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Prime Minister, Dr Manmohan Singh with H.M. Jigme Khesar Namgyal Wangchuck, King of Bhutan, in New Delhi on February 08

**I**n a historic step, India and Bhutan have opened “a new era” in their special ties by signing a revised version of their 57-year-old Friendship Treaty that gives Thimphu more freedom in the crucial areas of foreign policy and non-lethal military purchases.

The updated treaty was signed between the two sides at Hyderabad House in New Delhi after Prime Minister Manmohan Singh and Bhutan’s 27-year-old King Jigme Khesar Namgyal Wangchuk held talks on a wide array of bilateral and global issues.

“The signing of the India-Bhutan Friendship Treaty today opens a new era in the further deepening and strengthening of this unique and special relationship” under the reign of Bhutan’s new king, External Affairs Ministry spokesperson Navtej Sarna said.

The revised treaty has rewritten Articles 2 and 6 of the 1949 document and gives Thimphu more freedom to pursue its foreign policy and in the purchase of non-lethal military equipment as long as such decisions do not damage India’s vital strategic interests.

The old treaty, which was signed in Darjeeling on August 8, 1949, contained nine clauses while the new one would have 10.

Article 2, which says that Bhutan will be guided by India’s advice while conducting its foreign policy, has been substituted by a language that speaks of cooperation. A close consultative mechanism will be set up in this regard.

“The treaty commits both countries to cooperate closely with each other on issues relating to their national interests, and not allow the use of their territories for activities harmful to the national security and interest of the other,” Sarna said in a statement.

“The signing of the India-Bhutan Friendship Treaty marks a historic moment in our relations with Bhutan,” he added.

“It includes fresh provisions for consolidating and expanding economic cooperation for mutual and long-term benefit, and cooperation in the fields of culture, education, health, sports, and science and technology,” Sarna said.

“It does not envisage a change in the treatment of nationals of both countries, or in the free trade regime that we have,” he noted.

Calling India-Bhutan ties “an exemplary model of good-neighbourly relations,” Sarna said they symbolised “our belief that the people of South Asia share a common destiny”.

Wangchuk began his six-day visit to India on February 7, the first after his father abdicated in his favour in December 2006.

The Oxford-educated monarch will be enthroned next year when the idyllic Himalayan state, which prefers to measure its national wealth in terms of “gross national happiness”, will embrace two-party democracy and hold elections.

King Wangchuk met External Affairs Minister Pranab Mukherjee and Foreign Secretary Shivshankar Menon and discussed with them a whole range of issues, including enhanced business ties between the two countries and increased cooperation in the area of hydroelectricity.

During the visit, the king also called on President A.P.J. Abdul Kalam. Apart from the King’s talks with the Prime Minister Singh, he also met the Chairperson of the United Progressive Alliance (UPA) coalition Sonia Gandhi.

The Prime Minister hosted a dinner in honour of the King of Bhutan. Home Minister Shivraj Patil, Deputy Chairman of the Planning Commission Montek Singh Ahluwalia, Defence Minister A.K. Antony, Finance Minister P. Chidambaram also called on the King.

# Focus is on social sectors, agriculture as Finance Minister presents an inclusive budget

**F**inance Minister P. Chidambaram on February 28 presented a Rs. 6,805.210 billion (\$148 billion) general budget for 2007-08 that focuses on social sectors and agriculture with only moderate cuts in taxes and import duties.

"Agriculture must top the agenda for policy makers and hold the first charge on resources," the Finance Minister said in his 100-minute speech in the Lok Sabha, the lower house of Parliament, setting the tone for his sixth national budget and the fourth for the United Progressive Alliance (UPA) government.

"The declared objective is faster and more inclusive growth," Chidambaram said as he enhanced budgetary allocations for education, agriculture, water, child development, urban renewal, the employment guarantee scheme and social security.

"Industry and services have done well. Attention is, therefore, being diverted to agriculture. A plant needs nursing and not a firm oak tree," he later told a press conference explaining the main premise of his budget.

Rising prices, he said, were a



Finance Minister P. Chidambaram arriving in Parliament to present the Union Budget.

concern and projected an inflation rate of 5.2 percent for the current fiscal, against 4.4 percent for the previous year. "We are confident that we can moderate the present inflationary trend," he asserted.

In a bid to bring down overall inflation and help curb the rise in the prices of some food items, he said excise duty on crude oil would be reduced to 6 percent from 8 percent and futures trading banned immediately in wheat and rice.

The Finance Minister said he was also giving a new thrust to agriculture, on which two-third of the 1.17 billion population still depends, the small taxpayer and the small service provider. "Faster economic growth has given us, once again, the opportunity to unfurl the sails and catch the wind."

His proposals invited praise from Prime Minister Manmohan Singh. "This budget focuses on fiscal consolidation," Manmohan Singh said, adding that an attempt was made to address the concerns and aspirations of a larger section of society, especially the common man.

Even though Chidambaram drew comfort from an impressive 27.8 percent increase in the gross



## Following is the transcript of Prime Minister Manmohan Singh's post-budget interview to Doordarshan on February 28.

**Q:** There was a lot of talk that this budget will be geared more towards control of inflation because important elections are soon coming up. Do you think that this budget is going to control inflation?

**PM:** Well, the budget certainly is anti-inflationary. The fact that the fiscal consolidation programme is on target — the fiscal reduction and the revenue deficit reduction — we are moving in the set direction. That itself should be an assurance that inflation will not be allowed to get out of hand. But in addition, if you look at the whole programme of reduction in customs duties and excise duties,

I think that would also strengthen the anti-inflationary bias of the budget.

Moreover, the emphasis that is now being laid on supply side responses, the national programme for pulses, the national programme for utilisation of ground water resources, the rain-fed authority working to give a new momentum to the utilization of the dry land agriculture potential. All these would strengthen the supply side responses.

**Q:** Do you think we have enough resources within our government and within the economy to check prices?

**PM:** Of course, I think we have done it many times before. That is one area in which we are now more open. But that also is a help and sometimes when we get into domestic bottlenecks, we can always import. I think last year we imported five-and-a-half million tonnes. We can import commodities which are in short supply — oilseeds, to some extent, pulses not to a great deal but foodgrains, oilseeds, and vegetable oils — these are certainly essential commodities which if we run into domestic supply bottlenecks, we can always import.

tax revenue during the current fiscal, he, nevertheless, proposed a 1 percent cess on all taxes to finance secondary and higher education schemes, over and above the 2 percent cess on basic education.

A similar populist measure was a substantial increase in the allocations for the National Rural Employment Guarantee Scheme and an extension of its coverage to 330 districts from the present 200.

With the armed forces set to modernise operations and induct new equipment in the coming years, the Finance Minister also enhanced the defence budget by 7.8 percent to Rs. 960 billion.

His relief to individual tax payers came in the form of a token Rs. 10,000 hike in the threshold limit of exemption, to result in a saving of Rs. 1,000, as also an increase in the base limit for women and senior citizens.

"A comprehensive review should await the proposed income tax code which will be introduced in Parliament this year," the Finance Minister said on the issue of moderating the direct tax regime further.

In indirect direct taxes, he sought to cut the peak rate of import duties to 10 percent from the existing 12.5 percent, but decided to keep the central value added tax rate unchanged and expanded the service tax regime.

Chidambaram also did away with the surcharge on corporation tax only for firms with a taxable income of Rs. 10 million or less.

**Q:** This is the first time I saw a budget which talked about Plans A, B and C.

**PM:** Well, I think we are living through uncertain times. We have a substantial increase in the budgetary support for the plan of about 19 percent but we also recognise that there are legitimate additional expenditure demands which will arise as we unfold the contours of the 11th Five Year Plan and so we will review the situation towards mid-July for example and we have a contingency plan to increase expenditure to the extent of about 7,000 crores (Rs. 7 billion) in due course.

Also we are toying with the idea of utilising a part of the foreign exchange reserves for infrastructure development ... and therefore you have a budget, which pays lot of emphasis on improving our access to basic social services. You have a budget which also strengthens

A unique scheme announced in the budget is a means-cum-merit scholarship that would be introduced to check high school dropout rates. The Finance Minister observed that while the Sarva Siksha Abhiyan (universal education scheme) had improved enrolment to 96 percent, dropout rates were still worrying. He said the scheme would encourage students to study beyond Class VIII.

The scheme would start this year with a corpus of Rs. 7.5 billion and an equal amount would be added to the fund every year for the next three years.

Under the scheme, each student would be given a scholarship of Rs. 6,000 a year to study in Classes IX, X, XI and XII. Each year 100,000 scholarships would be awarded.

Another unique scheme would reward employers providing regular employment to physically challenged persons and aims to create about 100,000 jobs a year for such disadvantaged sections of society.

The Finance Minister set aside Rs. 18 billion to reimburse employers who provide regular employment to them.

"Among the disadvantaged sections of the society are physically challenged persons. They face difficulties in obtaining regular employment. In order to incentivise employers in the organised sector to provide regular employment, I propose a scheme whereunder the government will reward the employer once a physically challenged employee is regularised." ■

the social safety net, the National Rural Employment Guarantee Programme is being expanded to include now 330 districts - half the districts of our country.

A new life insurance programme has been launched for landless workers. In addition, we need to strengthen the impulses to expand investment in infrastructure.

**Q:** The budget talks about enabling people so that especially the socio-economically backward people.

**PM:** Of course, I think education and healthcare are prime imperatives as far as this budget is concerned. Also we need to improve the skill level of the youth. Therefore we need lot more emphasis on secondary education, or on those who leave the primary education and at the same time, strengthening the vocationalisation of education.

**"Faster economic growth has given us, once again, the opportunity to unfurl the sails and catch the wind."**

**Finance Minister  
P. Chidambaram**

## HIGHLIGHTS

- Gross budgetary support for plan to be increased to Rs. 2,051 billion from Rs. 1,727.28 billion.
- Non-plan expenditure to go up by 6.5% to Rs. 4,354.21 billion; allocation for Bharat Nirman increased by 31.6% to Rs. 246.03 billion; allocation for education increased by 34.2% and for health & family welfare by 21.9%.
- Mid-Day meal scheme to cover children of upper primary classes in 3,427 educationally backward blocks.
- Scheme for short-term crop loans to continue; National agricultural insurance scheme to continue.
- Death and disability insurance cover to be extended to rural landless households under Aam Admi Bima Yojana.
- Limit of loans under differential rate of interest scheme for weaker sections raised.
- National Housing Bank to introduce reverse mortgage for senior citizens.
- Allocation for defence increased to Rs. 960 billion.
- For current year revenue deficit to be 2% and fiscal deficit 3.7% — both lower than budget estimates
- Peak rate for customs duties for non-agricultural products cut from 12.5% to 10%.
- Custom duties on most chemicals and plastics reduced to 7.5%.
- Ad valorem component of excise duty on petrol and diesel cut to 6%.
- Service tax exemption limit for small service providers raised from Rs. 400,000 to Rs. 800,000
- Service tax extended to some new areas central sales tax cut to 3%.
- Threshold limit of exemption in all cases increased by Rs. 10,000.
- Maximum limit of deduction in respect of medical insurance premium to be increased to Rs. 15,000; for senior citizens the limit is Rs. 20,000.
- Corporate income tax rate remains unchanged; surcharge on income tax on all firms and companies with a taxable income of Rs. 10 million or less removed.
- 5-year income tax holiday for new hotels.
- Tax holiday for undertakings in Jammu & Kashmir extended to 2012.
- Additional cess of 1% levied on taxes to fund secondary and higher education.

## Afghan delegation experiences Indian democracy

Which is the best place to experience first hand a vibrant and thriving democracy at work? How do the three organs of a democratic government (legislature, executive and judiciary) work together to achieve better governance and deliver the services to the common man? The quest for answers to these questions led to the visit of a 10-member delegation led by Minister of State for Parliamentary Affairs of Afghanistan Dr. Farooq Wardak to India, a democracy with more than one billion people. Supported by the Embassy, the visit from February 22 to March 3 was sponsored by Asia Foundation.

As part of their packed schedule, the delegation called on the Speaker of Lok Sabha, Home Minister, Law Minister, Minister of Panchayat Raj, Minister of State for External Affairs, and Chief Justice and Justices of the Supreme Court. The delegation also had an occasion to interact with members of Supreme Court Bar Association. Welcoming the delegation, Minister of State for Parliamentary Affairs, Personnel, Pensions and Public Grievances, Suresh Pachouri assured India's sustained and long-term commitment to cooperate with and support Afghanistan, particularly in the areas of capacity-building and human resources development. In their call on Home Minister Shivraj Patil, the delegation exchanged views on various issues of governance, including Centre-state relations and internal security management in a federal set up.

The leader of the Afghan delegation Dr. Wardak extended an invitation to Home Minister Patil to visit Afghanistan. During the call on the Speaker of the Lok Sabha Somnath Chatterjee, the delegation was briefed on the working Parliamentary institutions in India. Speaker Chatterjee also offered the services and facilities of the Bureau of Parliamentary Studies and Training (BPS&T) to Members of Parliament of Afghanistan and other government officials interested in benefitting from this programme. Union Minister of Panchayati Raj Mani Shankar Aiyar informed the delegation that the Government of India would be glad to cooperate with the Government of Afghanistan in the area of developing rural self-government initiatives and other related activities that could benefit the local communities.



Leader of Afghanistan delegation Dr. Farooq Wardak (Right) greeting Speaker of Lok Sabha Somnath Chatterjee (Left).

The delegation also had the opportunity to attend the joint address of the President of India to both Houses of Parliament and the presentation of the Union Budget 2007-2008. At a well-attended function organised by the Indian Council of World Affairs (ICWA), leader of Afghan delegation Dr. Wardak spoke on 'Afghanistan: Emerging Horizons'.

Besides Dr. Wardak, the other members of the delegation were Mohammad Omar Babrakzai, Mohammad Alim Nasimi, (both judges, Supreme Court of Afghanistan); Dr. Burhanullah Shinwari, Deputy Chairman and Member of the Meshrano Jirga; Sohaila Sharifi, Fariba Ahmadi Kakar (all members of the Meshrano Jirga), Leyqqatullah Babakarkhil (member of the Wolesi Jirga); Sayed Yousuf Halim, Director, Legislative Affairs, Ministry of Justice; Roohafza Ludin, Director, Government Relations, Ministry of Parliamentary Affairs and Syed Qotbuddin Roydar, Chief of Staff, Office of the Minister of State of Parliamentary Affairs. ■

## Afghan delegation attends global SMEs summit in Mumbai

There is something unusual about this year's Global Small and Medium Enterprises (S&MEs) summit held at the World Trade Centre, Mumbai. For the first time, an Afghan delegation of 12 businesspersons spearheaded by Afghanistan Investment Support Agency (AISA) participated in this international conference. Small & Medium Business Development Centre of India (SMEC) and India International Trade Centre (IITC), in association with Ministry of Small Scale Industries and Agro and Rural Industries, organised this international conference from February 21 to 24. The summit's focal theme was 'Empowering SME Sector for Better Prospects' and lent itself to



AISA Director Walid Tamim, left, exchanges an MoU with IITC President Chandrakant Salunkhe, right

be a platform for members of the S&ME sector to network among the business contacts and to display the respective strengths and specialised areas of products and services.

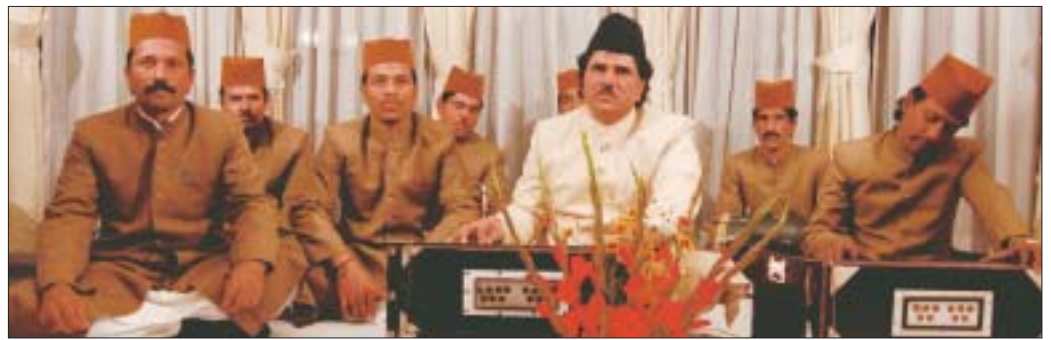
As part of this exercise, interactive meetings, buyer-seller meets, business matchmaking, panel discussions and seminars on the SME sector were organised at this event.

The Afghanistan delegation included representatives from the banking, handicraft, health and construction sectors. During the summit, Director (Investment & Promotion) AISA Walid Tamim made a presentation on the overview of investment opportunities for SMEs in Afghanistan. AISA also utilised the opportunity to attract Indian as well as other potential overseas investors and SMEs representatives to explore business opportunities in Afghanistan.

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# Sarfraz Chisti Qawwali group enthralled Afghanistan

**T**op Afghan dignitaries sprawled on velvet floor mats in the living room of Indian Ambassador Rakesh Sood's residence on March 27, soon after Nauroz, the Afghan new year, nodding their heads in appreciation of the qawwali composition of Gul Ali Shah Kalandhar rendered by Sarfraz Chishti Qawwali group from India, was testimonial to the growing reputation being acquired by India House as a vibrant cultural hub in Kabul.



Maestro Sarfraz Chisti and his troupe performing at India House, Kabul

A few months earlier, Ustad Eltaf Hussain Sarahang, one of the outstanding Afghan music and ghazal exponents, charmed the audience with his superb rendition of Patiala gharana gayaki on the sprawling lawns of India House on a balmy autumn evening. Before that, on the similar occasion of Nauroz last year, another Indian qawwali singer, Ghulam Qadir Niyazi, enthralled the audience at the same venue.

Maestro Sarfraz Chisti, a reputed qawwal and classical music singer in India was performing in Afghanistan for the first time, under the sponsorship of the Indian Council for Cultural Relations (ICCR). The troupe was also invited by the Foundation for Culture and Civil Society to participate at the 4th Music Festival at Mazar-e-Sharif, March 20-22, where they were received very enthusiastically. The troupe then went on to perform in Herat, including at the Chisti monastery. The performance in Kabul was the last leg of their tour in Afghanistan.

Chisti has been in the profession for 25 years. He trained under Ustad Abdur Gafur Shaqur Chishti for qawwali singing and under Ustad Iqbal Ahmed Khan (Delhi Gharana) for classical music. He has rendered qawwalis for many Indian films, and has performed in various festivals throughout India.

Coming to Afghanistan was a dream come true.

The dignitaries gathered at the Indian Ambassador's residence, including senior Ministers, members of Parliament, businessmen, media and diplomats, proclaimed that this was one of the best musical performances witnessed in Kabul. The repertoire included qawwalis, ghazals, classical and sufi music, rendered both in Persian and Urdu. As Chisti combined with grace and ease the compositions of Hazrat Shams Tabrez, Hazrat Amir Khusro, Hazrat Hafiz Shirazi and Hazrat Deam Shahwari, the synthesis between Indian and Afghan musical heritage was complete, highlighting in striking manner the close cultural affinities shared between the two countries.

The next day, the group rendered another performance at the Indian Embassy Culture Centre, open to the general public. The magic of the renditions remained unblemished — as judged by the incessant demand for encores.

For Sarfraz Chisti himself and his troupe, the Afghanistan tour was a spiritually uplifting one. The visit to the Chisti monastery in Herat, in particular, will stay vividly etched in memory. "Our bag is overflowing with Allah's blessings. The expectations, hopes and aspirations have been fulfilled," Chisti remarked as his group boarded the Indian Airlines flight back home. ■

## Afghan delegation attends global SMEs summit in Mumbai

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During their visit, the Afghan delegation also established two important institutional tie-ups with Indian agencies. The first is a Memorandum of Understanding (MoU) between AISA and IITC for mutual cooperation. Signed on February 23, this MoU is initially for five years and could be extended further. It identified areas such as promotion of trade and investment, nurturing JVs, contract manufacturing and technology transfers to support the growth of SMEs in the two countries. The second agreement is a Memorandum of Cooperation (MoC) between EXIM Bank of India, Mumbai, and AISA. Signed on February 23, the MoC aims to promote two-way trade and investment, regular exchange of information on trade, business and investment, assistance in locating suitable JV and trade partners and promotion of commercial interaction between the two countries.

Zia-Ur-Rahman, a member of the Afghan



A business visitor from Kenya interacting with an Afghan delegate at the summit.

business delegation, aptly summed up the impression of the delegation about their visit to India by expressing full satisfaction for the fact that he "did find the partners (he) was looking for".

He added, "I found right partners in this event, who have ability and capacity to provide me high standards and strong technical capacity, the critical component in winning international contracts in Afghanistan." ■

# Rani Mukerji: Queen of Bollywood



**F**rom bit roles in small budget movies to the polished performance in Sanjay Bhansali's 'Black', birthday girl Rani Mukerji, who turned 29 on March 21, can look back at the last 10 years with deep satisfaction.

Born in 1978 in West Bengal, Rani Mukherjee comes from a film-oriented family of Bengali origin. Her father, Ram Mukherjee, is a retired director and her mother Krishna was a playback singer. Her brother Raja Mukherjee is also a film producer. Her maternal aunt, Debashree Roy, was a popular Bengali actress.

She graduated from Maneckjee Cooper High School in Juhu. Soon afterwards, Rani received a few film offers and thus set her foot in the Indian film-industry's capital, Mumbai.

When she joined the film force in 1996 with the box office dud 'Raja Ki Aayegi Baraat', she was literally written off by critics. Rani was plump, short, her voice was rough and nobody was willing to work with her. However, her next film — 'Ghulam' (1998) — was a hit.

Then cousin Kajol, a big star then, put in a word for her and Karan Johar hesitatingly cast her in his directorial debut 'Kuch Kuch Hota Hai'. There was no looking back after that. The poor cousin metamorphosed into a rising star, and is considered one of the most powerful women in Bollywood today. For her acting, she received her first Filmfare Award in the Best Supporting Actress category.

"When Karan wanted my voice to be dubbed for 'Kuch Kuch Hota Hai', I really thought that it was bad and very husky and rough, but slowly I worked to improve my diction, and am now quite comfortable with it," Rani was quoted as saying.

Karan didn't regret his decision. The film was a blockbuster and Rani got rave reviews. Not only was she honoured with the Filmfare award, offers started pouring in as well.

Since then, Rani has played a successful innings and has given hits like 'Black' (2005)



'Bunty Aur Babli' (2005), 'Paheli' (2005) 'Veer-Zaara' (2004), 'Hum Tum' (2004) 'Yuva' (2004) 'Chalte Chalte' (2003) 'Saathiya' (2002) 'Kabhi Khushi Kabhie Gham' (2001) and 'Ghulam'. She was also seen in an unconventional role in Kamal Hassan's 'Hey Ram'. She pays tribute to the southern star and director, claiming that Kamal Hassan re-invented the actress in her after the 'Hey Ram' experience.

Last year, Rani had two releases — 'Kabhi Alvida Naa Kehena' (KANK) and 'Baabul' — both of which did not fare too well at the box office. However, that didn't really make a difference because her performances in both the films were not only appreciated but also applauded.

The actress has been an active stage performer and has participated in numerous world tours. Temptations 2004 was her most successful programme.

With six Filmfare awards in her kitty, the actress has today surpassed her rivals and is touted as one of the most versatile and talented actresses in the Hindi film industry, with some even calling dubbing her Bollywood's No. 1 star.

Rani is now busy with Bhansali's 'Saawariya' and Siddharth Anand's 'Ta Ra Rum Pum', releasing in April. The story revolves around a racing driver and Rani is paired with Saif Ali Khan. She will also feature in Pradeep Sarkar's 'Laaga Chunari Mein Daag', slated for an October release. ■