

ICRIER news



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Letter from the Director

Dear Reader,

On behalf of ICRIER let me take this opportunity to wish you a very happy and a successful New Year! The latter half of the previous year was not only as active as we had anticipated but also very enriching. A host of stimulating seminars and public lectures besides several research projects that were brought to completion, kept us on our toes and happily so!

ICRIER had the rare honour of hosting a number of distinguished visitors to deliver public lectures on issues of immense current importance, including Professor David Bloom, Clarence James Gamble Professor of Economics and Demography, Harvard School of Public Health, Professor Edmund S. Phelps, McVickar Professor of Political Economy, Columbia University and Nobel Laureate Professor James Mirrlees, Professor of Political Economy & Fellow of Trinity College, Cambridge. It was indeed a twofold honour to have Mr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission to chair the lecture by Professor Mirrlees.

We also had the privilege of listening to a speech delivered by Sir Nicholas Stern, Second Permanent Secretary to the HM Treasury, London, Head of the Government Economic Service, and Director of Policy Research of the Prime Minister's Commission for Africa, on his Commission for Africa work

Maintaining our momentum in the area of macroeconomics, growth, policy and reform, ICRIER organised a growth seminar in partnership with the World Bank to analyse the impact on growth of key policy and institutional reforms while examining country experiences from the 1990's. Another key seminar organised by ICRIER was with respect to the opening up of the retail sector in India, which is one of the few sectors where FDI is not allowed. Based on a research study entrusted to ICRIER by the Department of Consumer Affairs, the nodal department for internal trade, the seminar helped analyse the growth across different segments of retailing while assessing the likely impact of allowing FDI on stakeholders.

ICRIER successfully completed the Volkswagen Foundation supported project on health insurance for the poor in India in partnership with Centre for Development Research (ZEF), Germany and Centre for Economic and Social Studies (CESS), Hyderabad. Another study on non-tariff barriers and India's exports: the case of ASEAN and Sri Lanka, funded by the Department of Commerce, was completed.

As one of the hub institutions for "Trade and Industry" under the ADB Policy Networking project, ICRIER hosted the first technical workshop jointly with IIMB in New Delhi in October. It provided expert inputs on policy papers aimed at rendering specific policy advice to the Government. The workshop formed part of the Technical Assistance Project: Policy Research Networking to Strengthen Policy Reforms, being supported by the ADB in collaboration with Ministry of Finance. ICRIER and IIMB would jointly organise the final technical workshop in Bangalore in January 2005.

With best wishes,

Arvind Virmani



Contents

LETTER FROM THE DIRECTOR

SEMINARS

China's Impact on NAFTA Economies

Foreign Direct Investment in Retail Sector: India

The Growth Experience: Lessons from the 1990s

PUBLIC LECTURES

Innovations, Institutions and Economic Performance

Dual Economies Growing: India and China

Health, Demographic Change and Its Impact on the Economy

Speech by Sir Nicholas Stern

POLICY DISCUSSION/ WORKSHOP

ADB Policy Networking Project, First Technical Workshop

ICRIER Meeting with KCFREAL

CONFERENCE

RECENT ICRIER PUBLICATIONS

INTERNATIONAL NETWORKING

ICRIER IN NEWS

ICRIER WELCOMES

OBITUARY

a forum for sharing information

Seminars

China's Impact on NAFTA Economies

December 17, 2004



Dr. Wendy Dobson, Professor, Rotman School of Management, University of Toronto & Director of its Institute for International Business (Left), participants at the seminar.

ICRIER invited Dr. Wendy Dobson, Professor at the Rotman School of Management, University of Toronto, and Director of its Institute for International Business

for a seminar on 'China's Impact on NAFTA Economies'.

The focus of the seminar was on China's emergence as a major economic force—creating both opportunities and risks for business and policy planning for NAFTA economies. The seminar was important in terms of its usefulness for India in understanding how the Chinese have handled and overcome the trade diverting provisions of NAFTA. Dr. Dobson examined issues of trade, investment and the exchange rate regime, as well as China as a source of systemic risk—before discussing implications for Canada and its NAFTA partners.

The seminar was chaired by Mr. Nitin Desai, Honorary Professor, ICRIER.

Foreign Direct Investment in Retail Sector: India

November 22, 2004

Based on the draft report of the study titled 'Foreign Direct Investment in Retail Sector: India' entrusted by the Department of Consumer Affairs, ICRIER organised a seminar to analyse the growth across different segments of retailing, evaluate the likely impact of allowing FDI on stakeholders and suggest the likely timeframe and process of allowing FDI.

The results of the ICRIER study recommend that any opening up of the FDI regime should be gradual (3–5 years) to give the domestic industry enough time to adjust to the changes. Foreign players should not be allowed to trade in certain sensitive products like arms and ammunition and the list of excluded products should be clearly stated in the FDI policy. It suggests that in the initial stage, FDI up to a maximum of 49 percent should be allowed so as to provide an opportunity for the domestic players to enter into joint venture agreements. The study also provides a definition of retail trade. Lastly, the study points out that unilateral liberalisation should precede multilateral liberalisation in sensitive sectors like retailing.



From R to L: Mr. D. K. Mukhopadhyay, Economic Advisor, Dept. of Consumer Affairs, Govt. of India, Dr. Arvind Virmani, Director & Chief Executive, ICRIER, Mr. L. Mansingh, Secretary, Dept. of Consumer Affairs, Govt. of India, Dr. Arpita Mukherjee, Senior Fellow, ICRIER and Ms. Nitisha Patel, Research Assistant, ICRIER (till Jan. 14, 2005) at the seminar.

Mr. L. Mansingh, Secretary, Department of Consumer Affairs, Government of India, chaired the session. The seminar was attended by different ministries, organised and unorganised retailers, foreign retailers, industry and trading associations, retail experts, multilateral agencies, real estate developers, manufacturers, academicians and media.

The Growth Experience: Lessons from the 1990s

September 28, 2004

ICRIER and the World Bank organised a joint seminar on 'The Growth Experience: Lessons from the 1990s' to analyse the impact on growth of key policy and institutional reforms: macroeconomic stability, trade liberalization, privatization, deregulation of finance and utilities etc. Drawing from the World Bank report as well as from ICRIER and other research work on macroeconomics, growth, policy and reform, the



From R to L: Dr. Roberto Zaghera, Economic Advisor, The World Bank's PREM Network, Dr. Lant Pritchett, Lead Economist, The World Bank, Dr. Isher Judge Ahluwalia, Chairperson, Board of Trustees, IFPRI and Dr. Arvind Virmani, Director & Chief Executive, ICRIER at the seminar.

seminar focussed on factors that led to the obstruction and sustenance of economic growth in the nineties.

While making their presentations Dr. Roberto Zaghera, Economic Advisor of the World Bank's Poverty Reduction and Economic Management (PREM) network and Dr. Lant Pritchett, Lead Economist of the World Bank's South Asia Environment and Social Unit emphasised on the importance and relevance of new policy initiatives necessary for raising the sustainable rate of economic growth in developing countries, with special reference to India. The seminar drew lessons from the diverse country experiences; from the perspective of reforms in policy and institutional areas and how it has affected growth.

Representatives from the Planning Commission, Ministries of Finance and External Affairs, Financial Institutes, Multilateral Organizations, Research Institutes and Academia participated in the seminar. Dr. Isher Judge Ahluwalia, Chairperson, Board of Trustees, IFPRI and Board Member, ICRIER, chaired the seminar.

Public Lectures

Innovations, Institutions and Economic Performance

December 30, 2004



From L to R: Prof. Edmund S. Phelps, McVickar Professor of Political Economy, Columbia University, Mr. Nitin Desai, Honorary Professor, ICRIER and Dr. Arvind Virmani, Director & Chief Executive, ICRIER at the lecture.

ICRIER organised a public lecture by Professor Edmund S. Phelps, McVickar Professor of Political Economy, Columbia University on 'Innovations, Institutions and Economic Performance'. Professor Phelps's talk stressed on the impact of institutions on innovativeness in the economy, which has an impact on productivity, which in turn raises wages thus widening peoples' choices of careers and goods.

Even further, innovations as he went on to explain, helped generate change and mental stimulation for people in their work. To assess the effectiveness of the institutions, his research looked at three levels of innovational activity: adoption of innovations; adap-

tation for domestic use; and origination. The implication: how much dynamism an economy has depends on the presence of institutions that facilitate and motivate adoption and adaptation – and origination in exceptional cases. Professor Phelps suggested that as India is now said to be in the catch up period as was Europe in the 50's and 60's, drawing lessons for India from Europe would be useful. According to him, institutions like company law and corporate gover-

nance rules and financial devices like stock exchanges and corporate bond markets could be expected to foster innovation.

The lecture was attended by experts from research institutes, scholars, and senior officials from the Ministry of Finance, Ministry of Commerce, and Planning Commission. Mr. Nitin Desai, Honorary Professor, ICRIER chaired the lecture.

Dual Economies Growing: India and China

December 23, 2004



Prof. James Mirrlees, Professor of Political Economy, Cambridge University and Fellow of Trinity College delivering the lecture; Mr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission (seated left) and Dr. Arvind Virmani, Director & Chief Executive, ICRIER (right).

Nobel Laureate Prof. James Mirrlees, Professor of Political Economy, Cambridge University and Fellow of Trinity College, delivered an engaging talk on 'Growth and Inequality in Dual Economies' at a Public Lecture organised by ICRIER. Looking at the growth rate of high growth economies, he explained that if we were to look at their growth figures in some detail, it would be hard to understand how growth at the rates observed in China, India, Korea, etc. is technologically possible. According to him, the movement of resources from low productivity to high could help to solve this puzzle.

Drawing a brilliant analysis of growth rate and inequality in dual economies, Professor Mirrlees suggested modifications of the conventional sources of growth

accounting equation. He demonstrated how the standard equation of growth (capital contribution + labour contribution + technological advances) cannot explain the true growth rates because it tends to underestimate the growth rate as in the case of China (5.75%) and India (4.75%). The solution according to him lay in modifying the growth equation to take account of the migration of labour from low productivity/wage sectors to high productivity/wage sectors wherein the shift of labour between these two sectors would then get represented by another term in a growth accounting equation.

The Lecture was very well attended by academicians, policy makers and analysts, thinkers and researchers. Mr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission chaired the lecture.



Audience at the lecture by Prof. James Mirrlees.

Health, Demographic Change and Its Impact on the Economy

December 21, 2004

Professor David Bloom, Clarence James Gamble Professor of Economics and Demography, Department of Population and International Health, Harvard School of Public Health, made an insightful presentation on 'Health, Demographic Change and Its Impact on the Economy' at a Public Lecture organised by ICRIER.

Professor Bloom's lecture elucidated in a graphic way the effects of public health and demographic changes on economic growth. He explained how better public health could increase productivity, incentive for acquisition of education and investment. He further emphasised that the improved health would also lead to a demographic transition and the so-called demographic dividend. One of the surprising implications of his analysis is that about 3/4th of the difference between China's and India's growth rate during the last 25 years is due to the fact that China had encashed its demographic dividend. In the next 25 years, he suggested, it would be India's turn to have the benefit of this dividend.



Prof. David Bloom, Clarence James Gamble Professor of Economics and Demography, School of Public Health, Harvard University delivering the lecture.

The Lecture was attended by a number of demographers and eminent persons from academia, policy makers, media and various research institutes. It was chaired by Dr. Isher Judge Ahluwalia, Chairperson, Board of Trustees, IFPRI and Board Member, ICRIER.

Speech by Sir Nicholas Stern

September 13, 2004

At a talk organised at ICRIER, Sir Nicholas Stern, Second Permanent Secretary to the HM Treasury, London, Head of the Government Economic Service, and Director of Policy Research of the Prime Minister's Commission for Africa, delivered a speech on his Commission for Africa work.

Launched by Mr. Tony Blair, the Prime Minister of UK, the Commission for Africa was set up in preparation of the UK taking over the Presidency of the G8 and the European Union in 2005. Sir Nick Stern discussed the role of the Commission as being to take a fresh look at Africa: its past, present and future, as well as to make recommendations for action that will help set the priority for the UK Government in 2005 and beyond.

The seminar was chaired by Dr. Arvind Virmani, Director & Chief Executive, ICRIER.



Sir Nicholas Stern, Second Permanent Secretary to HM Treasury, London and Director Policy Research, PM's Commission for Africa (left) and Dr. Arvind Virmani, Director & Chief Executive, ICRIER (right) at the talk.



Policy Discussion/Workshop

ADB Policy Networking Project, First Technical Workshop

October 25–26, 2004

The 'First Technical Workshop' for policy papers under 'trade and Industry' of the ADB Policy Networking Project to Strengthen Policy Reforms, was held jointly in New Delhi by ICRIER and IIMB, the two "hub institutions" to debate and discuss relevant policy questions addressed by each paper.

The papers covered by ICRIER are 'Critical Issues in Services-led Growth' by Dr. Rashmi Banga, Consultant, ICRIER, 'Globalisation, Poverty and Inequality' by Dr. Rajat Acharyya, Jadavpur University, Kolkata and 'Non-tariff and Other Barriers to Trade' by Dr. Rajesh Mehta, RIS, New Delhi. The Discussants for ICRIER papers are Dr. Rupa Chanda, Associate Professor, IIMB, Dr. Suresh Tendulkar, Professor, DSE, Dr. Surjit Bhalla, Oxus, New Delhi and Mr. Anwarul



From R to L: Prof. Chiranjib Sen, IIM Bangalore, Dr. Sudipto Mundle, Deputy Country Director, ADB, Dr. Vijay Kelkar, Former Adviser, Ministry of Finance and Dr. Arvind Virmani, Director & Chief Executive, ICRIER at the workshop.

Hoda, Member Planning Commission respectively.

The workshop was chaired by Dr. Vijay Kelkar, former adviser, Ministry of Finance.

ICRIER Meeting with KCFREAL

September 22, 2004

A high level delegation from Karachi Council of Foreign Relations, Economic Affairs and Law (KCFREAL), Pakistan led by Former Chief Justice of Pakistan - Mr. Saeed Uz Zaman Siddiqui, met researchers from ICRIER as part of a three-day good will mission to New Delhi. The primary purpose of the meeting was to discuss matters related to regional and bilateral trade, the promo-



ICRIER research faculty and the delegation at the meeting.

tion of economic activity and the free exchange of trade between India and Pakistan. The delegation sought to understand how the Indian economy has had to reorient itself to the changing multilateral trade discipline within the WTO framework and its approach in the Negotiations.

The Pakistan delegation consisted of Former Governor of Sindh - Lt. General Moinuddin Haider, Former Ambassador to France and Chairman of Aga Khan Foundation - Mr. S.K. Delhavi, Former Ambassador to Russia - Mr. Mansoor Alam, Former Federal Minister - Mr. Haleem Siddiqui, Former Attorney General of Pakistan - Mr. Liaqat Merchant, Secretary General of KCFREAL - Mr. Ahsan Mukhtar Zubairi and Group Director of Jung Newspapers - Ms. Fariha Razzak Haroon. The ICRIER side was chaired by Dr. Arvind Virmani, Director & Chief Executive, ICRIER.

Conference

Sixth Annual SANEI Conference

August 26–27, 2004



From R to L: Dr. Isher Judge Ahluwalia, Founder Coordinator SANEI, Prof. T. N. Srinivasan, Chairman, SANEI and Dr. Arvind Virmani, Director & Chief Executive, ICRIER at the conference in New Delhi.

The Sixth Annual Conference of SANEI was hosted by ICRIER in New Delhi from August 26–27, 2004. The Conference brought together 50 participants from SANEI member countries in South Asia including Bangladesh, India, Nepal, Pakistan and Sri Lanka, presenting research on diverse areas of economic

development in South Asia.

Key participants at the conference included Professor T.N. Srinivasan, Chairman SANEI, Dr. Isher Judge Ahluwalia, Founder Coordinator SANEI, Professor Siddiqur Osmani, Research Advisory Panel Member, SANEI, Dr. M. Asaduzzaman, Research Director, BIDS, Bangladesh and Mr. Basil Ilangakoon, Executive Vice Chairman, Marga Institute, Sri Lanka, both Members of SANEI Steering Committee, Dr. Shankar Acharya, Honorary Professor and Member, Board of Directors, ICRIER and Dr. Arvind Virmani, Director & Chief Executive, ICRIER and Coordinator, SANEI (till March 31, 2004).

Researchers undertaking projects under SANEI round V presented their draft final reports. Work-in-progress of the research projects due for completion under SANEI round VI were also presented during the Conference. The Steering Committee of SANEI India met on August 27, 2004 at ICRIER to discuss the future plans and strategies for SANEI.

Recent ICRIER Publications

Working Papers

No.	SUBJECT	AUTHOR	DATE
139	Contribution of Services to Output Growth and Productivity in Indian Manufacturing: Pre and Post Reforms	Rashmi Banga B. N. Goldar	Aug 2004
140	Impact of Trade Liberalisation in Manufacturing Industry in India in the 1980's and 1990's	Mihir Pandey	Aug 2004
141	Missing Markets in World Trade The Case for 'Sui Generis' Protection of Traditional Knowledge	Ajeet Mathur	Aug 2004
142	The WTO Anti-Dumping Agreement: Possible Reform through the Inclusion of a Public Interest Clause	Aradhna Aggarwal	Sept 2004



No.	SUBJECT	AUTHOR	DATE
143	Trade Liberalisation, Multinational Involvement, and Intra-Industry Trade in Manufacturing	C. Veeramani	Sept 2004
144	Patterns and Determinants of Economic Growth in Indian States	K. L. Krishna	Oct 2004
145	Indo-Sri Lanka Trade in Services: FTA II and Beyond	Nisha Taneja Arpita Mukherjee Sanath Jayanetti Tilani Jayawardane	Nov 2004
146	Trade and Competition Policy	Aditya Bhattacharjea	Nov 2004
147	Cost & Productivity in Indian Textiles: Post MFA Implications	Danish Hashim	Nov 2004
148	Export Processing Zones in India: Analysis of the Export Performance	Aradhna Aggarwal	Nov 2004
149	Trade in Telecommunication Services: Opportunities and Constraints	Rajat Kathuria	Nov 2004
150	Economic Performance, Power Potential and Global Governance: Towards a New International Order	Arvind Virmani	Dec 2004
151	India's Global Trade Potential: The Gravity Model Approach	Amita Batra	Dec 2004

ICRIER WTO Research Series

No.	SUBJECT	AUTHOR	DATE
1	Special and Differential Treatment in Agricultural Negotiations	Anwarul Hoda	Jun 2004
2	Agreement on Subsidies and Countervailing Measures: Need for Clarification and Improvement	Anwarul Hoda Rajeev Ahuja	July 2004
3	Trade in Environmental Services: Opportunities and Constraints	Aparna Sawhney Rupa Chanda	Aug 2004
4	The WTO Anti-Dumping Code: Issues for Review in Post-Doha Negotiations	Aradhna Aggrawal	Sept 2004
5	WTO-Related Matters in Trade and Environment: Relationship between WTO Rules and MEAs	Aparna Sawhney	Oct 2004
6	Transparency in Government Procurement	Anwarul Hoda Suchi Bansal	Nov 2004

International Networking

DR. ARVIND VIRMANI

- Delivered a lecture on “The Indian Elections and Budget: Continuity, Changes and Challenges” at the Institute of South Asian Studies, National University of Singapore, September 1, 2004.
- Delivered a talk on “Economic Growth, Governance and Voting Behaviour: An Application to Indian Elections” at the Institute of South East Asian Studies, National University of Singapore, September 2, 2004.
- Participated in the Consultative Group meeting of the Knowledge for Change Program (KCP) organised by the World Bank, Brussels, September 9, 2004.
- Participated in the Triologue: EU – India – USA jointly organised by the Hanns Seidel and Konrad Adenauer Foundations, Brussels, September 30, 2004.
- Opening Speaker in the first Session, “China and India: Competition or Cooperation” at the Asia Pacific Summit 2004, organised by the Asia Pacific Foundation of Canada, Vancouver, October 13–14, 2004.
- Delivered a talk on “Economic Growth, Governance and Voting Behaviour: An Application to Indian Elections” at the Institute of Asian Research, University of British Columbia, Vancouver, October 15, 2004.
- Presented a paper on “Economic Relations Between India and Taiwan, China” at the bilateral interaction conducted by the Institute for Defence Studies and Analyses (IDSA), Institute of International Relations (IIR) and National Chengchi University (NCU), Taipei, October 27–28, 2004.
- Participated as member in the third meeting of the India-China Joint Study Group (JSG), Beijing, December 1–3, 2004.

DR. SHANKAR ACHARYA

- Participated in a meeting of the Toyota International Advisory Board (IAB), organised by Toyota Motor Corporation, Japan, July 6–10, 2004.
- Delivered a lecture titled, “SAARC - Is it the time for a common currency?” in the National Forex Conference organised by the Forex Association of India, Colombo, Sri Lanka, August 20–22, 2004.
- Held discussions with the Government of Sri Lanka on the draft Development Policy Review report (of the World Bank), Colombo, Sri Lanka, September 14–18, 2004.

MS. NISHA TANEJA

- Presented a joint paper on “India’s Informal Trade with Nepal” at the EGDI-WIDER Conference on Unlocking Human Potential: Linking the Informal and Formal Sectors, Helsinki, Finland, 17–18 September 2004. (with S. Pohit)

DR. AMITA BATRA

- Presented a paper on “Response to East Asian Regionalism And Its Impact: The Indian View” (co-authored with Dr. Arvind Virmani) at an international conference organised by the Institute of Asia Pacific Studies, Chinese Academy of Social Sciences (IAPS, CASS), Beijing, China, October 21–22, 2004.

DR. RAJEEV AHUJA

- Presented a paper on “Extending Formal Insurance to Informal Economy Workers in India” in a conference on Unlocking Human Potential at UNU-WIDER, Helsinki, Finland, September 17–18, 2004.



DR. ARADHNA AGGARWAL

- Discussant at the international Conference on WTO Post-Cancun Developments: Options for South Asia organised by CUTS, Islamabad, Pakistan, August 17–19, 2004.

DR. RASHMI BANGA

- Presented a paper on “Contribution of Services to Output Growth and Productivity in Indian Manufacturing: Pre and Post Reforms” at the European Trade Study Group 2004 Conference, organised by Nottingham University, U.K., September 9–11, 2004.

- Attended the second summer school in Trade, Industrialisation and Development on Micro-economic Effects of Trade and Trade Policy: The Perspective of Developing Countries, organised by Centre for Economic Policy Research (CEPR), University of Milan, Italy, September 5–8, 2004.

DR. SURABHI MITTAL

- Delivered a lecture on “Indian Agriculture: Trends, Issues and Policies” at the Department of Agriculture, University of Mauritius, November 16, 2004.

ICRIER in News

FDI in Retail Seminar

- **Govt. not averse to retail FDI, ET, (November 23, 2004):** *Consumer Affairs Secretary L. Mansingh said today that the government was not averse to the idea of considering liberalisation in its policy on FDI in retail, while addressing a seminar organised by economic think-tank ICRIER. A draft ICRIER report released on the occasion called for 49% FDI in retail and opening up of the sector in a phased manner over a period of five years.*
- **ICRIER moots 49% FDI in retail, BS, (November 23, 2004):** *ICRIER has recommended opening up the retail sector up to a maximum of 49 per cent with opportunities for joint venture. However, it said the process should be gradual and in a phase manner over 3–5 years. ICRIER has asked the government to draw up a list of excluded items like arms and ammunition, implement allied reform measures, ensure that existing franchisees were not affected and prevent predatory pricing.*

Studies / Paper reviews

- **ICRIER for phased Customs duty reforms, BS, (December 10, 2004):** *The government should initiate customs duty reforms in a phased manner by bringing down the rates to 15 per cent next fiscal and aim to introduce a uniform duty of 5 per cent by 2011–12 to bring about a quantum jump in the country’s export competitiveness, economic think-tank ICRIER has said.*
- **BPO Inc braces for bigger trade battle, IE, (December 10, 2004):** *As immigration reform takes centre stage in the US, IT industry body Nasscom has asked the ICRIER to study strategies that will keep tech service exports booming in the new political environment. The ICRIER study is an early effort to prepare the next year’s WTO talks, says Kiran Karnik, Nasscom President.*
- **Pleading for the Public, The World Trade Organisation’s Anti-dumping Agreement needs a public interest clause, BS, (November 5, 2004):** *Dr. Aradhna Aggarwal in her article wrote that a*

properly devised and effectively implemented public interest test can, thus, reconcile a country's antidumping policy with its larger national interests. Adding a public interest clause would also impose due restraint in the application of antidumping measures.

Comments / Opinion

- **India-Iran gas deal to secure future supplies, IranMania.com, (November 8, 2004):** Arvind Virmani, Director ICRIER, says the policy was framed after India faced a problem getting oil from the Middle East during the first Gulf war. Since then there have been these thoughts and moves to get secured supplies across the world, diversified sources of supply whether it is Russia, Eastern Europe or we should also look at ASEAN, Indonesia is there. This is part of the overall policy of having energy security, he said.
- **Forex for infrastructure, anyone? – A piece of my mind, BS, (October 26, 2004):** Commenting on India's foreign exchange reserves burgeoning at about US\$ 120 billion, while key infrastructures sectors are starved of investment, Professor Shankar Acharya wrote, as for the "problem of excess reserves", the real answer may lie with reviving serious economic reforms (of labour laws, banking, privatisation, SSI reservations, taxation, etc.) that catalyse a sustained revival of industrial investment, which will generate a rapid growth of non-oil imports. Until then, the high international prices for oil are doing their bit to contain India's forex reserves.
- **Inflation and the way out, FE, (August 12, 2004):** Dr. Arvind Virmani made the following recommendations on policy reforms that could be useful in containing inflation: (a) Reduce tariffs on agricultural commodities in which prices are rising sharply; (b) Reintroduce the amendment to

the Coal Nationalisation Act to allow private entry so that there is genuine competition for imported oil; (c) Amend the Electricity Act (2003) to make the regulator independent and professional; (d) Launch a crusade against theft of electricity (35–50% of total generation); and (e) reduce the "peak rate" of tariffs from 20 to 15%.

- **What can we cook in Seoul kitchen, ET, (October 1, 2004):** Dr. Arvind Virmani and Dr. Amita Batra wrote, Trade between India and Korea witnessed a quantum jump in 2002-2003 registering a growth of 34%. The bilateral economic relationship has, however, not achieved its full potential. Given the fact that they are both members of the Bangkok Agreement, the largest PTA in terms of market potential, trade between India and Korea can be expected to double in the next few years. As Asean negotiates free trade agreements with China, Japan, South Korea and India individually, the vision of a larger framework that includes the Asean + 3 + 1 or Asean + 4 is taking shape. The accumulated wealth of these huge markets will create fresh opportunities for trade driven growth in the region.
- **India raises foreign holding cap in airlines, FT, (October 20, 2004):** Danish Hashim, an economist at ICRIER, a Delhi think-tank, said high sales taxes, and rules obliging airlines to buy fuel from state-owned oil companies, has pushed fuel costs to around 30% of an Indian carrier's operation expenses. In contrast, fuel costs account for around 15% among the world's most efficient airlines, Dr. Hashim said.
- **New Delhi moves to ease strain for UK-India air passengers, FT, (October 28, 2004):** Life will get better for the international traveller because of the gradual expansion of slots. But it is very hard to see any way in which the two state-owned carriers will reach financial health while they remain in public ownership, says Danish Hashim, an analyst at ICRIER, a think-tank in New Delhi.

ICRIER Welcomes

- Mr. Nitin Desai as Honorary Professor from December 1, 2004
- Mr. K L Datta as Consultant from September 13, 2004
- Dr. Suparna Karmakar as Consultant from December 1, 2004
- Mr. B K Zutshi who joined ICRIER as Sr. Consultant in July 2004 has reverted to being an External Consultant.

Obituary

With great grief we inform you the passing away of Mr. A N Varma, ICRIER Board Member on November 13, 2004.



Indian Council for Research on International Economic Relations

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