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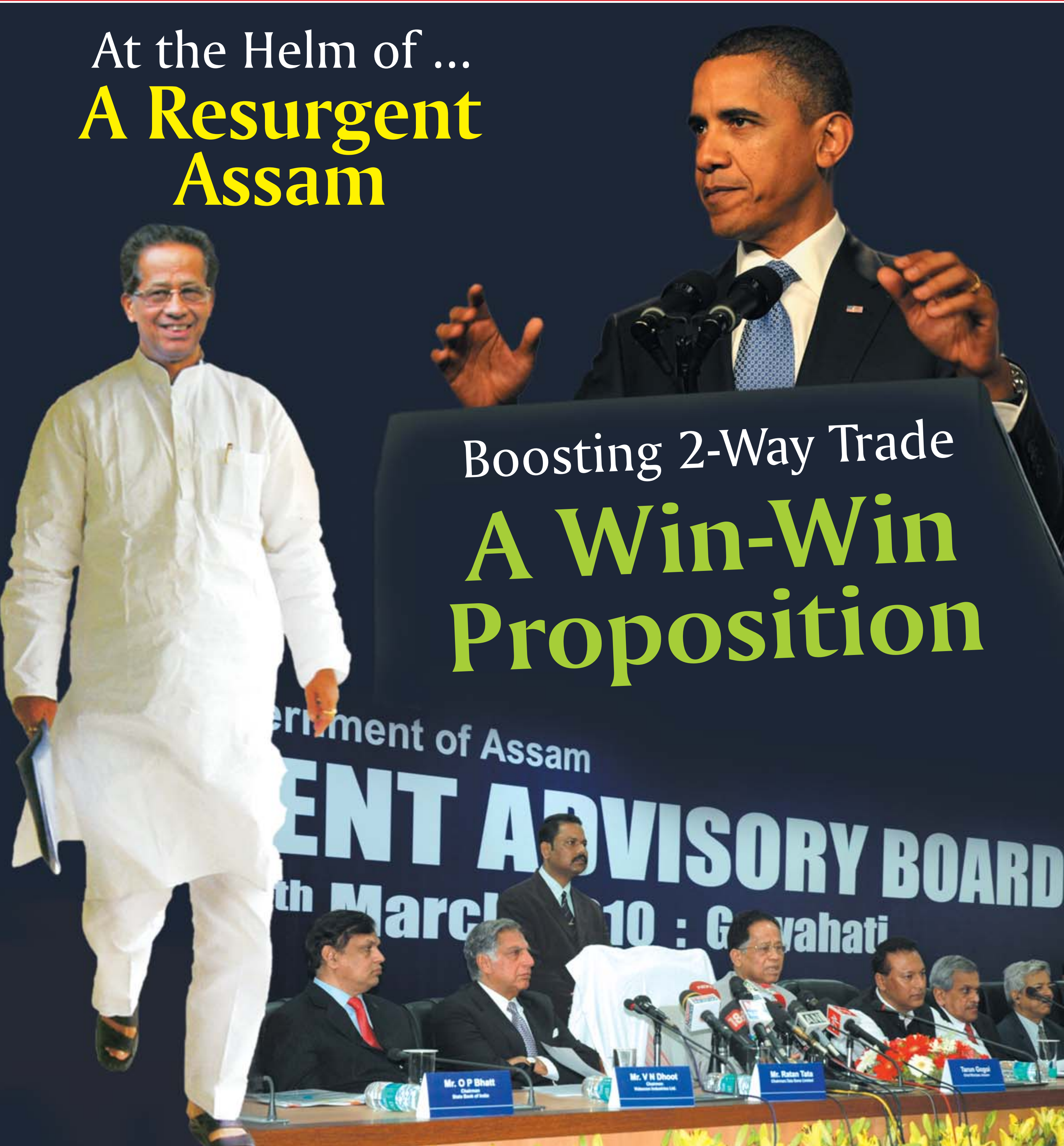
At the Helm of ... A Resurgent Assam

Boosting 2-Way Trade A Win-Win Proposition



ASSAM AGRICULTURE – *towards sustainable production*

Overcoming all occasional impediments, the farmers of the state have been able to increase production significantly. They have readily adopted new technologies, participated in extension programs and supported Government wholly in its endeavor to increase the production of food grains.

Sri Tarun Gogoi
Hon'ble Chief Minister
Assam

Smt. P. R. Brahma
Hon'ble Minister of Agriculture
and WPT & BC, Assam

An overview in the last decade (2000-01 to 2009-10)

- Achieved the all time high production of rice at 40.70 Lakh MT in 2008-09.
- The Agriculture Growth Rate accelerated from dismal (-) 0.27% in 2006-07 to 1.20% in 2008-09 and than to respectable 2.17% in the year 2009-10
- Productivity of food grains increased significantly from 1454 Kg./ Ha. in 2000-01 to 1580 Kg./Ha. in 2008-09.
- Implemented National Food Security Mission – Rice in 13 districts from 2007-08. This has resulted in remarkable increase in production and productivity of Rice at 36% and 19% respectively. Government of India has recognized Assam as the best amongst 7 Eastern States of the country.
- Increased Agri-Horticulture production in the state from 101.48 Lakh MT in 2000-01 to 120.35 Lakh MT in 2008-09.
- Registered spectacular achievement in both production and productivity in Horticulture sector. Productivity of Horticulture crops increased from 9994 Kg./Ha. in 2000-01 to 11908 Kg./Ha. in 2008-09. Achieved 64% increase in production of vegetables, 20% increase in spices and 15% increase in fruits. Productivity of these crops for the state now is higher than the national average.
- In order to promote multiple cropping and farm productivity, Department took agri-mechanization in a big way. Accordingly, 4407 tractors and 13025 Power tillers were distributed during 2001-02 to 2009-10.
- Soil health management and plant protection measures taken up as thrust program.
- In order to empower the farmers financially, took up the issue of Kisan Credit Cards (KCC) in mission mode. Due to persuasion of commercial banks and monitoring by the Department, the No. of KCCs issued increased from 800 in 2000-01 to 6,30,070 in 2009-10. Similarly, loans for amount of Rs. 1583.72 crores were distributed to farmers.

ASSAM AGRICULTURE – making untiring effort for accelerated growth in production and productivity of food grains.

Department of Agriculture
Government of Assam

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Long-Term Strategy to Step up Productivity, Output

Founder Chairman
Late Shri R.K. Prasad

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Editor: Dev Varam

Dear Reader,

Greetings. Indo-US bilateral trade received an unprecedented boost during President Barack Obama's India visit in November 2010. The US leader laid stress on further forging economic relations between the two countries and most fittingly started his visit from Mumbai, India's financial capital, where he made it clear that in a competitive world of commerce, only cooperation and collaboration won the day and the deals. Addressing business leaders from India and the US, he asked them to tap the immense potential that both countries offer in order to turn their joint initiative into a win-win situation for one and all. The cover story of the November 2010-January 2011 issue of Open Trade carries the complete text of Obama's address delivered at the Trident Hotel in Mumbai. Obama involved people of Indian origin in his Presidential campaign as well as his administration after assuming office. Suresh Kumar, US Assistant Secretary of Commerce, is one such distinguished official of the Obama Administration. He was in India in November 2010, ahead of the Presidential visit to this country. We carry an interview with Kumar who spoke on wide-ranging topics, including trade and education. India's North-Eastern State of Assam is on the path of economic resurgence after having attained political stability and established the rule of law in the last decade under the dynamic leadership of Chief Minister Tarun Gogoi. There is also a special section on Assam's diversified agricultural growth. We carry a study by Export-Import Bank of India (Exim Bank) that projects bright prospects for Indian chemical exports to ASEAN countries. We also have another Exim Bank study on MSMEs emerging as real engines of India's economic growth. There is an analytical article on private banking in Asia and how it is serving the economic powerhouses such as India, China, Japan, Indonesia and Singapore. The issue carries a country report on Korea, its diversified utilization of FDI inflows and its drive to boost SMEs. There are separate reports on Cambodia's economic outlook and on Thailand's national development policy that is aimed at bringing about balanced economic growth. While offering a rich and varied fare in the latest issue of Open Trade, we take this opportunity to wish you a very happy and prosperous New Year.

Wish you happy reading.

Satya Swaroop
Managing Editor
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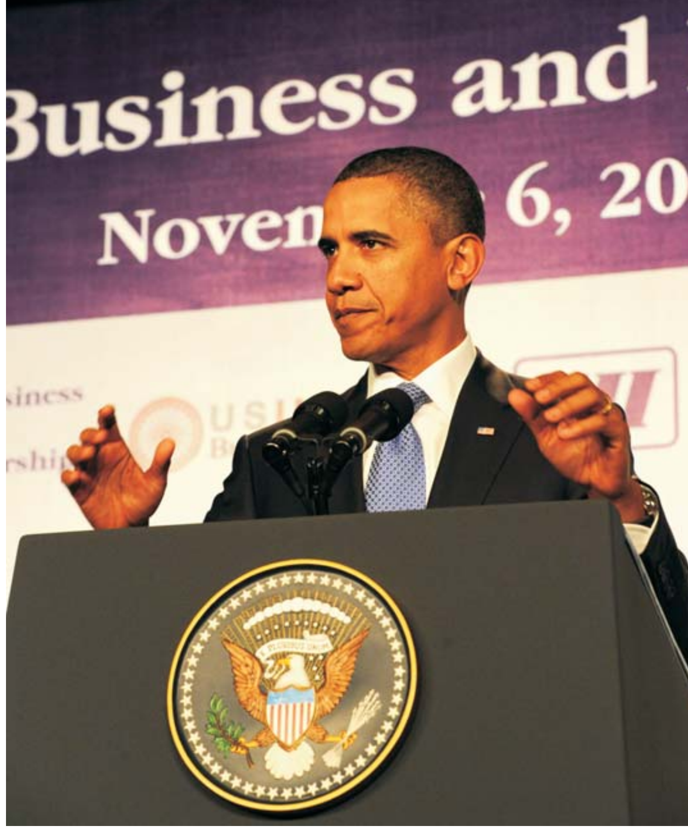
Boosting Indo-US Bilateral Trade Is...

A Win-Win Proposition

- President Obama



President Barack Obama has made it clear that in the competitive world of commerce only cooperation and collaboration won the day and the deals. Addressing a gathering of business leaders from India and the United States at US-India Business Council and Entrepreneurship Summit at Trident Hotel in Mumbai on 6 November 2010, he appealed to the audience to tap the immense potential that India and the US offers through technological collaborative efforts in vast areas ranging from agriculture aerospace. Following is the full text of President Obama's speech.

I want to thank all the organizations that have brought us together today, as well as the business leaders, the CEOs, the government officials who have joined us here in Mumbai. I just had some incredibly productive discussions with American business leaders and Indian entrepreneurs, and today I want to speak with you about why we all benefit from the strengthening ties between our nations.

This is my first trip to India, but this will be my longest visit to another country since becoming President. And that's because I believe that the relationship between the United States and India will be one of the defining and indispensable partnerships of the 21st century.

Our nations are the two largest democracies on Earth. We are bound by a common language and common values; shared aspirations and a shared belief that opportunity should be limited only by how hard you're willing to work, only by how hard you are willing to try. Trade and commerce between our people has been happening for centuries - even before we were independent nations. Indian immigrants crossed oceans to work on farms in the United States, and later generations came to practice medicine, and do cutting-edge research, and to start businesses. American researchers, in turn, partnered with Indian scientists to launch the Green Revolution that transformed life for generations of Indians. Americans have helped build India, and India has helped to build America.

Today, your country is one of the fastest-growing economies in the world. And while there are many amazing success stories and rapidly expanding markets in Asia, the sheer size and pace of India's progress in just two decades is one of the most stunning achievements in human history. This is a fact. Since your reform of the licensing Raj and embrace of the global economy, India has lifted tens of millions of people from poverty and created one of the largest middle classes on the planet.

You are now a nation of rapid growth

and rising incomes and massive investments in infrastructure and energy and education. In the coming decades, you will be the world's most populous nation, with the largest workforce and one of the largest economies in the world. Now, undoubtedly, that means that the United States and India will engage in a healthy competition for markets and jobs and industries of the future. But it also offers the prospect of expanded commercial ties that strongly benefit both countries.

The United States sees Asia - and especially India - as a market of the future. We don't simply welcome your rise - as a nation, and a people - we ardently support it. We want to invest in it. And I'm here because I believe that in our interconnected world, increased commerce between the United States and India can be and will be a win-win proposition for both nations.

I realize that for some, this truth may not be readily apparent. I want to be honest. There are many Americans whose only experience with trade and globalization has been a shuttered factory or a job that was shipped overseas. And there still exists a caricature of India as a land of call centers and back offices that cost American jobs. That's a real perception. Here in India, I know that many still see the arrival of American companies and products as a threat to small shopkeepers and to India's ancient and proud culture.

Two-Way Relationship

But these old stereotypes, these old concerns ignore today's reality: In 2010, trade between our countries is not just a one-way street of American jobs and companies moving to India. It is a dynamic, two-way relationship that is creating jobs, growth, and higher living standards in both our countries. And that is the truth.

As we look to India today, the United States sees an opportunity to sell our exports in one of the fastest-growing markets in the world. For America, this is a jobs strategy. As we recover from this recession, we are determined to rebuild our economy on a new, stronger foundation for growth. And part of that foundation involves doing what America has always been known for: discovering and creating and building the products that are sold all over the world. That's why I've set a goal of doubling America's exports over the next five years - because for every $1 billion in exports, thousands of jobs are supported at home.

And already, our exports to India have quadrupled in recent years - growing much faster than our exports to many other countries. The goods we sell in this country currently support tens of thousands of manufacturing jobs across the United States - from California and Washington to Pennsylvania and Florida. And that doesn't even include all the American jobs supported by our other exports to India - from agriculture to travel to educational services.

17 The US President, Mr. Barack Obama addressing a meeting of the Indo-US Business delegation groups, in Mumbai on November 06, 2010. The Union Minister for Commerce and Industry, Shri Anand Sharma is also seen.

As we speak, American-made machinery is helping India improve its infrastructure, including the new airport here in Mumbai where I landed this morning. This year, there was a new sight on India's highways - American-made Harley-Davidson motorcycles. A growing number of American-made aircraft are taking flight in your skies. And soon, there will be more.

Landmark Deals Sealed

That's because today, just moments before I arrived here, several landmark deals were sealed between the United States and India. Boeing, one of America's largest companies, is on track to sell India dozens of commercial and cargo aircraft. General Electric, another American company, will sell more than a hundred advanced jet engines. And I'm pleased that two U.S. firms are finalists for a major locomotive tender. Now, these are just a few of the more than 20 deals being announced today, totaling nearly $10 billion in U.S. exports.

From medical equipment and helicopters to turbines and mining equipment, American companies stand ready to support India's growing economy, the needs of your people, and your ability to defend this nation. And today's deals will lead to more than 50,000 jobs in the United States - 50,000 jobs. Everything from high-tech jobs in Southern California to manufacturing jobs in Ohio.

Now, these are major deals that are significant for both our nations. But our trade relationship is not just about what America sells India. It's also about Indian investment in America is doing. Indian investment in America is among the fastest growing of any country. In recent years, Indian companies have invested billions of dollars in the United States - in American machinery, manufacturing, mining, research, technology. Today, these investments support tens of thousands of American jobs.

And at the same time, hundreds of American companies - including many small businesses - are investing in India; not just in telecommunications, but in industries from clean energy to agriculture. This means more choices for Indian consumers and more jobs for Indians and Americans.

Our relationship is also about more than the goods that we sell or the investments we make - it's about the innovative partnerships we forge in the name of progress. Before I came here, I had a fascinating meeting. I met with business leaders from both our countries, including some incredibly young Indian entrepreneurs. And what's fascinating is the way that they are now partnering to take technology that has had one application and use in the United States and found entirely new uses and new businesses models here, in India.

They're working together to make cell towers across India that can run on solar, and not diesel. They're putting American technology into Indian electric cars. They're trying to bring new filtration systems and clean drinking water to rural India; and they're trying to develop better drugs for diseases like malaria. These are examples of American companies doing well and Indian companies doing well.

And these partnerships remind us that by pursuing trade and commerce, we are unleashing the most powerful force the world has ever known for eradicating poverty and creating opportunity - and that's broad-based economic growth.

Now, despite all this progress, the economic relationship between the

United States and India is still one of enormous untapped potential. Of all the goods that India imports, less than 10 percent come from the United States. Of all the goods that America exports to the world, less than 2.0 percent go to India. Our entire trade with your country is still less than our trade with the Netherlands - this is a country with a smaller population than the city of Mumbai. As a result, India is only our 12th largest trade partner.

I have no doubt that we can do better than that - we can do much better. There's no reason this nation can't be one of our top trading partners. And that's why we want to work together with you to remove the barriers to increased trade and investment between our nations.

In the United States, we're committed to doing our part. With India and our other G20 partners, we've resisted the protectionism that would have plunged the global economy even deeper into recession. Today, our country remains one of the most open economies in the world. And while I make no apologies about doing whatever it takes to encourage job creation and business investment in America, I still work to make sure our efforts don't unfairly target companies and workers from this nation or any nation.

And to further increase our exports to places like India, we're marshalling the full resources of the United States government to help our companies sell their goods and services in other markets. We're increasing export financing for small and medium-sized businesses. We're being a better advocate for our businesses. We're increasing our trade missions. In fact, my Secretary of Commerce, Gary Locke, will be leading another trade mission to India in the next few months. And we're reforming our export control system, so that even as we strengthen our national security, we make sure that unnecessary barriers don't stand in the way of high-tech trade between our countries. Today, I'm pleased to announce that we will work with India to fundamentally reform our controls on exports, which will allow greater cooperation in a range of high-tech sectors and strengthen our nonproliferation efforts.

So we're taking the necessary steps to strengthen this relationship. India can also do its part. Over the past two decades, it has become much easier for companies to do business and invest here in India. It was striking talking to some of the American CEOs who are here who've come frequently over decades and seen the incredible progress that's been made. But I

The US President, Mr. Barack Obama addressing a meeting of the Indo-US Business delegation groups, in Mumbai on November 06, 2010.

don't think it's any secret that infrastructure, regulatory barriers and other issues of uncertainty still pose some serious challenges.

Today, India is making major investments in its infrastructure and creating greater transparency to support growth and entrepreneurship. Going forward, that commitment must be matched by a steady reduction in barriers to trade and foreign investment - from agriculture to infrastructure, from retail to telecommunications. Because in a global economy, new growth and jobs flow to countries that lower barriers to trade and investment.

These are steps we can take together to strengthen the economic ties between our nations - ties that hold incredible promise for our people and our future - the promise of new jobs, new industries and new growth. Whether or not that promise is fulfilled depends on us - on the decisions we make and the partnership we build in the coming years.

We must admit it won't always be an easy road, but as I stand here today, I can tell you that I'm absolutely confident we will meet this challenge because in our two nations, I see the fundamental ingredients to success in the 21st century.

I'm confident because we both cherish the entrepreneurial spirit that empowers innovation and risk-taking, and allows them to turn a good idea into a new product or company that changes the world. And we have examples of Indian entrepreneurs and American entrepreneurs sitting right here who've already begun to do that.

And I'm confident because we both know that for those businesses to thrive, our nations need to invest in science and technology, in research and development, and an infrastructure for the 21st century.

I'm confident because we both recognize that knowledge is the currency of the future, and that we must give our children the skills and education that success requires in a global economy.

And I'm confident because our countries are blessed with the most effective form of government the world has ever known: democracy. Even if it can be slow at times. Even if it can be messy. Even if, sometimes, the election doesn't turn out as you'd like.

For we know that when governments are accountable to their people, their people are more likely to prosper; and that, over the long run, democracy and economic growth, freedom in the political sphere and freedom in the economic sphere go hand in hand. We believe that.

What gives me the most confidence about our future is our greatest resource - the drive and ingenuity of our people: workers and entrepreneurs- students and innovators; Indians and Americans, including the nearly three million Indian Americans who bind our nations together.

For despite all the sweeping changes of the last few decades -- from the reform of the licensing Raj to the technological revolutions that continue to shape our global economy - it has been people who have driven our progress. It is individual men and women like you who put their shoulder to the wheel of history and push. An American scientist who discovers an agricultural breakthrough. An Indian engineer who builds the next-generation electric car. A small business owner in Detroit who sells his product to a new company in New Delhi. And all the Mumbaikars who get up every day in this City of Dreams to forge a better life for their children -- from the boardrooms of world-class Indian companies to the shops in the winding alleys of Dharavai.

This is the spirit of optimism and determination that has driven our people since before we were nations - the same spirit that will drive our future. And that's why I'm thrilled to be in India and with you here today. And that's why I'm confident that we can and will forge new economic partnerships and deliver the jobs and broad-based growth that our peoples so richly deserve. And I am absolutely certain that the relationship between the United States and India is going to be one of the defining partnerships of the 21st century. ■

'Obama is a Big India Fan'

Relations between India and the United States have entered a phase of "redefining strategic partnership" as the US President Barack Obama said while visiting this country recently. Ahead of Obama's visit to Mumbai on the first leg of his four-day India tour, ***Uday Tarra Nayar & Deepa Ranade*** of ***Indo-US Business*** met ***Suresh Kumar***, Assistant Secretary of Commerce and Director General for the U.S. & Foreign Commercial Service at the U.S. Department of Commerce, who talked about the future of Indo-US trade ties in various potential growth sectors that include energy, education, healthcare and infrastructure. A person of Indian origin, who had made it big in the US, Kumar fondly remembered his college days in Mumbai and TV anchoring experiences for the Door Darshan national channel in Delhi. Excerpts.

There is a great urge in students of business schools particularly to go to the U.S. and study and work there. What would you like to tell the students?

India is a happening place. There is vibrancy in the market but, like us, you also have a high unemployment rate. So the question we have to consider is: does the education measure up to what the country needs? Interestingly, during most of my interactions with the students of premier management institutes in India, the most frequently asked question is that of relevance. How relevant is the education the institutes offer and how can we improve the content of that education.

When we begin to answer the question, two elements come to the fore - the aura of the U.S. which makes everybody want to go to that country and the needs of this country.

I was educated in this country and I educate people in the US. I have been teaching in major business schools and I am a consultant and coach to institutions and corporations. So I can tell you that the question of relevance is not being asked in India alone. We too are questioning and introspecting in the US asking ourselves what should we do. Should we teach financial regulations, should we dwell on ethics, should we build our teaching on case studies…. Which process of teaching should we adopt to make the education relevant to the emerging needs of the country. In India there has been a spurt in the number of schools of management studies but there is a gap when it comes to teaching. There aren't enough teachers. Most professionals I know are teaching at business schools on weekends and they are, in a sense, giving back to the profession and the community what they have learned from experience.

Let us consider the sectors of growth in India. Let us look at Energy. We need more engineers. I can remember a time when every student wanted to do engineering and the colleges produced a glut of students with engineering degrees. We have come a full circle since then and we need them now but the students are doing something else.

We have to craft the education in institutes to meet the demand for manpower in the growth sectors of the present and the future, say 20-30 years from now.

If we look at healthcare, the need is not only in Mumbai, it is in the villages. We need doctors and para-medical staff. There are different levels of education involved here and we have to see which are the most urgently needed. The important aspect of all that we are discussing is the need to define what each growing sector requires at different levels in terms of qualified work force and we set out to make the education relevant to those needs.

In terms of jobs I can see there are jobs but not the required skills. We are training the students for the wrong skills. Students are better served to look at the needs here as opposed to going abroad, I would say. When you join a multinational you become a part of a global work force. You can join here and perform well and that will take you abroad. That's been the pattern of evolution of the job market. Industrialists keep talking about a skill gap but the point that's not seen is that there is a need to train their employees. We do that in the US.

You have already executed three successful trade missions in the energy efficiency sector. Is the energy sector a special focus area in the Indo-US trade relationship?

Yes, it is a very special mission. It is important in the light of India's plans to invest significantly in the sector by 2030 and India has the national solar plan which will install 20,000 megawatts of solar power by 2020. I recently led a team which had about 203 people from the private sector exploring opportunities within India under government schemes and beyond. There was Rajasthan and Gujarat for solar energy and the Southern States for wind power. We sealed 11 deals during that tour. We will continue to strengthen the US-India trade relationship in the energy sector but there are other key sectors where we can contribute. Like healthcare, infrastructure, education, aviation to mention a few immediate areas.

We stopped by in Mumbai during the tour and there was a Dental show that was on and there were all the specialized companies from Johnson & Johnson to Proctor & Gamble to Colgate at the meet. But the more interesting find was the presence of the smaller and medium American companies who were connecting with the dentist fraternity. I think that's where the business is going to come. I had a meeting with Minister Patel regarding the prospects of the SME sector. There was a time when India was targeted for the four big cities. Now the business has gone beyond that limitation .When we look at this distribution we are looking at multiple brand retailing and the potential of multiple thousand villages. The needs of both countries are huge. Take the Indian brand Nirma for example. The retail figures are really huge.

The enthusiasm on both sides is very energizing and the governments on both sides should see that the barriers of tariff and regulations are made easier to deal with so that access becomes simpler. We don't have to spend so much time debating, we just have to do it. There is so much grain wastage in India. We know it has much to do with the function of cold storage, supply chains, logistics. American companies have technology to streamline it all. India is rich and can get richer by conserving and making sure that what the farmer breaks his back to produce in the farms reaches the kitchen and the dining tables.

There is much delight in Indian hearts about your appointment as Assistant Secretary for Trade Promotion and Director General of the U.S. & Foreign Commercial service, U.S. Department of Commerce. How does it feel?

It feels great. America is a very open and welcoming society. You prove what you are capable of and the opportunities are there in business or corporate sectors. My family and I consider ourselves global gypsies and we truly feel we are global citizens who carry a US passport. America and President Obama see the value of that experience. As for the importance of it, we are in a global market and the team I lead is trying to increase global trade. It has been a long journey…it is almost like Gandhiji's definition that "I went so far only to come back home".

Suresh Kumar, *Assistant Secretary for Trade Promotion and Director General of the U.S. & Foreign Commercial Service U.S. Department of Commerce International Trade Administration*

Suresh Kumar has been nominated by President Barack Obama and unanimously confirmed by the United States Senate to serve as Assistant Secretary of Commerce and Director General for the U.S. & Foreign Commercial Service at the U.S. Department of Commerce. As Assistant Secretary and Director General, Kumar leads the US & Foreign Commercial Service (USFCS). The extensive worldwide network of the USFCS extends to 109 offices across the US and 127 offices overseas in 77 countries. USFCS is the trade promotion arm of the US Government that supports and provides customized solutions to US businesses so that they can compete and win in the global marketplace.

Prior to his joining the Obama administration, Kumar spent more than 30 years as an international businessman, consultant, coach and professor of management education. He has led global businesses of major US corporations and been responsible for business units across all continents. Between 1999 and 2003 Kumar headed the Worldwide Consumer Pharmaceuticals business of Johnson & Johnson and served on the corporation's Group Operating Committee. He is credited with turning around the Emerging Markets Business, establishing collaborations, developing and commercializing innovation pipeline, and building stakeholder trust in the

In Mumbai my dorm was just five minutes away from where I did my MBA and where I got trained at the Jamnalal Bajaj Institute. Our Friday assignments would be done from the coffee shop of the Oberoi where between 10 students we could afford four cups of coffee. The coffee shop used to be called Samarkand and that brings back fond memories. I am delighted that my education and cutting my teeth in business was done here and I am grateful for that and even more grateful to my country for giving me the opportunities.

America is the bastion of open market I am before you as an indication of the opportunities and the openness of that country.

Which part of India are you from?

It takes my very bright children 30 minutes to answer that question. I was born in Secunderabad, I lived most of my formative life in Delhi, went to school and college in Delhi, I did my post graduation from Mumbai here and I had my working life here, Kolkata and Chennai. So I am by birth from South, my mother tongue is Tamil, I speak better Punjabi and I speak six languages.

What's your best export to India? What's Harley Davidson doing on Indian roads?

We had a sampling of roads and things have changed. There are more cars on the road and probably we will have more motorcycles Harleys now. The range of cars on the road is amazing, A few years ago there were only two brands Premiere Padmini and Ambassador. It is great to see the change and opening of the market. India's liberalization happened in 1991, which is fairly new. We are seeing Ferrari, Porsche and you will see a Harley Davidson soon indicative of growing progress in India. I recall it used to take my girlfriend (now wife) and me three hours on my motorcycle to go to Pune; probably you can do it in less than an hour now.

How do you see the expansion of media as opposed to when you were here as a newscaster?

I had a nostalgic meeting with Subhash Chandra Goel. I knew him before he got into television. I was a consultant on projects with which he was trying to break into the industry for the first time. We spent many an evening trying to draft his loan application to the IDBI Bank. So it is wonderful to see how his foray has expanded.

When I was a news anchor DD was the only channel and it had 950 million viewers then. You were the only face going out to people I started doing Youth Forum in Delhi and then I did Sports Round Up in Mumbai, I would do cricket commentaries I would kill to watch a corporation's diverse global businesses. Kumar previously led consumer healthcare, confectionery and grooming businesses of Warner Lambert/Pfizer as Vice President, Consumer Products for Latin America and Asia. He is a former member of the Board of the World Self-Medication Industry (WSMI) and has served on the global councils of the American Management Association (AMA), the Association of National Advertisers (ANA), and Consumer Healthcare Products Association (CHPA) and the Thunderbird School of Global Management. In 2004 Kumar was named Distinguished Executive-in-Residence by Thunderbird School of Global Management for his contributions to global trade.

Most recently Kumar was President & Managing Partner of KaiZen Innovation®, a Management Consulting firm he founded in 2004 to "improve lives and livelihoods". The firm specializes in developing global commerce: establishing public-private collaborations that spur development, helping businesses extend their global footprint, and installing global marketing processes and programs. Kumar has served as a consultant to leading institutions and corporations including the Bill & Melinda Gates Foundation, the African Development Bank and the Alliance for a Green Revolution in Africa (AGRA). Between 2006 and 2007 he served as Special Advisor to the Clinton Foundation and worked with governments in Sub- Saharan Africa and corporate CEOs to establish collaborative business models and execute farmer and market friendly programmes to promote food security and stimulate economic development in the region.

Kumar has published on global management and served as adjunct faculty member at the Schulich School of Business at Toronto's York University, Bombay University, India, and has been appointed Professor of International Business at Rutgers University EMBA programme. Between 1970 and 1985 he was the news and sports anchor on national television in India. He has an Economics degree from Delhi University, an MBA from Bombay University, and is alum of the Thunderbird International Consortium Program. Kumar and his wife, residents of Princeton, NJ, have lived in six countries and speak as many languages. They have two adult children.

match and someone was paying me to do that. When I started working in Johnson & Johnson, DD called us casual artists and paid us Rs 75 per telecast. I read news four times a week. I couldn't make a living out of it. I would finish my job at 5-30 pm and reach DD at 6 pm do the newscast at 10 pm and reach home at 11 pm. It was great then. Luku Sanyal, Siddharth Kak, Nirmala Mathan, and Geetanjali Iyer were with me we were a small crowd.

I had a lot more hair then and a moustache. But everybody knew my face and fawned over me when I went to a gas filling station. India has come a long way since. When Shaikh Mujeeb was visiting India after his release from a Pakistani jail, I was covering his visit to the Rashtrapati Bhawan. I was craning my neck all the time to report what was happening ahead of the vehicle I was travelling in. We were very low on technology then. I had to cover an Indo- Bangla Desh hockey match. The Bangla Desh players came with jerseys printed with Bangla numbers. How do you do the commentary when you can't figure out the numbers? There have been such strange but enjoyable incidents. It is good to see India going far beyond that and state-of-the-art programming, teleprompters etc. DD interviewed me yesterday and it was fun to interact with the crew. Oh yeah, life is coming a full circle.

You can tell us perhaps how President Obama sees India?

He is a fan of India in more ways than one. We all respect the tremendous growth that India has demonstrated; we see so many mutual opportunities to explore. India is the second fastest growing market and the largest democracy so we have a shared sense of values despite the fact India speaks many languages. What binds us together is our common purpose of law. The President is gung-ho about India, he's spending more days in India than any other country on this presidential visit. We want to forge tighter ties. India holds such a mystique and it has tremendous growth potential in travel trade too. I have told my American friends not to try and see India as a whole, that's wrong. India is 1.2 billion people, 150 cities, multiple cities, east, west, north and south. India has so many languages and cultures and cuisines. I love to eat maccher jhol with my hands, eat sambar and dosa, and also eat chicken tikka… if you have a week preferably restrict yourself to North or South. Delhi itself is 2-3 day's of sightseeing. Then there is Bharatpur, Mathura, Agra. You need to segment India. Certainly there is more to India than Taj Mahal and that is what you have to tell the tourists. ■

Assam on the Path of Economic Resurgence

Riding the crest of peace and stability, India's north-Eastern State of Assam is on the path of economic resurgence. The rule of law has returned to Assam after many years of terrorist violence and insurgency. According to official sources, more than 10,000 ULFA, Bodo, KLNLF militants, the latest being the DHD (J), among others, have laid down arms and returned to the mainstream, thanks the relentless efforts of Chief Minister Tarun Gogoi, who has succeeded in bringing them to the negotiating table for talks. This augurs well for the State and its economic well-being.

Emergence of a New Assam

On 9 March 2010, the country's leading industry captains, attending the first meeting of the Assam Investment Advisory Board in Guwahati, said they were impressed by the emergence of a "New Assam.

They also pledged their commitment to the State's industrial and overall development. Addressing a press conference with Chief Minister Tarun Gogoi after the two-hour meeting, Tata Sons Chairman Ratan Tata said: "All of us run successful businesses in other parts of India. But I must say that there are tremendous opportunities in Assam, too, and that the potential of the State has not received attention for a long time. A new Assam is here. We are drawn by the opportunities and challenges here. We are here by choice."

Among the others present at the meeting and the press conference were Unilever President M.S. Banga, Videocon chairman V.N. Dhoot, Eveready Industries Chairman B.M. Khaitan, Tata Sons Director R.K. Krishna Kumar, HSBC CEO Naina Lal Kidwai, State Bank of India Chairman O.P. Bhatt, and former Ambassador to the United States Ronen Sen.

The industry captains' remarks highlighted the new image of Assam that has emerged in recent years, the development that has taken place in different sectors in the past decade, and the improvement in the security environment.

When Tarun Gogoi's Congress government assumed office in 2001, it decided that development was the precondition for peace, rather than the other way around. When Gogoi came back for another term in 2006, he continued this approach. With development gaining momentum, public pressure grew on insurgent groups to shun violence and come for negotiation.

Support for insurgent groups eroded fast as counter-insurgency measures were undertaken en along with development work. Most of the insurgent groups responded to repeated appeals by the government and the public: they signed ceasefire agreements, deposited arms and ammunition with the police, and their cadre moved out of jungles to designated camps to pave the way for dialogue.

The Bodoland Territorial Council (ETC) was set up following the second Bodo Accord, which the Centre and the State government signed with the erstwhile Bodo Liberation Tigers (BLT) in 2003.

With peace, a sense of buoyancy has returned to Assam. What is important however is the fact that the Gogoi Government has strived to accelerate the pace of Assam's economic development in order to overcome the lag the State had suffered in the past. Oil and gas development, a major sector in Assam's economy, is once again being geared up, covering not only the functioning projects but major new ventures. ONGC has pumped in Rs 2,000 crore into the oil sector in the State. Also, headway has been made regarding setting up of a mega gas cracker project.

While paying special attention to the oil and gas sector, the Assam Government has laid enough stress on stepping up agricultural production and expanding industrial base. Corporate houses such as the Tatas, Khaitan, Godrej, Unilever, Videocon, Mahindra & Mahindra, among others, have evinced keen interest in investing in the State. A significant feature of their involvement is their presence on the Assam Investment Advisory Board as its members. Hindustan

Lever, Godrej, Emami, Revlon, Ujala, among a host of others, have already set up industrial units in the State.

It is generally recognized that if Assam is to industrialize at a rapid pace, it has to develop its power industry first. Keeping this in view, the State Government has initiated power sector reforms with liberal lending from Asian Development Bank to the tune of US $ 250 million.

Agricultural Front

The State Government is also making a up the State's agricultural front. This sector requires more attention as agriculture happens to be the mainstay with more than 75 percent of the State's population dependent on agriculture and allied sectors for livelihood. According to official sources, as against a potential of 27 lakh hectare, about 7.76 lakh hectares of irrigation has materialized across the State since the Tarun Gogoi Government took over the reins of power in 2001. Major, medium and minor irrigation projects are being taken up. As many as 248 minor irrigation projects have already been completed. Besides, 504 ongoing minor and medium projects will be completed by 2011 thus bringing an additional area of 2.80 lakh hectare under assured irrigation.

But of late, it is seen that emphasis has shifted from long-gestation major and medium (flow) irrigation projects to smaller ones for the sake of quicker results. Self-sufficiency in food grains being a priority, shallow tubewells and 'low-lift points' are being stressed. The Rs 1025-crore World Bank-aided Assam Agricultural Competitiveness Project (AACP) has provided the much-needed impetus towards that

end. With the same aim in view, the State Government is giving priority also to rural electrification, and the timely distribution of farm inputs such as seeds and fertilizers, as well as machinery including power tillers.

Another problem that has played havoc with agriculture and other sectors of the economy is the recurring floods. Apart from destroying crops, stalling the movement of passengers and goods by road and rail, they impose heavy repair costs. In 1970, the Centre set up the Brahmaputra Board in order to find a solution, but the situation remains unchanged. But there is now a ray of hope with the Centre constituting a Task Force to find a lasting solution to the perennial flood problem due to persistent efforts of the present Government.

Besides agriculture, thrust has been given to horticulture, floriculture and pisciculture sectors in which the State has huge potential capable of generating ample employment opportunities.

Realizing Irrigation Potential

State's ultimate irrigation potential is 27.00 lakh hectares. Up to 2000-01 the Irrigation coverage was 4.81 lakh hectares and up to March 2010 the Irrigation coverage is 7.76 lakh hectares (28.47 percent.

Present Works In Progress

- 4 nos. of major/medium irrigation project (Dhansiri, Champamati, Borolia and Burhidihing) are in progress under AIBP funding. Till date, potential achieved was 47,132 hectares. Balance potential to be achieved is 79,844 hectares.
- 727 minor Irrigation schemes taken up under AIBP funding. 188 schemes completed creating a potential of 68,607 hectares till date. Balance 539 schemes to be completed by 2012 to create 2,58,519 hectares.
- Work is going on for 13 schemes (1 Major/Medium and 12 Minor Irrigation Schemes) under NABARD

Putting Power Sector on Strong Footing

After a long period of neglect, the power sector in the State is receiving huge investments. The transmission and distribution capacity has increased to 1,800 MW in the past 10 years.

Major Achievements of Power Sector of Assam

The erstwhile vertically integrated utility - Assam State Electricity Board (ASEB) has been unbundled and spun off as three successors companies (i) Assam Power Generation Corporation Limited (APGCL), (ii) Assam Electricity Grid Corporation Limited (AEGCL) and Assam Power Distribution Company Ltd. (APDCL).

Following are the highlights of their achievements:

Assam Karbi Langpi Hydro Electric Project of 100 MW has been commissioned and now running successfully. Generation of Power enhanced from 868 MU to 1714 ML) per year. Plant Load Factor (PLF) enhanced from 36.32 percent to 58.45 percent.

Lakwa Waste Heat Project being commissioned shortly for additional power generation.

Construction of 10 MW Namrup Replacement Project commenced.

Construction of 750 MW Bongaigaon TPS of NTPC progressing in full swing. Another 2 units of 500 MW being added.

Construction of 2 Small Hydel Power Projects (SHPPs) started.

Assam Power Projects Development Company Limited (APPDCL) a joint venture company of Assam Govt. set up to catalyse small hydro projects in the State already handed over two projects for development to private promoters under the PPP mode.

MoU signed for revival of Chandrapur Thermal Power Station with system conversion.

New projects such as Arnring, Amphi, Borpani, Desang, Kalanga I & II etc. taken up.

(RIDF-XI). 1 No. Major/ Medium scheme completed during 2009-2010 reviving a loss potential of 24,400 hectares.

• 8 nos. minor Irrigation schemes completed till now creating potential of 4747 hectares. Balance 4 schemes to be completed by 2011 to create potential of 3028 Hectare.

• Under Assam Bikash Yojana (ABY), 15 nos. of schemes (1 medium and 14 minor irrigation schemes) are under progress. So far potential achieved is 546 hectare by completing 2 nos. Minor irrigation schemes. Balance 1 medium and 12 minor irrigation schemes to be completed by 2011 for restoring 6182 hectares.

• Under NLCPR, 4 nos. of minor irrigation schemes are in progress and targeted to be completed by 2011 to achieve a potential of 3010 hectares.

• 45 nos. of minor irrigation schemes are in progress under TSP. So far potential achieved is 1392 hectares by completing 9 nos. of schemes. Balance potential of 5546 hectares from 36 schemes will be achieved by 2011.

• 59 nos. of minor irrigation schemes are in progress under SCSP. So far potential achieved is 802 hectares by completing 9 nos. of schemes. Balance potential of 6471 hectare from 50 schemes will be achieved by 2011.

Employment generation:

• Apart from regular employment, the execution of various irrigation schemes have generated considerable employment in the rural areas. About 400,000 unskilled and skilled seasonal labourers are presently engaged by the contractors of the department.

• By 2020, the Department has targeted to cover 56.92 percent of ultimate Irrigation potential by covering a cumulative potential of 15.37 lakh hectares.

Growth in Tourist Traffic

Though insurgency has hit the tourism industry hard, the State Government is seeking to reverse this fall-out from dark days. The number of tourists, domestic as well as foreign, to the State has gone up from 10,16,322 lakh in 2001 to 36,98,706 lakh in 2009. Tea Tourism and events such as Rongali Utsav, Kaziranga Elephant Festival, Dehing-Patkai and Rangpur Utsav have contributed to the increased inflow of tourists to the State.

These are to be seen as valiant efforts to revive industry, trade and all-round economic activity. When this Government took over confidence-building was by no means an easy task with the financial crunch inherited from past years hovering at a staggering Rs 2000 crore. Yet, with earnest the present Government crossed several hurdles to put the economy in shape. Today the State has completely wiped off the huge financial burden by adopting a slew of measures through fiscal discipline and management. The State deserves all the support that the Centre can extend for abnormal expenditure, as in the case of Kashmir, in maintenance of law and order and reimbursement of all security-related expenditure which cannot be met otherwise.

Improving Connectivity

Significant achievements from 2001 to 2010 include:

• 14286 km all-weather roads completed bringing distances closer and cutting down transportation cost.

• 1,497 timber bridges converted into RCC bridges and opened for vehicular traffic.

• A flyover has been provided at Sixmile in Guwahati fulfilling a long standing public demand and significantly easing out traffic congestion.

• Construction of major bridge projects over Beki and Manas rivers Hon'ble Chief Minister on Barpeta-Lengtisinga Road in progress under the Assam Bikash Yojana.

• Double laning of historically important Dhodar Ali Road and Mangaldoi-Bhutiachang Road have been started under the Assam Bikash Yojana.

• A scheme named Mukhyamantrir Poki Dolong Nirman Achoni, started for construction of 191 RCC bridges connecting remote villages with main roads. ■

MSMEs The Real Engines of India's Economic Growth

Micro, Small and Medium Enterprises (MSMEs), including khadi and village/rural enterprises credited with generating the highest rates of employment growth, account for a major share of industrial production and exports. They also play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. The socio-economic policies adopted by India since the Industries (Development and Regulation) Act 1951 have laid stress on MSMEs as a means to improve the country's economic conditions.

The MSME sector contributes significantly to the manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country.

The sector is estimated to employ about 59 million persons in over 26 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. It is well known that the MSME sector provides the maximum opportunities for both self-employment and jobs after agriculture sector.

Recognizing the contribution and potential of the sector, the definitions and coverage of the Small Scale Industry (SSI) sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which recognized the concept of "enterprise" to include both manufacturing and services sector besides, defining the medium enterprises. For collecting and compiling the data for the MSME sector (including khadi, village and coir industries), the Fourth All India Census of MSMEs with reference year 2006-07, was launched during 2007-08 in the country. The collection of data from the registered part, namely the Census units has been completed and a Report on "Quick Results of 4th All India Census" comprising the data of registered MSMEs and some data on unregistered MSMEs extracted from Economic Census (EC-2005) have been brought out. This has provided the first database on the MSME sector after the enactment of MSME Development Act, 2006. The collection of data from the unregistered sector by way of the sample survey, forming part of the Fourth All India Census is under progress.

The MSME sector has maintained a higher rate of growth vis-à-vis the overall industrial sector.

On 9 May 2007, subsequent to an amendment of the Government of India (Allocation of Business) Rules, 1961, the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (MSME). This Ministry now designs policies, programmes, projects and schemes and monitors their implementation with a view to assist MSMEs and helps them scale up.

The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements the efforts of the State Governments through different initiatives.

The role of the Ministry of Micro, Small and Medium Enterprises (M/o MSME) and its organisations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario.

The schemes/programmes undertaken by the Ministry and its organizations seek to facilitate/provide: (i) adequate flow of credit from financial institutions/banks;(ii) support for technology upgradation and and programmes from time to time relating to these enterprises and makes recommendations to the Government in formulating the policies for the growth of MSMEs.

The Government of India had constituted the National Commission for Enterprises in the Unorganised Sector (NCEUS) to examine the problems of the enterprises in the unorganized/informal sector. The Commission has made recommendations to provide technical, marketing and credit support to these enterprises and submitted 11 Reports to the Government. The Commission completed its term on 30th April, 2009.

Assistance to Training Institutions

The Ministry of Micro, Small and Medium Enterprises has been implementing a plan scheme of "Assistance to Training Institutions", commonly known as the EDI scheme since 1993-94. Under the scheme, assistance is provided to existing and new training Institutions for establishment of Entrepreneurship Development Institute (EDI) and strengthening of their training infrastructure on a matching basis.

The Ministry provides assistance on a matching basis, not exceeding 50 per cent of the project cost or Rs. 150 lakh whichever is less (90 per cent or Rs. 270 lakh of the project cost whichever is less, for North-Eastern Regions and UTs of Andaman & Nicobar and Lakshadweep Islands) excluding cost of land and working capital. The balance 50 per cent of the matching contribution (10 per cent for NER EDIs in UTs of Andaman & Nicobar and Lakshadweep Islands) should come from the concerned Institute, State/UT Government, public funded institution(s), NGOs/Trusts/ Banks/Companies/ Societies/Voluntary organizations etc.

The assistance would be for creation of infrastructure. The land will have to be provided by the State Government or any other institution or by the applicant organisation. Financial assistance would be for construction of building, purchase of training aids/equipments, office equipments, computers and for providing other support services e.g. libraries/data bases etc. The costs of land, construction of staff quarters etc. would not qualify for calculation of matching grant from the Central Government.

A new component of training has also been added under this scheme. It is proposed to train 2,11,500 persons at a cost of Rs.95.74 crore i.e. at Rs.4500 per person during remaining period of XI Plan. This has been done to achieve the target set by Hon'ble Prime Minister to train 500 million persons by 2022. It is also proposed to train 1000 trainers at a cost of Rs.1.80 crore i.e. at Rs.18000 per trainer. 50 percent of the persons to be trained would be in rural areas.

Assistance would be provided under the scheme to the following Training Institutions, for conducting Entrepreneurship Development Programmes (EDPs) and Entrepreneurshipcum-Skill Development Programmes (ESDPs) and Training of Trainers (ToTs)

programmes

in the areas of Entrepreneurship and/or Skill Development.

(a) National level EDIs (including branches),

(b) Training Institutions established by Partner

Institutions (PIs) of national level EDIs,

(c) Training/Incubation centres of NSIC,

(d) Training-cum-Incubation Centres (TICs) set up by franchises of NSIC.

Skill Development (SDP) training would normally be of 100 to 300 hours (1 to 3 months). Entrepreneurship Development (EDP) training would be of 72 hours (2 weeks) and Trainer's Training would be for 300 hours.

Khadi Sector

An agreement between Asian Development Bank (ADB) and KVIC has been signed for loan assistance amounting to US$150 million to KVIC from ADB over a period of three years for implementing a comprehensive Khadi Reform Programme.

This Reform Programme aims at revitalizing the khadi sector for enhanced sustainability of khadi; increasing incomes for spinners and weavers; increasing employment; enhanced artisans welfare and gradually enabling khadi institutions to stand on their own feet.

Market Development Assistance

A new scheme titled 'Market Development Assistance (MDA)' Scheme is being formulated as an alternative to 'Rebate on Sale' of khadi and khadi products to be implemented w.e.f. 2010-11. Expenditure Finance Committee (EFC) has recommended the proposal for approval of competent authority.

With a view to increasing the effectiveness and thus to contribute substantially to the employment generation, the Prime Minister's Employment Generation Programme (PMEGP) was introduced in 2008-09, merging the erstwhile PMRY and REGP Schemes of this Ministry. The new Scheme has a total plan outlay of Rs. 4735 crore including Rs. 250 crore for backward and forward linkages for generation of an estimated 37 lakh additional employment opportunities till 31.03.2012.

In Khadi Sector, two new Schemes have been launched namely Workshed Scheme for Khadi Artisans with a view to providing assistance for construction of workshed for khadi artisans for ensuring better work environment and the Scheme for enhancing Productivity & Competitiveness of Khadi Industries and Artisans to assist 200 khadi institutions to make khadi industry competitive, market-driven and profit-oriented through replacement of obsolete and old machinery & equipment. Another Scheme, namely 'Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' which envisages renovation of 30 selected Khadi Sales Outlets and providing assistance towards strengthening of infrastructure of existing about 100 weak selected institutions was introduced in July 2009.

In order to strengthen the R&D activities in khadi and village industry sectors, a national level institute namely 'Mahatma Gandhi Institute for Rural Industrialization (MGIRI) has been established at Wardha, Maharashtra in association with IIT, Delhi by revamping the erstwhile Jamnalal Bajaj Central Research Institute.

Coir Sector

With a view to strengthening the coir industry, the Ministry through Coir Board, introduced a new Central Sector Scheme namely 'Scheme for Rejuvenation, Modernisation and Technological Upgradation of Coir Industry' in March 2008 for assisting spinners and tiny household sector. Under this Scheme, assistance is provided to groups of spinners and tiny sector workers for replacement of outdated ratts/looms and for constructing worksheds so as to increase production and earnings of such workers. ■

Prospects for Indian Chemical Exports to ASEAN Bright

- Exim Bank Study

In 2009, ASEAN's trade with India at a high of US$41.2 billion, India remained its seventh largest trading partner, says a study by the Export-Import Bank of India (Exim Bank). Following is the gist of the Exim Bank's study.

India and ASEAN have set a target of $70 billion to be achieved by 2012. In chemical trade, ASEAN countries accounted for 11.4 percent of India's total chemical exports and 10.4 percent of India's total chemical imports in 2008-09. During the same period, India remained a net importer of organic and inorganic chemicals, and a net exporter of tanning/dyeing extracts and insecticides/pesticides, to ASEAN countries. India's export of organic chemicals to ASEAN countries stood at $899 million in 2008-09, with Indonesia being the major export destination (40 percent share). On the other hand, India's imports of organic chemicals from ASEAN stood at $1,133 million with Singapore alone accounting for two-thirds of India's chemical imports from ASEAN. India's import of tanning and dyeing chemicals was $ 108.9 million in 200809, with Singapore and Indonesia as major source countries.

Table1: India's Chemicals Trade with ASEAN (200809)

(US $ Million)

Items / Category	Exports	Imports	Trade Balance
Inorganic Chemicals	103.28	197.15	-93.87
Organic Chemicals	899.04	1132.93	-233.89
Tanning/Dye Extracts	114.19	108.99	5.2
Insecticides/Pesticides	122.75	1.93	120.82
Total	1239.26	1441	-201.74

Source: DGCIS

ASEAN-India Agreement on Trade in Goods

The governments of India and ASEAN members signed an agreement on trade in goods under the Framework Agreement on Comprehensive Economic Cooperation, on 13 August, 2009. Through this Agreement, both would gradually liberalise their respective applied MFN tariff rates in accordance with the schedule of tariff commitments, as set out in the Agreement. The Agreement came into force on January 1, 2010. The schedules of tariff reduction commitments under this Agreement are given below:

Applied MFN tariff rates for tariff lines placed in normal track will be reduced and subsequently eliminated in accordance with the following schedule:

Normal Track 1 (NT-1)

♦ Jan 1, 2010 to Dec 31, 2013 for Brunei, Indonesia, Malaysia, Singapore, Thailand, and India;

♦ Jan 1, 2010 to Dec 31, 2018 for Philippines and India;

♦ Jan 1 2010 to Dec 31 2013 for India, and Jan 1, 2010 to Dec 31, 2018 for Cambodia, Laos, Myanmar, and Vietnam;

Normal Track 2 (NT 2)

♦ Jan 1, 2010 to Dec 31, 2016 for Brunei, Indonesia, Malaysia, Singapore and Thailand, and India

♦ Jan 1, 2010 to Dec 31, 2019 for the Philippines and India

♦ Jan 1, 2010 to Dec 31, 2016 for India, and Jan 1, 2010 to Dec 31, 2021 for Cambodia, Lao, Myanmar and Vietnam;

Sensitive Track (ST)

♦ Applied MFN tariff rates above 5 per cent for tariff lines in the Sensitive Track will be reduced to 5 per cent;

Exclusive List (EL)

♦ This list does not have scheduled commitments; but the tariff rates will be reviewed on annual basis, with a view to improve market access.

Status of Agreement

As regards chemicals products, the ASEAN India Agreement on Trade in Goods covers 1430 items under 8-digit ITC-HS category for phased elimination of tariff, and 69 items are put under EL, wherein, there are no scheduled commitments. It may be mentioned that the peak rate of customs duty on majority of organic and inorganic chemicals covered under this agreement is 7.5 percent, while some of the tanning and dyeing products, and insecticides currently have an import duty of 10 percent. Some chemicals like, carbon black, o-xylene, aldrin, chloroflurobenzene, benzal-chloride, naphthalene, etc maintains a duty at 5.0 percent.

Table 2: Number of Chemical Items Agreed for Tariff Reduction under the India-ASEAN Agreement on Trade in Goods

(8-digit HS Code)

Items / Category	NT 1	NT 2	ST		EL
			Tariff above 5%	Tariff at 5%	
Inorganic Chemicals	315	0	5	4	2
Organic Chemicals	589	14	138	14	48
Tanning & Dye Extracts	312	3	7	0	12
Insecticides /Pesticides	10	1	18	0	7
	1226	18	168	18	69

Source: AIFTA, Exim Bank Research

Potential for India's Exports of Chemical Products to ASEAN:

Post ASEAN-India Agreement on Trade in Goods

India's exports of chemical products to the ASEAN region currently are modest. However, there are select chemical products that have immense potential to be exported to the ASEAN nations, especially after the promulgation of ASEAN India Agreement on Trade in Goods, as the import tariffs in these markets are to be reduced as per scheduled commitments, making India's chemical exports more price competitive than other countries currently serving the ASEAN region.

Table 3: Prospective Chemical Product Market in ASEAN Region

HS Code	Product Name	Tariff Commitments under Category	Key Export Markets for India
290243	P-xylene	NT - 1	Indonesia, Thailand
283620	Disodium carbonate	NT - 1	Indonesia, Thailand
320417	Synthetic organic pigments & preparations	NT - 1	Indonesia, Thailand
281820	Aluminium oxide	NT - 1	Indonesia, Thailand
290124	Buta-1, 3-diene and isoprene	NT - 1	Malaysia, Indonesia
320416	Reactive dyes and preparations based thereon	NT - 1	Singapore, Thailand
320411	Disperse dyes and preparations based thereon	NT - 1	Indonesia, Singapore
294110	Penicillin's and their derivatives, in bulk; salts thereof	NT - 1	Thailand, Indonesia
293399	Heterocyclic comp nitrogen hetero-atom only	NT - 1	Singapore, Thailand
281830	Aluminium hydroxide	NT - 1	Indonesia, Thailand
320419	Synthetic organic colouring matter	NT - 1	Singapore, Indonesia
290611	Menthol	NT - 1	Singapore, Thailand

Source: UN Comtrade (2008), AIFTA, Exim Bank Research

The above products (Table 3) show tremendous export potential from India to ASEAN, post- ASEAN India Agreement on Trade in Goods. These products are not only being increasingly imported by the ASEAN countries from World (CAGR of 15 percent during 2004-2008) but at the same time India's exports of these products to the World are also increasing at a faster rate (CAGR of 24 percent during 2004-08). However, there are select items that come under the Exclusion Lists (EL) which shall be subject to an annual tariff review with a view to improving market access.

Table 4: Protected Category under ASEAN India Agreement on Trade in Goods

HS Codes	Product Name	Tariff Commitments under Category
291813	Salts and esters of tartaric acid	EL
280300	Carbon (carbon blacks and other forms of carbon not elsewhere specified or included).	ST
290244	Mixed xylene isomers	ST
291570	Palmitic acid, stearic acid, their salts and esters	ST
290241	O-xylene	ST

Source: UN Comtrade (2008), AIFTA, Exim Bank Research

Inference

ASEAN countries accounted for around 7.0 percent of India's total chemical exports, and around 9.0 percent of India's total chemical imports. India is a net importer of organic and inorganic chemicals, and net exporter of tanning and dyeing extracts, and insecticides and pesticides, to ASEAN countries. India's export of organic chemicals to ASEAN countries stood at around $797.09 million during the period April 2009 - February 2010, with Indonesia and Malaysia together accounting for 57.7 percent of India's exports to the ASEAN region. India's export share of the identified potential products (Table 3) to ASEAN has increased at a CAGR of over 17 percent during the analysed period 2004-08. India therefore has a much greater opportunity to cater to the import demand for such chemical products in the ASEAN region. To the extent

that India is able to capitalise on these product specific opportunities, the impact of the AIFTA would be positive for the Indian chemical industry.

In the organic chemicals segment, India's imports were around $ 1171.1 million, with Singapore alone accounting for 51 percent of India's chemical imports from ASEAN during April 2009 - February 2010. India's import of tanning and dyeing chemicals stood at $103.48 million during the same period, with Indonesia, Singapore and Thailand as major source countries. India has sourced negligible volume of insecticides and pesticides from ASEAN countries. It may be surmised that the lowering of customs duty will benefit India as many essential intermediate chemicals could be sourced at low cost from ASEAN countries. However, as the central excise duty for most of the chemical products are kept at 16 percent, the cost competitiveness of indigenous firms in these sectors may be affected. In this context, it may also be noted that the Agreement also provides for bilateral safeguard mechanisms to address sudden surge in imports after the Agreement comes into force. In such an eventuality, if the provisions of the Agreement hurt the domestic industry, safeguard measures including imposition of safeguard duties can be put in place for a period up to four years. ■

Private Banking in Asia: Still an Opportunity or Just Hype?

By **Dr. Mario A. Bassi**

With a third of the world's land surface area and two thirds of its population, Asia is the most heavily populated continent on the globe. And Asia is now firmly established as a manufacturer and growth driver of the global economy, thanks to economic powerhouses such as China, India, Japan, Indonesia and Singapore.

According to Professor Jeremy Siegel of the Wharton School of Business, China is likely to account for 20 percent of the world's gross national product (GNP) by 2050, or as much as the United States (11 percent), Western Europe (6.0 percent), Ja- pan (2.0 percent) and Canada (1.0 percent) combined. By this time, India is likely to account for a further 16 percent of global GNP on its own.

Global assets made a powerful comeback into 2009, growing by 11.5 percent to US$ 111.5 trillion according to Boston Consulting Group, or almost back to the peak achieved at the end of 2007. Asia's assets (ex Japan) grew by 22 percent or US$ 3.1 trillion in 2009, in other words at almost twice the rate of global assets.

Asian countries now occupy four of the top 10 places in terms of the highest number of millionaires with Japan and China occupying second and third place respectively behind the United States. Taiwan and Hong Kong currently occupy ninth and tenth place respectively. The greatest proportion of millionaires can be found in Singapore (11.4 percent) and Hong Kong (8.8 percent), ahead of Switzerland (8.4 percent) and Kuwait (8.2 percent).

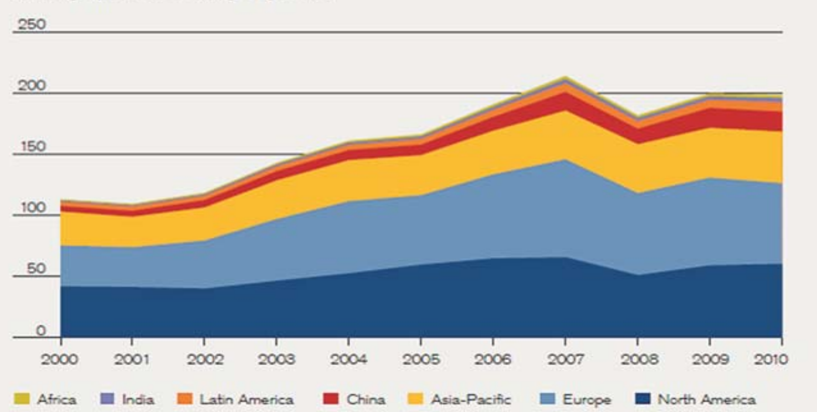
In a research paper on the wealth management industry, MainFirst Bank has predicted that the annualized growth rate of affluent persons is likely to work out at 8.1 percent between 2008 and 2013, with Asia contributing a substantial proportion thanks to a growth rate of 12.8 percent. If these assumptions prove correct, the total assets of Asia's affluent community in 2013 will account for 31.7 percent of the global total, outstripping the share accounted for by North America (26.2 percent).

An impressive example of China's growth momentum can be illustrated by the case of automotive constructor Geely, which started out as a fridge manufacturer in 1986, began producing cars 12 years later, and in March 2010 (another 12 years later) purchased Volvo from Ford for USD 1.8 billion. This year's World Cup in South Africa numbered a Chinese company Yingli Green Energy Holding Company Limited among its sponsors for the first time ever. The corresponding budget for a marketing initiative of this magnitude is believed to be a minimum of US$ 100 million. The company in question was only founded in 1998. China is also forecast to become the world's number one country for initial public offerings this year.

Figure 1

World wealth by region, in USD trillions

World wealth adds up to USD 200 trn, with the Asia-Pacific region and China making up an increasing segment.



Key strategic region

Chi-Won Yoon, Chairman and CEO

of Asia Pacific for UBS, which is still viewed as an industry leader in Wealth Management, set out why Asia is viewed as a strategically important region for the company at an Investor Day held on 17 November, 2009. The company intends to increase its total business volume in the region by two thirds. But when one analyzes the data more closely, it emerges that Wealth Management is to actually double in size. Oswald Gruebel was recently quoted in the Straits Times, Singapore's largest daily newspaper, as follows: “We have been in Switzerland for 150 years. I'm sure that if we had invested here as much as we invested in Switzerland or the US or Europe, it would have been completely different. But we think that it's not too late.”

Deutsche Bank too has declared Asia to be a strategic focus for growth as part of its management agenda. At the annual 2010 press conference, Chairman Dr. Josef Ackermann stated among other things that the bank was looking to increase its earnings in Asia by some EUR 4 billion by 2011. Its objectives also include becoming one of the top three investment banks in the region, one of the top five in private wealth management, while at the same time doubling its earnings.

Alongside these two colossi of the banking world, Swiss private bank Julius Baer has also confirmed its own strategic objective for the region expanding its business in Asia to the point where it becomes a second 'domestic' market after Switzerland. Julius Baer has expanded and extended its business in Asia massively in recent years. The bank now employs 350 staff in Singapore and Hong Kong, and has firmly established itself as a private banking brand.

Challenges for Private Banking

But alongside all the opportunities that are opening up to providers of wealth management services in Asia, the region also poses some major challenges when compared to the mature markets of Europe and the United States. The sheer geographic scale of the region for one thing: Even at its height, the Roman Empire would have fitted into the Asian continent more than six times over. Furthermore, the religious and linguistic diversity of this continent completely dwarfs that of the established private banking markets in its complexity.

Hong Kong and Singapore have both evolved into wealth management hubs in recent years. Singapore, for example, decided to build itself up as a private banking centre following the Asian crisis of 1997, and has driven forward this objective consistently. As a consequence, existing providers in the region have further expanded their services, while financial service providers that have neglected this business in the past are now pursuing it as one of their strategic growth initiatives. In addition to the large institutions such as UBS, Credit Suisse, HSBC, BofA Merrill Lynch and Citibank, there are now an ever-increasing number of players occupying the middle tier such as EFG, Julius Baer, and RBS Coutts. The competitive heat has been stoked up further by the entry into the market of new players such as Australia's ANZ Bank, which has only recently started focusing on wealth management in Asia, and local bank OCBC, which acquired the Asian private banking business of ING.

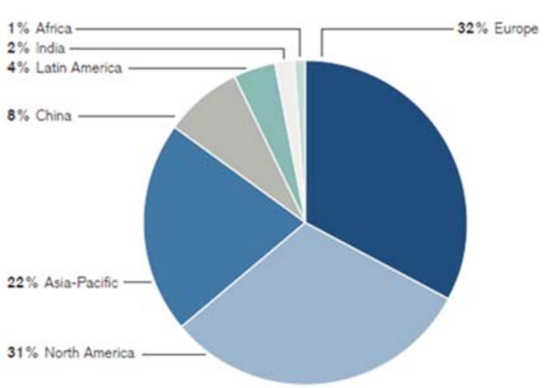
With all the existing providers looking to expand their business further on the one hand, and all those now looking to move into the Asian private banking market for the first time on the other, the demand for experienced client advisors and other specialists is huge. This is a serious problem, because wealth management for affluent private clients is a relatively recent service in Asia, and local experts are in very short supply. As a result, stories continually appear in the media about senior executives being poached by competitor banks and taking entire teams over with them. In addition to switches of this nature, an increasing number of banks have gone on record to state that they are looking to appoint new staff in the immediate future. The planned number of new staff is often in the hundreds.

Wealth creation in Asia is very strongly influenced by first-generation entrepreneurs who have become affluent through their natural commercial instinct and willingness to take risks. These clients demand very high standards from their bank and their advisors, and are for the most part also greatly involved in the management of their investments themselves. Furthermore, there is often no clear boundary between private assets on the one hand and commercial assets on the other. This gives rise to a

Figure 3

Wealth shares 2010 by region (%)

Source: Credit Suisse Global Wealth Databook, Shorrocks/Davies/Lluberas



situation in which a bank has to be able to offer solutions on the commercial side if it wishes to have a meaningful relationship with the entrepreneur in question. As multiple banking relationships are very much the order of the day in the world of Asian businessmen, the speed at which decisions can be made also plays a key role in the development of positive client relationships.

Asian investors have traditionally displayed a greater fondness for structured products than their counterparts elsewhere in the world. This may have something to do with their greater urgency for strong investment performance and thus a willingness to take risks, an approach that was well rewarded before 2008. However, the experiences of investors over the last two years have led to a tightening of regulation in the 'in- vestment suitability' area, both in Hong Kong and elsewhere. Banks are now faced with new demands for their private banking clients that will massively change the entire financial advisory culture. For example, most banks are accustomed to drawing up risk profiles for their clients as part of their 'know your client' due diligence obligations. In the past, however, this was often done only internally and never communicated to the client. The risk ratings drawn up by banks must now be openly communicated to clients, whose acceptance of these ratings must then be documented. Both these and other recommendations on the part of the regulator place huge de- mands on front and back office. Yet this comes at a time when banks are actually looking to increase the amount of time an advisor is free to look after clients on the one hand, and optimize costs in support functions on the other.

Differentiation through an Effectively Implemented Strategy

A very experienced and highly respected personality in the world of private banking recently commented at a wealth management conference that the business with affluent private clients in Asia was like the source of a river very rapid and wild-flowing water that occasionally leaps over the banks. In Europe and the United States, by contrast, the river is in a more mature state and proceeds calmly along a broad and less erratic riverbed.

A clear corporate vision and the associated strategy is becoming increasingly essential if a financial institution is to be able to control what is at times an all-too dynamic situation. Particularly in an environment where the onus is simultaneously on increasing revenues, optimizing costs, and minimizing risks. Such a strategy is typically made up of the following basic components:

- Sales efficiency: Which client segment is to be covered with which services and resources?
- Talent management: How does a company acquire new staff, retain existing staff, and ensure initial and further training?
- Control environment: Which risks should be monitored, and how?
- Business efficiency: How can a company ensure that each and every resource is deployed with sufficient time dedicated to the core activities?
- Branding: How should a company position itself vis-à-vis clients and staff, both existing and potential?

In our view, such a strategy will be seriously effective only if everyone in the team knows how her or his personal objectives are contributing to its implementation. Essential here is a corresponding set of Key Performance Indicators (KPIs) at all levels, in other words from the CEO right through to the individual staff member. Equally important, as a consequence, are regular reviews of data and the associated action plans. Companies can often focus too much on the accumulation of ever-increasing amounts of data rather than on the formulation of a need for action and its implementation.

Strategy is a process

You often hear from staff, particularly those on the 'front line', that the road to success in Asia requires every situation to be approached on a case-by-case basis, without any need for a convoluted academic 'plan'. But given all the challenges a company faces, it cannot avoid setting out certain parameters and ensuring a certain degree of governance alongside the pure entrepreneurial spirit not so much a plan, therefore, as a process. Sun Tzu, one of the oldest Asian strategy experts, wrote a long time ago in his work 'Art of War': "... strategic planning is a contradiction in terms. Strategy works in uncontrolled, competitive environments while planning works in controlled environments that are protected from competitive chaos. Instead of planning, strategy revolves around positioning. You advance your position by moving into openings created by others and adjusting your actions to fit the dynamics of the situation. Each move is an experiment. Since most experiments fail, strategy teaches you how to experiment safely and learn from your failures. As you learn better methods for analyzing and making progress in competitive environments, you get better results. As you advance your position, your thoughts and attitudes naturally conform to your new position. Strategy is a process, not a plan. ... Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat ..." ■

Korean Drive to Boost SME Sector, Diversify FDI Inflows

Choi Kyung-hwan
Minister of Knowledge Economy
Government of Korea

The Korean Government's has initiated a drive to bolster the small and medium enterprises (SMEs) and diversify foreign investment Inflows. Following are excerpts from an Interview with Minister of Knowledge Economy Choi Kyung-hwan

What respective efforts do Korea's small-and medium-sized enterprises (SMEs) and large companies have to make to boost their competitiveness and pursue mutual growth?

Both sides have to make efforts independently. Large companies should be aware that they will no longer be able to secure competitiveness unless SMEs reinforce their own competitive edge. SMEs on their part should not keep depending on benefits from large companies.

SMEs should compete with the world's leading companies and concentrate their resources on conducting R&D to see significant development in terms of technology, quality and price. On the other hand, large companies who have benefited from reduced costs resulting from SMEs' technological innovations should ensure that SMEs obtain proper profitability.

Since your appointment you have stressed the importance of promoting SMEs. How is the government working to do this?

According to the 2011 R&D budget announced in September, the government plans to inject 93 billion won ($83 million) into promoting promising SMEs through initiatives like providing firms with specialized personnel with higher degrees. A systematic effort should be made to promote mid-sized companies as they serve as a reliable channel bridging SMEs and large firms and create high-quality jobs for workers. The role of SMEs is also pivotal in supporting globally competitive large firms.

However, SMEs have yet to achieve self-sustainable profitability, while many mid-sized companies are not strong enough to fulfill their bridging role. In order to develop a healthy business ecosystem, virtuous circles in which SMEs grow into medium and large firms should be established.

In the past, Korea's large firms sought growth through establishing affiliates, while leading global corporations like Cisco and Microsoft emerged by concentrating on a single line of business. The Government intends to foster world-leading companies with specific expertise by expanding the growth capacity of SMEs offering high growth potential. We're implementing a vast range of policies in a bid to reinforce the self-sustained growth of SMEs. When these projects are successfully completed, we will be able to see the establishment of a comprehensive support system for SMEs.

One area with many SMEs is the service industry. In September the government and other relevant organizations discussed measures to stimulate foreign investment in the service sector. Can you explain these measures and their expected impact?

The service industry holds an important position as a strategic base for economic development and accounts for a large proportion of foreign direct investment (FDI). It has a significant impact on front and back industries and has contributed to creating jobs, increasing demand and strengthening the competitiveness of the manufacturing industry.

The government has mainly focused on attracting foreign investment in the manufacturing sector, thus, the service industry has been given relatively insufficient support. It has come to the point where Korea should establish strategies to attract foreign investment in the service industry in order to actively deal with changes in the global environment and improve its competitiveness.

In order to fulfill this goal, four sectors were identified -- knowledge services, tourism and leisure, logistics and distribution, and finance, education and medical services – where the Government should concentrate efforts to attract FDI by actively pursuing reforms and easing regulations.

Through these efforts, the Government aims to expand FDI in the service industry to $60 billion by 2015, up from $7.6 billion last year. Given that the inflow of $1 billion in FDI in the service industry results in an estimated 2,500 new jobs, this influx is seen creating 150,000 jobs by 2015.

There's been a growing emphasis on foreign investment from China and the Middle East. What efforts are being made to attract investment from these areas?

While the United States, European Union and Japan have been reducing overseas investment due to their sluggish recoveries from the recession, investment from emerging markets including China and the Middle East has been expanding. Korea therefore needs to diversify its efforts to attract foreign investment, customizing them for emerging markets.

There's a growing emphasis on China due to its emergence as a big investor in the global market backed by its large-scale foreign exchange reserves. In order to attract more Chinese capital into Korea, the Korea-Trade Investment Promotion Agency (KOTRA) launched its "China Desk" this May. The Government has also staged frequent "Korea Investment Forums" in the Middle East to stimulate investment inflows from the region's sovereign wealth funds.

Korea has been recovering rapidly from the financial crisis. In order to enable the Korean economy to further leap forward, what sectors will need to undergo radical reforms?

Korea was the first among Organization for Economic Cooperation and Development (OECD) countries to recover from the global financial crisis of 2008, with major industries including semiconductors and automobiles demonstrating strong growth capacity. However, if we do not prepare for the future we could start falling behind at any time.

Weakening growth potential, low R&D productivity and sluggish growth of businesses should be overcome in order for the Korean economy to rise to new heights. This will be achieved by recharging our growth energy through the development of next generation products and promotion of new growth engine industries.

Value added sectors such as green technology; cutting-edge convergence industries such as IT, robotics, new materials, biotechnology, medical; and software could be seen as our next generation growth engines, for which a great deal of support is urgently needed.

The Government will be pouring in 4.5 trillion won ($4 billion) into next year's R&D budget, with most of it targeting R&D in these future growth sectors. ■

Korea to Invest W26bn in Developing Energy Technologies

The Korean Government plans to inject 26.2 billion won ($22.7 million) over five years in a range of energy technology projects aimed at developing resources and improving energy efficiency, the Ministry of Knowledge Economy said recently.

The projects numbering 31 involve securing overseas resources including lithium through technology sharing, developing carbon capture technology and reducing energy consumption at large plants.

The ministry expects that when completed in 2015, the projects will be able to create around 3,000 jobs and reduce the country's greenhouse gas emissions by 642,000 tons annually.

"We plan to develop a core technology which will enable us to obtain the right to extract a large amount of high-quality lithium from foreign salt lakes by sharing it with partner countries," Ministry officials said.

The country wholly relies on imports for lithium. The demand for lithium used in batteries to power mobile electronic gadgets and electric cars is expected to rise sharply.

The Ministry also said it will support the research and development of carbon capture and storage technology.

The projects will be conducted in cooperation with the domestic companies concerned. Samsung Electronics and LG Electronics will collaborate in developing energy-efficient heat pumps within the next five years to enter the global heat-pump market which is currently dominated by advanced nations.

Samsung will concentrate on producing small-sized absorption chiller/heaters and LG will focus on manufacturing bigger ones.

POSCO and Hanil Cement Co. will cooperate so that byproducts from steel production will be recycled for making cement, thus reducing energy consumption and materials costs.

Meanwhile, Minister of Knowledge Economy Choi Kyung-hwan has opposed the carbon emission trading which the Government plans to adopt starting 2013. ■

Korea Moves Up to 4th Rank in G20 Economic Growth

Estimates of South Korea's economic growth rate for the upcoming year place it in fourth place among G20 members. Thus Korea climbed up three ranks from this year, when it won the seventh place for projected growth rate, suggesting Korea will safeguard its title as the member country with one of the highest economic recovery rate within the G20.

The Ministry of Strategy and Finance and the G20 Preparation Committee have revealed an internal report submitted by the IMF during the G20 Finance Ministers and Central Governors' Meeting in Gyeongju. According to the report, Korea's growth rate for next year is projected to reach a year-on-year growth of 4.5 percent making it share fourth place with Saudi Arabia (4.5 percent) after China (9.6 percent), India (8.4 percent), and Indonesia (6.2 percent).

Since China, India, and Indonesia are considered to be emerging countries within the G20 while Korea is classified as an advanced country, Korea will be the fastest-growing advanced country within the G20 next year.

Korea will be followed by Russia (4.3 percent), and Brazil and Argentina (4.0 percent). Meanwhile, advanced G20 members will stay at the 1.0 percent range for the EU (1.7 percent), Japan (1.5 percent), and Italy (1.0 percent). The average growth rate of all G20 members for the upcoming year was estimated to be 4.4 percent.

Korea had ranked seventh place for forecasts of growth rate for this year by recording 6.1 percent, following China (10.5 percent), India (9.7 percent), Turkey (7.8 percent), and Argentina and Brazil (7.5 percent). The year before, Korea's growth rate was 0.2 percent, making it rank seventh place after China (9.1 percent), India (5.7 percent) Indonesia (4.5 percent), Australia (1.2 percent), Argentina (0.9 percent), and Saudi Arabia (0.6 percent) ■

Cambodia's Economic Outlook Bright, but Problems Persist

Outlook 2011

After going through a long time tragic political turmoil, Cambodia experienced an economic boom from 1998 to 2008 since the Prime Minister Hun Sen gained dominance over the domestic political scene. Cambodia has become more stable than ever both politically and economically under Hum Sen's regime. While the economic growth continues, authoritarian tendencies are growing.

Politics

The ruling Cambodian People's Party (CPP), led by Prime Minister Hun Sen, will continue to dominate the country's politics in 2011. The CPP controls more than two-thirds of the seats in the National Assembly (the lower house of the Cambodian Parliament). Accordingly, the CPP essentially rules the country alone. As a result, based on the absence of transparency and accountability, extensive corruption and a week state of the rule of law continue to bother the further political and economic system development.

Economy

Cambodia's economy has been performing very well and continues to grow although at a slower pace due to the global economic crisis. The major international institutions project the economy of the country is recovering faster than expected. The World Bank recently raised its projected GDP from 4.4 percent to 4.9 percent in 2010. Cambodia's GDP is expected to reach 5.0 percent in 2011. The Government's monetary policies and a stable currency have supported positive macroeconomic developments.

Economic Challenges

There is no doubt that Cambodia's economy is performing relatively well despite of the global economic downturn. However, the country holds some infrastructural issues.

The growth has been mainly driven by a few key industrial sectors such as rice-based agriculture, garments, tourism and construction. Although it is proven that these sectors have been growing rapidly over the last decade, it is often pointed out that it is dangerous to rely on a certain narrow range of sectors. The agricultural sector was badly affected by unfavorable weather occasionally. The garment sector was hard hit by falling order from the U.S. and the EU countries during the economic crisis. Besides that, the competition is getting harsh and the price tends to be low. The tourism was badly affected by the crisis as well. The recent economic crisis demonstrated how vulnerable a limited industrial structure could be. It is significant to reform the economy into a more diversified industrial structure.

In addition to the structural issue, Cambodia has a serious socioeconomic issue. The major downside of economic growth are disparities in the distribution of wealth. One of the causes of the disparities is investment that is highly

concentrated in limited geographic areas, e.g. Phnom Penh, Siem Reap, Sihanoukville and some areas near the borders of Thailand and Vietnam. Although GDP is clearly growing, more than one third of the population live in poverty. Approximately 90 percent of them live in rural areas.

In other words, as the Asian Development Bank and the World Bank agree, the Cambodian Government needs to make further efforts to develop agriculture, fisheries and forestry in the long run in order to diversify sources of growth and alleviate poverty.

Relating to the poverty issue, the Cambodian Government needs to manage questions of unequal access to education and gender discrimination.

Market-Based Competition

The Cambodian economy reached a momentum with the liberalization by joining ASEAN and WTO. Although the reforms have been carried out in order to support free market, the market is still primarily controlled by a part of the government-related people. The business regulations and processes have been inefficient and corrupt. The Cambodian market does not yet have a sound foundation.

International Relations

While the US and the EU will be continuously involved in the Cambodian matters, the relations will be less close than it could be because of the human rights issues including the opposition leader, Sam Rainsy, who remains in self-imposed exile after being sentenced to a total of 12 years in prison in his absence.

As opposed to the relations with the US and the EU, China is expected to continue its tolerant stance to Cambodia. China recently announced to release Cambodia from the debt repayments due in 2010. China also agreed to 16 infrastructure deals that are worth US$1.6 billion. The most striking announcement this year regarding Sino-Cambodian relations was about China's generous military support worth US$14million. ■

India Show in Singapore Focuses on Key Sectors

An "India Show" is being organized from 14 to 16 January 2011 in Singapore jointly by the Ministry of Commerce and Industry, Confederation of Indian Industry (CII), the India High Commission in Singapore, India Brand Equity Foundation (IBEF).

The India Show Exhibition would feature participation of over 90 exhibitors showcasing the innovations and expertise of India Inc in manufacturing, services and infrastructure sectors. Tata Nano will be showcased for the very first time in Singapore.

The bilateral trade between Singapore and India had been growing around 20 percent annually reached US $ 8.65 billion in 2005 and US $ 13.79 billion during January-November 2010. Total foreign direct investment (FDI) inflows received from Singapore are US$ 11.47 billion. Top sectors attracted FDI from Singapore are from services sector, telecommunication, petroleum & natural gas, computer software & hardware and construction activities.

Coinciding with the event, "Indovations" - India's ideas for the world a Symposium is being organised focussing on key areas of the Indian economy manufacturing, services and infrastructure.

The concurrent events that will be held during the "India Show" in Singapore includes- three days exhibition, one to one business meetings, India Symposium, high level CEOs delegation and cultural evening. The CEOs delegation to Singapore will explore the possibilities to strengthen the bilateral trade relations between India and Singapore & ASEAN especially in the areas manufacturing, services and infrastructure sectors. ■

Thai Development Policy Aims for Balanced National Growth

By **Dr. Bonggot Anuroj,** Executive Director, Investment Marketing Bureau, Thailand Board of Investment, Bangkok, Thailand. Email: bonggot@boi.go.th

An action plan full of concrete measures and great potential is taking shape as the Thailand Board of Investment (BOI) hammers out a new policy to achieve sustainable development for the country. The blueprint for perpetuating balanced national growth aims to attract steady and sufficient investment in areas that will boost the country's competitiveness, give longevity to small and medium-sized companies that are the backbone of the economy, and take care of the environment.

The concept of investment for sustainable development was first discussed in an early 2010 meeting of the BOI, when a committee reviewed the Thailand Investment Year (TIY) 2008-2009 promotion policy that had expired. The committee evaluated which TIY activities might contribute to sustainable development in Thailand, and should be restored. The emphasis was on measures that would be conducive to balanced growth across the country's economic, social and environmental sectors, and development of the knowledge-based industry through advanced technology for greater value.

Then in a follow-up meeting this past March, the Board agreed that several of the Investment Year measures would strengthen the sustainable development policy. The carried-over investment promotion measures mainly target activities related to alternative energy, the manufacturing of environment-friendly materials and products, and activities in high technology.

BOI Secretary General Atchaka Sibunruang said these measures have been launched again because they have potential to contribute to Thailand's sustainable development, international competitiveness and quality of life.

A major goal under the BOI's sustainable development policy is to help Thai human resources achieve their potential through increased occupational training and education. Measures will also be in place to strengthen the science and technology sectors. Together these steps would promote knowledge-based industry in Thailand.

All of that ties in with the so-called creative economy. Last year the Board launched efforts to cultivate a creative Thai economy, a concept that aims to combine talent, knowledge and new technologies with cultural resources to generate value-added products and services. This will spur GDP growth, which has already hit 12 percent for the first quarter of 2010, and make the country more competitive in the overall global economy. Sectors targeted for creativity include advertising, animation, architecture, crafts, design, fashion, film, historical and cultural tourism, interactive software, performing and visual arts, Thai food and Thai traditional medicine.

The sustainable development policy also promotes community friendly investment. Examples include the establishment of Eco Towns or Eco Industrial Estates in ways that would balance economic, community and environmental concerns, resulting in a higher quality of life for the Thai people.

Another key goal of the policy is to restore investor confidence in the country, motivating entrepreneurs to become more competitive.

Enriching the Program

In the first quarter of the year, the BOI approved various other measures that add meat to the sustainable development policy. Among these, special incentives will be granted to promote machinery upgrades that conserve energy. Other measures will encourage the use of advanced technology for the manufacture of new products.

As for pushing eco-friendly investment, the Board will encourage oil refineries, gas separation facilities, power plants, chemical and petrochemical factories, and mineral and basic-metal factories to watch their environmental management closely. Applicant companies can obtain these special investment benefits on the condition that their environment-conservation plan is implemented completely within three years after the certificate is issued.

The major incentives that will be granted to investors under the sustainable development policy are exemption of import duties on machinery and equipment, and tax breaks, such as exemption or reduction on corporate income taxes.

Further, exemption of import duties on raw materials will be offered in some cases. This incentive particularly targets projects involving the manufacture of automobile parts, plastic products or plastic-coated products, electronics and related parts, and electrical appliances and parts. The BOI will grant a one-year exemption of import duties on raw materials used in manufacture for export.

New additional measures under the sustainable development program are scheduled to be discussed at forthcoming Board meetings. Other parts of the Thailand Investment Year 2008-2009 package that might see reconsideration involve efficiency improvement and sophisticated technology.

The BOI continuously seeks to improve the investment environment in Thailand, meeting the needs of today's economy while laying the foundation for the future in order to maintain the country's well-earned competitive edge. ■

Indo-Russian Trade Needs to be Diversified: Sharma

Addressing the Plenary Session "Prospects of Russian-Indian Trade and Investment Relations Development" of 4th India-Russia Forum on Trade and Investments, in New Delhi recently, Union Minister of Commerce and Industry Anand Sharma said that the target of US $ 20 billion trade by 2015 is achievable provided all stakeholders put in concerted efforts to meet it.

Sharma said that there is need to expand the trade basket to include value added items in areas such as applied technology, Information Technology, telecommunications, automobile components, gems and jewellery and energy. "There are ample opportunities for investment in two countries and both have us to exploit in our mutual benefit," he added.

The session was attended by Russia's Deputy Prime Minister Sergei Ivanov, Minister of Economic Development and Trade Ms. Elvira Nabiullina, R.P. Singh, Secretary, Department of Industrial Policy & Promotion, apex chambers and senior officials from both sides.

During the interaction, Sharma stressed that "we need to make concerted efforts to reinvigorate our economic cooperation and integrate it with market forces. While the political responsibility for expanding ties with other countries is the primary task of governments, business to business relations have become a critical element in the overall architecture of interaction between countries in this age of increasingly de-regulated economies, private sector dynamism and globalization".

Sharma said that Indian and Russian economies have natural areas of synergy and India is ready to share its experience and expertise in setting up Information Technology parks. "We need to focus the possibilities of cooperation in the IT sector as the scope is immense. Now it is up to the business communities to seize the initiative", he added.

Regarding infrastructure, Sharma underlined that India's quest for new facilities in power, transportation, urban development, communication, etc has truly taken off. In the next seven years, India will be spending $ 1.7 trillion to meet its infrastructure requirements. The Government has initiated friendly policies for inviting FDI in these sectors and has addressed many areas to promote public private partnership as a plank of infrastructure development.

"Both countries should make available to each other the investment regulations and ways of doing business. At the same time, I would urge industry associations to increase their presence in each other's countries", Sharma said.

The India Russia Intergovernmental Commission on Trade and Economic Cooperation has been a dedicated facilitator of promoting bilateral economic ties. The 16th meeting held in November 2010 addressed a number of roadblocks to increasing trade and it was stressed that the trade level of less than $5 billion in 2009-10 was substantially below the potential that can be attained by two large and rapidly growing economies such as India and Russia. ■

Assam Strives to Attain Self-Sufficiency in Agriculture

Long-Term Strategy to Step up Productivity, Output

India's North-Eastern State of Assam is striving to attain self-sufficiency in food grains production. Towards this end, the State's agri-horticultural sector is gradually changing its traditional outlook. Modern cultivation practices with better input efficiency, application of

latest production technology and scientific management practices are contributing towards better yield and income of farmers. Flagship programmes like Rashtriya Krishi Vikas Yojana. Macro Management Mode of Agriculture, National Food Security Mission - Rice and Pulses, Assam Bikash Yojana, Horticulture Technology Mission. Centrally-sponsored Scheme on ATMA, Assam Agricultural Competitiveness Project etc. are contributing to support the farming community in the State to help attain better growth rate in the agricultural sector.

"The greatest challenge before us is enhancing productivity of almost all crops with proper intervention. The Department proposes to associate small and marginal farmers in greater scale as they constitute more than 80% of the farming community. Due to their limited investment capacity, the present Government endeavours to support them with better infrastructure, says R.T. JIndal, Agriculture Production Commissioner & Principal Secretary, Agriculture Department, Government of Assam.

Assam has abundant water resources for assured irrigation. potential to increase cropping intensity to 200 percent. The State has large riverine tracks (Char Areas) with high productivity potential for cultivation of for wheat, pulses and oilseeds. It also has the most suitable climate for a host of horticultural crops and organic cultivation. Besides, Assam also enjoys a captive regional market.

Opportunities

- Huge potential for horticultural production.
- Availability of new technologies and farming practices,
- Rising demand for diversified agriculture and horticulture product.
- Increasing acceptability of Public-Private-Partnership.
- Focused area of Central and State Govt.
- Willingness of the farmer to experiment.
- Improved communication infrastructure.
- Vast mono-crop area with ground/surface water for double cropping.
- Commercialization and globalization of agriculture.

Strategy

- Launching extension campaign for increasing productivity.
- Better productivity through technological intervention.
- Emphasis on use of short

duration high yielding paddy varieties to escape from late monsoon flood and to facilitate cultivation of three crops in a year.
- Extension of area under Hybrid Rice cultivation.
- Full utilization of provisions made under NFSM, RKVY, JTM & other schemes.
- Area expansion under Sugarcane through use of locally suitable varieties.
- Emphasis on vegetable production for immediate financial support for the farmers.
- Ensuring availability of quality seeds of paddy, oilseeds (mustard) and pulses (blackgram & greengram) from State's own production in Seed Villages.
- Ensuring seed treatment to protect from seed borne diseases.
- Ensuring pre stocking of inputs through dealers before onset of monsoon.
- Ensuring assured irrigation in 40 percent of net cropped area at the end of 11th Plan period through Shallow Tube Wells, Low Lift Pumps, Deep Tube Wells, Flow and Micro Irrigation.
- Enhancing Farm Mechanization to assure farm power availability of 0.80 HP per hectare at the end of 11th Plan period.
- Better soil moisture conservation through early ploughing in rain-fed areas.
- To eradicate the bottleneck of marketing of agricultural produce.
- Emphasis on uplifting land less, small & marginal farmers.
- Welfare of backward SC/ST, farm women & ethnic groups of farming community.
- To emphasize on institutional Credit Support to farmers through Kisan Credit Cards.
- To create employment generation.

Approach

As rice is the main staple food of Assam, food security in the State means rice security. So, approach in agriculture revolves around improved rice based cropping system.

- Diversified crop planning wherever rice cannot be grown.
- Increasing area coverage of HYV Paddy from 61 percent to 75 percent of total paddy area.
- Increasing Seed Replacement Rate (SRR).
- Requirement of certified seeds of paddy, oilseeds (mustard) and pulses (blackgram & greengram) to be met from the State's own production.
- Procurement of quality seeds of other crops from outside sources.
- Increasing area under cultivable land by land development, drainage system of fallow wasteland and construction & repairing of dong /bundh of natural streams.
- Massive mobilization of tractors & power tillers provided to farmers under various schemes/ programmes.
- Full utilization of command area so far created by Agriculture/ Irrigation Department through installation of Shallow Tube Wells (STW), Low Lift Pumps (LLP), Flow Irrigation etc. under various schemes / programmes.
- To utilize pre-stocked mobile pump sets at district level to overcome any eventuality of drought.
- Raising community nurseries for farmers of flood prone areas.

Initiative:

- Grass root level planning under ATMA & RKVY for integrated Agriculture development.
- Soil Health Mapping in all district under NFSM & RKVY programme.
- Application of lime,

micronutrients, bio-fertilizers to maintain better soil health.

- Massive distribution of HYV / Hybrid paddy seeds, pulses & oilseeds under State Plan, NFSM, MMMA & Calamity Relief Programmes.
- Thrust on distribution of farm machineries like tractors, power tillers.
- Popularizing new farm machineries like Rotovator, reaper binder, chuff cutter etc. amongst farmers to ease field activities.
- Strengthening of seed farms under RKVY and Seed Farm & Nursery Programme to facilitate seed production.
- Production of certified seeds of paddy, oilseeds (mustard), pulses (blackgram & greengram) in seed villages to meet state's requirement.
- Popularizing of Hybrid Rice cultivation through NFSM, MMMA and State Plan programmes to increase production of rice for food security.
- Wide adoption of SRI (System of Rice Intensification) for enhanced productivity.
- Emphasizing commercial production of horticultural crops.
- Formation of Agricultural Production Management Groups (APMG) for planned cultivation of perishable crops.
- Introduction of "Grow More Vegetable Programme" under State Plan to help farmers through immediate economic return.
- Establishing 10 nos. processing units for horticultural crops under Horticulture Technology Mission
- Awarding best farmers at district and state level to induce encouragement and competitiveness.
- Efforts to arrest distress sale of Agricultural produce as well as souring prices of commodities for welfare of the consumers.

Present agricultural scenario

Agriculture in the country has lost its growth momentum during 10th plan period and from that point it subsequently led to a situation of crisis. The growth of agricultures decelerated from 3.20 percent per annum in the 8th Plan to 1.80 percent per annum in the 10th Plan at the national level.

In Assam too the growth of Agriculture at the end of 8th Plan period was 1.13 percent. It fell to at the end of 9th plan and registered a further decline to -0.27 percent (estimated) at the end of 10th Plan period. The growth in agriculture has been reversed since 2007-08 and recorded a growth rate of 0.23 percent during 2007-08 and 1.20 percent during 2008-09. It is expected that growth will further go up to 2.17 percent during 2009-10.

Agriculture and allied activities in Assam have overriding importance as sources of livelihood to its people. It still contributes more than one-fourth (26.2 percent in 2008-09 at current prices) of State's Net State Domestic Product (NSDP) and supports around 70 percent of its population.

The analysis of the production & productivity behaviour during the four years to 2008-09 reflects that the production & productivity of all major crops had increased significantly in 2008-09 as compared to 2005-06. The total agri-horti production had increased from 105.49 lakh MT in 2005-06 to 120.35 lakh MT in 2008-09, an increase of 14 percent.

Stress on Multiple Cropping

With the rise of population, the demand for food grains and other crops are increasing day by day and to address the same there is no option for the State except rendering stress on multiple cropping. Agricultural mechanization has been a natural call towards the boost of multiple cropping.

This is not at all sufficient to reach the target of 2.0 percent annual production growth during 11th Plan period. There is still potential of about five lakh STWs in the State as per assessment of Central Ground Water Board which will provide assured irrigation to additional area of about 10 lakh hectares which is proposed to be utilized in phase manner through different programmes under Externally Aided Project, Centrally Sponsored Schemes, State Priority Schemes, etc. It is felt that utilization of ground water through STWs alone can not cover the sizeable amount of cropped area. Hence, emphasis has been laid on utilization of surface irrigation more efficiently.

Farm Mechanization

Along with assured irrigation, farm mechanization is also a critical input, which facilitates timely agricultural operation and that is a key to higher level of production. The present availability of farm power in the state is 0.66 HP per hectare (against national average of 1.20 HP per hectare) of which mechanical power is around 52 percent. The growth of mechanization in Assam is slow. Low availability of Farm Power has become the constraints to double or multiple cropping. The present mechanical power has been generated through 5534 nos. of tractors and 18469 nos. of power tillers. Emphasis has been laid on increasing the existing farm power, to cope with the already targeted cropping intensity of 170 percent by the end of the 11th Plan period.

In spite of high rainfall area in Assam, utilization of surface water is rare in the State. The irrigation projects of the State are not providing expected impact. However, the Department of Agriculture through installation of Shallow Tube Wells and Low Lift Pumps has alone created an irrigation potential of 4.40 lakh hectares out of which 1.10 lakh hectares created during the four years to 2008-09.

Markets & Market Yards

A network of 24 Regulated Markets, 20 Principal Market Yards, 204 Sub-Market Yards, 344 Wholesale Markets (another 25 no. are being set up), An Organic Market has been created.

The State is surplus in fruits and vegetable production. The horticulture crops being a perishable nature, there is a need to create appropriate marketing network duly supported by the processing facilities. So, to strengthen post harvest facilities 19 cold storages and 51 Processing Units have been established to strengthen post harvest facilities. Apart from this 51 Rural Godowns have been established by ASAMB. Few initiatives have been taken to develop marketing infrastructure under NEC funded, scheme under AACP.

There is an urgent need for creating a few terminal markets in the State. However, keeping in view the existing agriculture marketing scenario in the State, it is unlikely that private investor will show interest in investing in terminal market. Therefore, PPP model promoted by the Government of India for development of the terminal markets may not be appropriate for Assam.

Bank-Aided Programmes

The World Bank assisted Externally Aided Project called Assam Agricultural Competitiveness Project (AACP) has become effective from 2005 to end in 2010. The objective of the project is to increase the productivity of crops and market accessibility of targeted farmers and community groups. Key indicators of success have been identified as increase yield of crops, fish and livestock products complemented by an increase in the proportion of marketed surplus. Although the overriding objective is to stimulate growth of Assam's agricultural economy, project activities would be predominantly pro-poor, directed primarily at small and marginal land holders, poor fishing communities and the landless.

The major components under agriculture sector are - Irrigation, mechanization, Agricultural

Extension Services - Agricultural Technology Management Agency (ATMA), Market Extension, Market Development and Applied Agricultural Research.

Assam Bikash Yojna (ABY)

The Increasing demand for food grains and other crops in the State can only be achieved through multiple cropping. The adoption of practices of multiple cropping would invite adoption of mechanization in agriculture use of bio-fertilizer and bio pesticides. In order to raise the level of farm mechanization, which is at present much below the national average, it is necessary to support the farmers with machineries and implements apart from other inputs for carrying out timely agricultural operation. With the above objective in mind the Department of Agriculture has taken initiatives through implementation of Assam Bikash Yojana (ABY) scheme understate Plan.

Achievement in 2007-08:

1. Distribution of Tractors - 293 nos.
2. Distribution of power tillers - 589 nos.

Achievement in 2008-09:

1. Distribution of Tractor - 1528 nos.
2. Distribution of Japi to BPL farmers - 61500 nos.

Programme of 2009-10:
(under implementation)

1 .Distribution of Tractors - 362 nos.
2. Distribution of power tillers - 1000 nos.
3. Distribution of STWs - 106 nos.

Priorities Ahead

1. The Target Group: The Target Group will be Small and Marginal Farmers, More and more schemes are on the anvil towards this group which comprises more than 80percent of the farming community.

2. The Soil Health: Asking farmers to go for more production without parallel support to maintain their soil health will be counterproductive. To do away with this notion, the emphasis will be on:

* Creation of soil analysis facilities within easy reach of farmers. The target is to set up at least one Soil Testing Laboratory in each district phase wise.

* Existing Soil Testing Laboratories to be strengthened with micronutrient analysis facilities.

* Soil Health Cards to farmers

3. Mechanization: This is a must for raising cropping intensity. Per capita availability of farm power to be raised through tractor, power tiller, pumps, etc.

4. Irrigation: Water is the most critical input. It is to be made available in a massive way keeping a balanced approach to the ground water and surface water.

5. Technology: Technological intervention with better varieties, management, crop protection and marketability. This will be mission mode approach with flexibility of Public & Private sector investment as per need.

6. Input Management: Outsourcing of certified seeds will be minimized through local production particularly in case of paddy.

7. Strengthening departmental farms: For production of seeds and planting materials and to develop some model farms to attract new generation farmers through demonstration.

8. Strengthening ATMA: ATMA model of extension will be geared up for wider coverage.

9. Credit support: Credit support to farmers will be expanded with polio intervention and other strategies.

10. Crop insurance: Efforts will be made for wider coverage. ■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