

A Street Market Scene, India
Edwin Lord Weeks

Slow but steady

A laggard in the world for much of the 20th century, India is now poised to be a superpower in the 21st century

India has become a trillion dollar economy with a self-sufficient agricultural sector, a varied industrial base and a well-established financial and services sector.

"Before the reforms that began in 1991, India had grown sluggishly for decades, even as China's economy had soared. Complacent politicians blamed democracy. Change was hard, they said. India couldn't hope to match an authoritarian state when it came to growth. By dismantling government control over the economy, opening up Indian markets to

foreign investment, cutting trade tariffs, devaluing the rupee, the current Prime Minister and the then finance minister Manmohan Singh broke down, in one go, the walls between the sluggish, protected economy of socialist India and the rest of the world," explains Dr V.V.L. N. Sastry, MD of FirstCall Equity.

Since the second half of the 1990s, the economy has consistently posted a growth rate of 7.5 per cent or more – about twice the rate of the years between Independence in 1947 and liberalisation in 1991 – and is now a

hotspot on the map of global business. Per capita income has almost quadrupled compared with 1991. Long starved of access to consumer goods, Indians of all classes have taken advantage of a consumer revolution of colossal dimensions. Economic liberalisation has greatly affected Indian attitudes towards money, business, development and politics, and opened doors for the ambitions of millions of young people. A laggard in the world for much of the 20th century, India is now poised to be a superpower in the 21st century.

Economic Relations

Total bilateral trade in goods touched \$62.8 billion in 2012, registering a growth of about 9 per cent over the last year. Indian exports accounted for \$40.5 billion, resulting in a trade surplus of around \$18 billion. The merchandise trade in first seven months (January to July) of 2013 was \$38.4 billion, growing at 7.4 per cent over the same period last year. Total trade in services in 2010 (the last year for which the complete data is available) was \$45.9 billion. In 2010, India's exports to the US reached \$24.5 billion, and US exports to India accounted for \$21.4 billion. There are several dialogue mechanisms to strengthen bilateral engagement on economic and trade issues, including a ministerial Trade Policy Forum (TPF) and a ministerial Economic and Financial Partnership. The last Meeting of India-US Financial and Economic Partnership was held in New Delhi in October 2012. The areas covered under the dialogue include macro-economic policy, financial sector reforms & infrastructure finance, anti money-laundering/ combating financing of terror (AML/CFT) and taxation. India and US are negotiating the Bilateral Investment Treaty (BIT).

As part of the Economic Dialogue, a separate Commercial Dialogue has been set up to cover defence measures; small and medium enterprises and capacity building on Intellectual Property Rights (IPRS). For greater involvement of private sector in discussion on issues involving trade and investment the bilateral India-US CEOs' Forum was reconstituted in 2009. The last round of the reconstituted CEOs' Forum was held in July 2013 in Washington. D.C. Separately a Private Sector Advisory Group (PSAG) has also been created consisting of prominent Indian and international trade experts to provide strategic recommendations and insights to the US-India Trade Policy Forum.

Energy Cooperation

The US-India Energy Dialogue was launched on 31 May, 2005 to promote increased trade and investment in the energy sector, through identification of further areas of co-operation and

collaboration, while actively working with both the public and private sectors. Five working groups have been set up under the initiative in areas, e.g., oil & gas, coal, power and energy efficiency, new technologies & renewable energy and civil nuclear cooperation. The last meeting of the working groups and of the Dialogue took place in September, 2012. The areas covered under the dialogue include: export of liquefied natural gas (LNG) from the US to India;



Singh and Obama: partners in progress

enhanced generation of energy from renewables and low carbon resources, and, in this context, the possibilities of large scale cooperation in integration of renewables with the grid, storage technologies, and renewable energy (RE) technologies; financing options for encouraging generation through renewable; utilisation of carbon-dioxide, released through carbon capture and sequestration (CCS) in alternative uses, such as fertilizer manufacture, enhanced oil recovery and other such methodologies in order to make CCS commercially viable; and constitution of a new working group on 'low carbon

growth' for assessing the carbon dioxide emissions from different industries and for initiating steps to reduce such emissions. India has expressed interest in the import of LNG from the US.

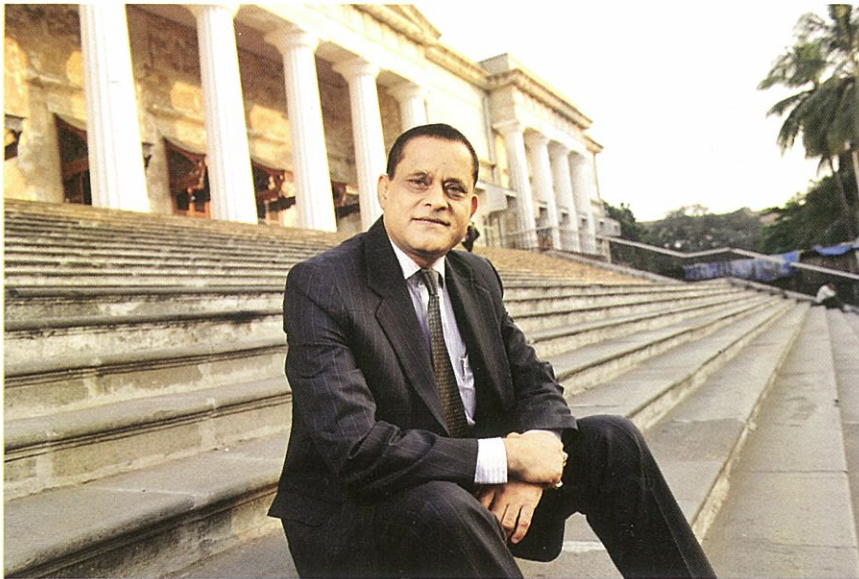
Clean Energy

An Agreement for Cooperation on Joint Clean Energy Research and Development Center (JCERDC) was signed between India and the US in November 2010. The JCERDC is a bilateral initiative designed specifically to promote clean energy innovations initiative by teams of scientists from India and the US, with a total joint committed funding from both governments of \$50 million. The Center has funded three research projects, in the areas of solar energy, second generation bio-fuels and energy efficiency of buildings.

Both the governments have announced that they would provide \$5 million each annually for next five years towards their share of research cost under the agreement while an equivalent cost will be borne by the consortia, which will carry out the research. These consortia bring together experts from national laboratories, universities, and industry in both the US and India. Consortia researchers will leverage their expertise and resources in solar technology, advanced biofuels, and building efficiency to unlock the huge potential of clean energy technologies that can reduce energy use, facilitate energy security, and accelerate the deployment of renewable energy sources. The three consortia are the (i) Solar Energy Research Institute for India and the United States; (ii) US-India Joint Centre for Building Energy Research and Development (CBERD); and (iii) US-India Consortium for development of Sustainable Advanced Lignocellulosic Biofuel Systems (SALBS).

Education

Under the Singh-Obama Knowledge Initiative launched in 2009, education and knowledge have been made an integral part of the strategic partnership between the two countries. The India-US Higher Education Summit that was held in October 2011 in Washington, followed by the Higher Education Dialogues in June,



Dangi: create a favourable investment environment to attract FDI in India

2012 and June 2013, have laid out the road map for promoting strategic institutional partnerships, deepening collaboration in research and development, fostering partnerships in vocational education and focusing on junior faculty development. As part of this vision, eight joint India, US research projects were awarded in 2012, and additional eight in 2013. Moreover, 126 junior faculty have been selected for being deputed to the United States (under the Raman fellowship programme of the University Grants Commission) for placement in post-doctoral research programs. The Fulbright program, established in 1950, was renewed in 2008 as the Nehru-Fulbright Program, with enhanced mandate and joint funding, to provide more student and scholar exchange grants in priority fields such as science, technology and agriculture. Programs such as 'Connect India' and 'Passport to India' provide opportunities, to be expanded in the years ahead, for large number of US students to visit India. As per the Open Doors 2012 study of the International Institute of Education (IIE), there are 100,270 students of Indian origin studying in the United States presently, which is the second largest international group comprising 13 per cent of the total in that category.

Regulations have been liberalised to allow twinning arrangements for faculty exchange and other collaborations between universities on both sides.

India is seriously looking at the US model of Community Colleges to build capacity for vocational education and skill development, and an international conference on community colleges was organised in New Delhi in February 2013, with active participation from the US side. Finally, given India's huge population and geographic spread, India proposes to forge collaborations with US Institutions in the area of Technology Enabled Learning and Massive Open On-line Courses (MOOCs) to extend the reach of education. An MoU has been signed between IIT Bombay and edX on MOOCs on 25 June, 2013 during the India-US Higher Education Dialogue, 2013.

Health Sector

The US and India share a strong collaboration in the area of public health covering a wide range of issues, including disease prevention, maternal and child health, environmental and occupational health, vaccine development, and emerging and re-emerging infectious diseases. Under the US-India Health Initiative, four working groups have been organised in the areas of Non-Communicable Diseases, Infectious Diseases, Strengthening Health Systems and Services, and Maternal and Child Health.

In order to build up the disease surveillance and epidemiological capacity in India, Global Disease Detection-India

Centre has been established in 2010 vide a MoU between Centers for Disease Control and Prevention (CDC) and National Center for Disease Control (NCDC). The Global Disease Detection-India Centre is now fully operational and experts have collaborated in the areas of food borne diseases, emergency operations, zoonotic diseases, public health laboratory systems, disease surveillance, epidemiology, and acute encephalitis.

Over the past few decades, the US National Institutes of Health (NIH), the Indian Council of Medical Research, and India's Department of Biotechnology have developed a robust relationship in the biomedical and behavioral health sciences, research related to HIV/AIDS, maternal and child health, infectious diseases, diabetes, cardiovascular diseases, eye disease, hearing disorders, mental health, and low-cost medical technologies. On 14-15 June, 2012, the governments of the US, India, and Ethiopia, in collaboration with UNICEF, hosted the Child Survival Call to Action event in Washington, DC to mobilise the world to achieve the ambitious yet achievable goal of reducing all preventable child deaths by 2035.

Science & Technology

The US-India Science and Technology Cooperation Agreement was signed on October, 2005. This is the umbrella agreement for driving the Science and Technology agenda under the 'Indo-US Strategic Dialogue.' Subsequently, two nations agreed to setup an Indo-US Science & Technology Joint Commission. The first meeting of Joint Commission (JCM) was held on 24-25 June 2010 at Washington DC, to plan, coordinate, monitor, and facilitate bilateral cooperation in science and technology. The Commission, co-chaired by the Science Advisor to the US President and the Indian minister of science and technology, has met thrice, in June 2010, June 2012 and June 2013. The Joint Commission developed an action plan for 2012-14 that includes joint projects, joint workshops, exchange visits of scientists, and establishment of virtual networking in various disciplines.

The US and the Indian Department

of Science & Technology (DST) endowed the India-US Science & Technology Forum (IUSSTF) with matching funds to facilitate mutually beneficial bilateral cooperation in science, engineering, and health. Over the past ten years, the IUSSTF has facilitated more than 12,000 interactions between Indian and US scientists. In 2012-13, IUSSTF supported over 30 bilateral workshops, four advanced schools, 10 virtual joint research centers, three innovation/technology transfer programs, and dozens of student and faculty fellowships.

Established in 2009 with an annual budget of \$2-\$3 million per year, the Science and Technology Endowment Board (STEB) promote commercialisation of jointly developed innovative technologies with the potential for positive societal impact. Projects focus on improving health and empowering citizens. To date, STEB has awarded four grants, two in the health area (a mobile phone-based diabetes diagnostic and a device to manage fecal incontinence) and two in empowering citizens (improved refrigeration for transporting agricultural products from field to market and providing financial services for the unbanked). Five new awards were announced on the margins of the US-India Strategic Dialogue in New Delhi on 24 June, 2013.

Collaboration between the Ministry of Earth Sciences (MoES) and US National Oceanographic and Atmospheric Administration has been strengthened under the 2008 MoU on Earth Observations and Earth Sciences. Under the 2010 US-India Agricultural Dialogue, a "monsoon desk" at the US National Centers for Environmental Prediction has been established for working together towards improved monsoon prediction.

Space

The two sides have had long history of cooperation in civil space arena. A bilateral Joint Working Group on Civil Space Cooperation has been established as a forum for discussions on joint activities in space. The group had its fourth meeting in Washington DC from 21-22 March 2013. Both the sides have agreed to continue and expand their joint activities in the area of civil space cooperation. Major areas include: exchange of scientists;



Cultural programmes connect both India and the US

OCM2, INSAT3D collaboration; Cooperation on Mars mission; nano-satellites; carbon /ecosystem monitoring and modeling; feasibility of collaboration in radio occultation among others.

Cultural Cooperation

Cultural cooperation between India and the US has rich and varied channels. Apart from the India-focused educational programs at the universities and educational institutions, there are hundreds of private schools, which teach Indian cultural arts. The Embassy, in collaboration with the Indian American Community and cultural organisations caters to the demand to the extent possible. These activities are grouped in to Reading India Series (featuring events related to Indian authors and writings, e.g. historian Ramachandra Guha, author William Dalrymple), Performing Indian Series (featuring music, dance and theatre, e.g. dancer Astad Deboo, Jazz saxophonist Rudresh Mahanthappa), Beholding India Series (film screening, art and photo exhibitions, e.g. documentary on Jewish contribution to Bollywood, Photo exhibition on Sikh heritage in India).

Lastly, the Indian Economy was faced with severe issues as regards the economic performance in the last fiscal. "However, things are expected to improve in the current fiscal. One prominent issue relates to the deceleration

in the economic growth rate. Indian economy is faced with many bottlenecks which coupled with policy paralysis syndrome. The growth rate of the Indian economy slowed down to 4.5 per cent last fiscal. However, it is estimated to rise above 5.5 per cent in the current fiscal on account of the support it shall receive due to stronger global growth, better export competitiveness and some of the recent policy decisions taken by the Government just ahead of the general elections such as the approval for investment for new projects by the Cabinet Committee on Investments (CCI). Also the general elections opinion polls have given a clear indication that there are fairly good chances of a stable government coming to be formed after the results are declared on 17th May, 2014. It is likely that the government formed at the Centre will continue the policies and programs that support development as well as embark upon creating a more favourable investment environment to attract the FDI in India", observes Lalit Dangi, Chairman of Libord group.

This seems likely as both the UPA and NDA election manifestos have made tall promises about the growth of the Indian economy and the improvement in the well being of the Indian masses particularly the weaker and impoverished sections of the society.

All in all, this favourable environment will further boost Indo-US trade