2000	K.L. Datta	October 2006
187	Prospects for IT-Enabled Services Under a Indo-US FTA	Arpita Mukherjee Paramita Deb Gupta	September 2006
186	Asian Economic Integration <i>ASEAN+3+1 or ASEAN+1s?</i>	Amita Batra	September 2006
185	An Examination of the relationship between Health and Economic Growth	Garima Malik	September 2006
184	Structural Shift in Demand for Food: Projections for 2020	Surabhi Mittal	August 2006
183	Domestic Market Integration	Arvind Virmani Surabhi Mittal	July 2006

ICRIER Welcomes

Dr. Purnamita Dasgupta as Senior Fellow

Mr. Badri Narayanan G. as Fellow

Dr. Abhijit Sengupta as Fellow

Dr. Mandira Sarma as Fellow

Dr. Aparna Sawhney as External Consultant

Ms. Radha Chawla as Consultant

Mr. Rajeev Kapil as Additional Secretary

International Networking

Dr. Rajiv Kumar

Resource person for the World Bank External Relations Department Workshop on “The World in Asia and Asia in the World” Singapore July 19-20, 2006.

Speaker in the Seminar “Opening & Reforming the Financial Sectors in China & India: Next Steps & Effects on the International Financial System” organized by World Bank, Singapore Centre for Applied and Policy Economics (SCAPE), and National University of Singapore (NUS), Singapore, September 15-16, 2006.

Participant at IMF World Bank Annual meetings, for the session on “The Economic Rise of China and India: Regional Impacts” Singapore, September 15-16, 2006.

Main Speaker in the session “India's Experience with Asian FTAs” in the Workshop on South Asia-East Asia Economic Cooperation and Pan-Asian Integration jointly organized by Asian Development Bank (ADB), Singapore Centre for Applied and Policy Economics (SCAPE) and the Institute of South Asian Studies (ISAS) Singapore and RIS, New Delhi, November 29-30, 2006.

Main Speaker for the session on “India and China: Competition or Cooperation” at the Salzburg Seminar “China: The New Global Economic Engine?” December 5-10, 2006.

Dr. Shankar N. Acharya

Discussant on “Sources of Growth” session at Brookings NCAER India Policy Forum 2006, New Delhi, July 31 to August 1, 2006

Presented theme paper on “Agenda for Growth and Livelihood” at Commonwealth Finance Ministers’ Conference at Colombo,

Sri Lanka, September 12-13, 2006.

Panelist at “Round Table on Macroeconomic Issues” at ICRIER Silver Jubilee Conference, New Delhi, November 6-7, 2006.

Presented paper “India’s Growth: Past Performance and Future Prospects”, at Tokyo Club Foundation’s Macro Economy Research Conference on “India and China Rising” at Tokyo, December 6-7, 2006.

Panelist on “Growth with Stability” at NCAER’s Golden Jubilee International Conference, December 17, 2006 New Delhi.

Dr. Amita Batra

Made a Seminar presentation on “Preferential Trading Agreements in Asia-Towards an Asian Economic Community” at the Lee Kuan Yew School of Public Policy and the Institute of Southeast Asian Studies (ISEAS), Singapore on August 14-16, 2006.

Presented a paper titled “South Asia’s FTA Strategies and Options” at the conference on “South Asia: Integrating and East Asia” organized by the La Trobe University, Victoria, Australia in Canberra September 25-26, 2006.

As member of the Indian Delegation made a presentation on “Overview of the Indian Economy and Regional Economic Cooperation” at the second India Spain Dialogue organized by Indian Council for World Affairs, Casa de la India and Casa Asia in New Delhi on October 16-17, 2006.

Invited speaker/panelist for the India sessions at the World Knowledge Forum organized by the Maeil Business Group in Seoul on October 17-19, 2006.

As member of the Indian Delegation made a presentation on “India–China and Asian Economic Integration” at the 6th India–Korea Dialogue organized jointly by ICRIER and SFIA, Seoul in New Delhi on December 11-12, 2006.

Ms. Nisha Taneja

Paper presented on “India-Pakistan Trade: Firm Level Evidence” at Pakistan Institute of Development Economics on November 3, 2006.

Dr. Suparna Karmakar**Evolution of India as a Negotiator in the Multilateral Trade Forum**

Dr. Suparna Karmakar went on a study trip to Geneva between 8 and 16 September 2006 to undertake research on the above subject and conduct interviews with major stakeholders in the negotiations and important WTO Members. This paper is a part of the forthcoming ICRIER–SRTT book on India’s Liberalization Experience: Impact of WTO. She met up with Ambassador Ichiro Fujisaki at the Japanese Mission, Ambassador Clodoaldo Hugueney at the Brazilian Mission, Ambassador U. S. Bhatia at the Indian Mission, and trade representatives and chiefs of mission of the US, EU, South Africa and Mexico. She also had meetings with heads of several Switzerland-based research institutes and experts at the WTO Secretariat, UNCTAD, WIPO and ILO.

This book is a compilation of contributions from experts in various fields on India’s liberalization experience in the last decade and tries to draw linkages with the implementation of India’s WTO obligations. This volume aims to review and analyze how India has coped with the obligations that the WTO Agreement has entailed and at the same time benefited from the rights granted. Different chapters discuss how under each sector/theme the WTO mandated liberalization has (or not) had any impact on India’s domestic policy-making and liberalization initiatives.

Dr. Purnamita Dasgupta

Attended RUPES Meeting on Self Evaluation Study from October 14-18, 2006, at the invitation of World Agroforestry Centre, ICRAF, Southeast Asia Regional Program, in Bogor, Indonesia.

Participated in the Initiative for Policy Dialogue (Columbia University) meeting on “Economic Development and Environmental Sustainability: a Dialogue on India,” New Delhi, December 20, 2006.

Paper presented at the Ninth Biennial Conference of the International Society of Ecological Economics, December 15-18, 2006, New Delhi

Dr. Surabhi Mittal

Presented paper on “Agricultural Productivity Trends in India” at a symposium during the 26th International Association of Agricultural Economists (IAAE) Conference, held at Gold Coast, Queensland, Australia, August 12-18, 2006.

Dr. Mandira Sarma

Presented a Seminar titled “Basel II and India: Issues and Opportunities” on November 4, 2006 at the Institute of Comparative Economic Studies in Hosei University, Tokyo, Japan.

Represented India and delivered a speech titled “Information and Indices to be shared in the Asia-Pacific Region” in the Conference on “Sustainable Growth in the Asia-Pacific Region: Towards Building an Economic Research Mechanism”, co-organised by the Economic Affairs Bureau of the Ministry of Foreign Affairs, Japan and the Kyoto University during November 6-7, 2006 in Kyoto University Katsura Campus, Japan.

Mr. Pawan Agarwal

Gave lecture-seminars on issues related to higher education and skills development at the World Bank (Washington), Harvard University, University of Michigan, State University of New York at Albany and at MIT during research visit to the United States during September-October as Fulbright New Century Scholar on Higher Education from India.

Made a presentation at the Indo-EU Seminar on Skills and Employment on November 28, 2006 on recognition and certification issues in education and training.

Faculty News

Dr. Surabhi Mittal

Participated as a resource person on Global Trade in Cotton at the Roundtable on “The Fabric of Cotton: Seeds, Farmers and Textiles. What should be India’s Cotton Agenda?” jointly organized by the National Academy of Agricultural Sciences, the National Commission on Farmers and the Centre for Science and Environment, July 10, 2006 at National Academy of Agricultural Sciences, NASC campus, New Delhi.

Presented paper on “Structural Shift in Demand for Food: Projections for 2020” at IFPRI–IEG Workshop on “From Plate to Plough: Agricultural Diversification and its Implications for the Small Holders” organized by International Food Policy Research Institute and Institute of Economic Growth, New Delhi, September 20-21, 2006.

Presented a paper on WTO and Agriculture at a Seminar on “WTO and its Implication for Indian Business” organized by FICCI and Utkal Chamber of Commerce & Industry at Bhubaneswar, September 23, 2006.

Participated as a resource person at IGIDR/USDA workshop on “Economic Liberalization and Farm Supply Response in India” at Mumbai on September 29, 2006.

Mr. Badri Narayanan G.

Delivered a lecture on “India’s Handloom Exports: Recent Trends and Perspectives for Future” in a seminar on “Export Competitiveness of Textiles: Focus Handloom” organized by PHD Chamber of Commerce and Industry and Textiles Committee, and sponsored by UNCTAD, held at Panipat on August 31, 2006.

ICRIER in the News

We showcase below some select occasions on which ICRIER appeared in the media space between July-December 2006. A more comprehensive coverage of ICRIER's media presence is available at our website www.icrier.org for your perusal.

1 July, 2006. **Visayan Daily Star.** ADB names two officials to review policy direction. The panel also includes former German deputy finance minister Caio Koch-Weser, Isher Ahluwalia, chairwoman of the Indian Council for Research on International Economic Relations....

5 July, 2006. **Financial Express.** ICRIER for trade with Pak on MFN basis. In order to facilitate Indo-Pak trade, policy makers should focus on trading on Most Favoured Nation (MFN) basis, says a study by trade think-tank Indian Council of International Economic Relations (ICRIER).

1 August, 2006. **Financial Express.** Doha collapse: Govt to pursue bilateral talks. "Though we would have gained from a convergence, we still don't have much to lose as 75% of our total trade falls outside the ambit of the WTO negotiations," special secretary (commerce) GK Pillai said at an Indian Council for Research on International Economic Relations (ICRIER) seminar.

4 August, 2006. **Daily News & Analysis.** Eleventh Plan paper stays, despite scowls of economists. The chairperson of the Indian Council for Research in International Economic Relations (Icier) threw back Montek's favourite "business as usual approach won't work" line at him. A special invitee was Avinash Dixit, Princeton University professor, at whose lecture on "Governance and Economic Reforms" the previous day Ahluwalia had been a rapt listener.

9 August, 2006. **The Hindu.** India making efforts to revive WTO talks, says Kamal Nath. Addressing a seminar organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Indian Council for Research on International Economic Relations (ICRIER) here on Tuesday, he said the WTO talks in Geneva last month collapsed as there were big gaps in the mindsets of developing and developed countries.

10 August, 2006. **Financial Express.** Octroi, indirect taxes on food articles need to be abolished. There is a need to abolish octroi, other indirect taxes and levies on food articles in order to have the whole country as a single unrestricted market, a study by Indian Council for Research on International Economic Relations (ICRIER) said.

11 August, 2006. **The Economic Times.** Should India allow FDI in retail? The equity argument does not have solid empirical basis. As the ICRIER study on the same subject has shown, liberalisation of retail raises overall economic welfare and does not result in loss of employment.

19 September, 2006. **Financial Express.** Increase agriculture production or import. To improve food security at the national level, India needs to either increase agricultural production or increase imports as agricultural growth is limited, said economic think-tank Indian Council for Research on International Economic Relations (ICRIER) in its report on structural shift in demand for food.

23 September, 2006. **Business Standard.** TN Ninan : Finding the facts. At a meeting with Delhi-based economists, organised by the Indian Council for Research on International Economic Relations (ICRIER), Spence mentioned that since World War II, there have been 11 economies.....

28 September, 2006. **Financial Express.** India should be more pro-active on green issues, says ICRIER. The Indian Council of Research on International Economic Relations (ICRIER) has said that India and other developing countries should engage pro-actively in

environmental negotiations at the WTO and productively utilise the various WTO negotiating groups to advance their agenda.

28 September, 2006. **Financial Express.** Powering on knowledge. Pawan Agarwal's work at the Indian Council for Research on International Economic Relations indicates that India's expenditure on R&D is only 0.81% of GDP, much less than China's 1.31% and Korea's 2.96 %.

17 October, 2006. **Moneycontrol.com - Mumbai.** How do we identify laundered money? Is the National Security Council's caution on foreign direct investment, FDI, justified? They plan to screen and monitor FDI coming in from sensitive countries into sensitive sectors. Is the government being practical and prudent or paranoid? Former cabinet Secretary, TSR Subramaniam, Managing Director, O(X) US Investments, Surjit Bhalla and Director & Chief Executive, ICRIER, Rajiv Kumar debate the issue.

24 October, 2006. **Financial Express.** Doha is past; look towards FTA with US as the future, says ICRIER. After the suspension of the Doha Round, India will gain much from a FTA with the US in the ITes/BPO sector, a study by economic thinktank Indian council of international economic relations has suggested.

25 October, 2006. **Financial Express.** China's Asean entry to hit India hard. India will be worst hit among other Asian countries if China makes a pre-emptive entry into the Asean due to trade diversion, a study by Indian Council for Research on International Economic Relations (ICRIER) stated.

3 November, 2006. **Hindustan Times.** Beckett's clarion call to developed nations. Delivering a speech titled "UK and India: Partnering to meet Global Challenges", organised by Tata Energy Research Institute and Indian Council for Research on International Economic Relations, she said how exactly each government chooses to make that switch to a low carbon economy is of course their own choice.

3 November, 2006. **The Hindu.** Generate competition, says Cohon. Stating this at the concluding day of a conference on 'Globalisation and Higher Education in India', organised by Assocham and (Indian Council for Research on International Economic Relations) here, Dr. Cohon said that Indian universities needed to emulate the U.S. higher education pattern, which promotes research and innovation to take research to a logical end.

6 November, 2006. **Zee News.** India asks Pak to remove obstructions impeding SAFTA. External Affairs Minister Pranab Mukherjee hoped India would be able to convince Pakistan as it wants to encourage SAFTA for which it has offered very substantive tariff reduction to all the countries of the regional grouping. "The tariff reduction negotiations have been completed and operationalised from January 1," he said addressing the silver jubilee function of economic think-tank Indian Council for Research and International Economic Relations (ICRIER) here.

7 November, 2007. **The Hindu.** Inadequate recognition of growing interdependence. Without directly referring to any party, Dr. Singh said: "Very often, we adopt political postures that are based in the past and are out of line with our current interests as an increasingly globalised and globally integrated economy." He was addressing the silver jubilee function of the economic think-tank ICRIER (Indian Council for Research and International Economic Relations) here.

7 November, 2006. **Financial Express.** Appreciate changes, PM tells politicians. He said thinktanks like Indian Council for Research and International Economic Relations could play a role in educating the public on such aspects. "One feels at times that there is inadequate recognition at home about the increasing interdependence between India

and the world, and the consequences thereof for our domestic policies," he said.

7 November, 2006. **Hindustan Times.** No ban on Chinese companies: Pranab. We are inviting everybody. Our policy is not related to any country specifically," he emphasised. Mukherjee spoke to reporters on the sidelines of a meeting held to commemorate the silver jubilee year of Indian Council for Research and International Economic Relations ((ICRIER).

8 November, 2006. **The Hindu.** Problems to foreign investment from within: Mukherjee. "Problems are not from outside but from inside. Therefore, if we can reconcile that position, people will be too ready, too willing, to come and make investments here," he said here at the Silver Jubilee function of Indian Council for Research and International Economic Relations (ICRIER).

9 November, 2006. **Zee News.** All are welcome to invest: India. Mukherjee was responding to questions from reporters on the sidelines of the silver jubilee function of economic think tank Indian Council for Research and International Economic Relations (ICRIER).

29 November, 2006. **Business Standard.** India-Pak trade can cross \$6 bn: Report. Trade between India and Pakistan can increase to a phenomenal level of \$6.6 billion if barriers are removed and the neighbouring country implements the South Asia Free Trade Area (SAFTA) agreement, a report by the Indian Council for Research on International Economic Relations (ICRIER) has said.

30 November, 2006. **BBC News.** India accelerates economic growth. The director of the Indian Council for Research In International Economic Relations said the economy was doing well. "We are in a sweet spot with high consumption and investment demand. The Indian economy has got the momentum it needs," Rajiv Kumar said.

30 November, 2006. **Business Standard.** Shankar Acharya: Fiscal deficit, what's that? It's done it before....it can do so again. The author is Honorary Professor at ICRIER and former Chief Economic Adviser to Government of India

1 December, 2006. **The Economic Times.** GDP growth likely at 8.5% this fiscal, feel economists. This results in greater income and, in turn, greater demand. Moreover, this circle continues to self-generate, thereby forming a good basis for a long-term boom," says Indian Council for Research on International Economic Relations (ICRIER) director and chief executive Rajiv Kumar.

7 December, 2006. **Financial Express.** For price stability, ICRIER calls for freer inter-state goods. Indian Council for Research on International Economic Relations has suggested freer movement of essential commodities across states to attain price stability.

15 December, 2006. **Financial Express.** RBI watching inflation, liquidity: Rakesh Mohan. Speaking to newsmen on the sidelines of a conference organised by ICRIER here on Thursday, RBI Deputy Governor Rakesh Mohan said: "Everything depends on evolving circumstances...have to look at inflation, liquidity and credit growth", when asked if the Central bank planned a pause on tightening the monetary system.

19 December, 2006. **Financial Express.** Developing nations should seek protection. Developing countries like India should seek a special agriculture safeguard in the Doha Round of global trade negotiations against fluctuations of international commodity prices, says a recent Icier study.

29 December, 2006. **Business Standard.** FM to meet agriculturists for pre-Budget discussions. The economists slated to attend the Saturday meeting include Saumitra Choudhuri, economic adviser, ICRA Ltd, Rajiv Kumar, director and CEO, ICRIER, Subir Gokarn



INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS

Core 6A, 4th floor, India Habitat Centre, Lodhi Road, New Delhi - 110 003, India Tel: 24645218-19-20, 24616329 Fax: 24620180
www.icrier.org