

N K SINGH*Sunday , July 24, 2005*

From the ringside

Manmohan's US visit

More than meets the eye

Prime Minister Manmohan Singh has just returned from a successful visit to the United States. The new initiatives auger well for strengthening Indo-US relations and realising our quest to be a knowledge powerhouse. The freeze of decades from the old mindset about India, when export restrictions on hi-technology and nuclear fuel cramped planning for energy security and realising the gains from our high quality scientific talent. On civilian use of nuclear energy, given the global demand for fossil fuel and the nascent stage of commercially viable non-conventional energy, there is no escape from increased reliance on nuclear power.

The agreement concluded provides only a framework for co-operation. Whether it circumscribes the quantum and quality of nuclear deterrence, cost and onerousness of segregating civilian nuclear and military use, their implications for the fast breeder reactor, will need further clarification and examination. They will also be considered by the specialised Working Group.

The US will also need to consider its options — a change of law versus a general waiver or a case-by-case approach. Allaying fears of allies, misgivings of the Congress and keeping other hopefuls at bay won't be easy. Emotive words like historic, path-breaking, unprecedented, beyond expectations or equally unbalanced, sellout, inappropriate detract serious analysis. Diplomacy is an ongoing process. Only time will tell whether this represents a genuine U-turn in US policies.

The nuclear programme which initiated progress much earlier made significant strides, and it is only natural that the government in office reaps credit for any beneficial outcome. The joint statement between President George W Bush and Prime Minister Manmohan Singh as well as the briefing of Nick Burns mentions "that it was in January, 2004 that President Bush and former Prime Minister Vajpayee initiated this and it was a major architecture for the new relationship in a variety of fields between the two countries. And we're happy to say that has been completed today."

The Prime Minister has confessed that all international agreements are embedded in reciprocity. Both countries will vigorously debate whether the reciprocity, the dynamics of give-and-take is fair, appropriate and balanced. Media attention understandably has been focused on the nuclear issue. Inadequate attention has been paid to other significant agreements. These include:

- US-India Science & Technology Agreements: This agreement recognises that while in the 1960s there was strong cooperation and part of the Rupee component of Public Law 480 funded science and technology efforts, a new invigoration was necessary. The new agreement for the "first time establishes intellectual property

right protocols and other provisions necessary to conduct active collaborative research, accelerating co-operation between Indian and US scientists in government agencies, private sector and academia in areas like basic science, space, energy, nanotechnology, health and information technology.”

Consequence: We need an action plan, co-ordination of efforts spanning different ministries, cutting many cumbersome regulations to optimise the benefits from this agreements. Who will do this?

- US-India Energy Dialogue: This envisages the constitution of five Working Groups on Oil & Gas, Coal, Power & Energy Efficiency, New Technologies & Renewable Energy, and Civil Nuclear.

Consequence: The Oil & Gas Working Group met and communications have been established but reforms like dismantling administered price mechanism, moving to import parity prices, changing the approach of public sector oil companies both on exploration rights and adoption of newer technologies for enhanced extraction and creating a credible regulatory framework to entice private investment remain problematic.

The Working Group on Coal, for improving productivity and clean fuel production need long awaited reforms of the coal sector including the stymied passage of the Act to denationalise coal and create competitive market conditions.

The Power and Efficiency Working Group is to enhance end-use efficiency with emphasis on “last-mile” distribution. This assumes a more honest implementation of Electricity Act, 2003 including the adoption of open access, phasing out distortionary cross-subsidy, more transparent budgetary support for socially desirable activities and progressive application of user charges.

The Civil Nuclear Working Group will face many complex issues. The Department of Atomic Energy and the Atomic Energy Regulatory Board have an outstanding record and served India well but application of commercial economics and adoption of transparent accounting procedures will not be easy.

The Group on New Technologies and Renewable Energy needs greater focus and mainstreaming non-conventional energy sources with the broader strategy on energy security.

- The agreement of the US-India partners in the fight against HIV/AIDS enables our pharma companies to make an important contribution in making available anti-retroviral drugs at affordable costs to India and other countries afflicted by the virus. Hopefully the new incentives for R&D in this area would be fully grasped.
- The Agreement on the US-India Knowledge Initiative on Agricultural Education, Teaching, Research, Service and Commercial Linkages is a far-reaching arrangement. It can revitalise our agricultural research from teaching curriculum to cropping patterns for a more sustainable agricultural practice. The advantages of the Green Revolution have plateaued; conditions have changed, water tables receded and consumer preferences altered.

Consequence: The agreement needs far-reaching reforms in our agricultural

research programme, its organisational set-up both with the Central and State Governments. Some 40,000 people are engaged in agricultural extension programme and there are 7,000 researchers. Few can believe that India is reaping the benefit of this vast army of researchers. The initiatives also require wide ranging reforms of the agricultural sector — of cropping patterns, repeal of many debilitating regulations and moving to high value added activities. Many of these need to be done in concert with the States.

- The CEO Forum comprises on the Indian side of Ratan Tata, Mukesh Ambani, Nandan Nilkeni, Kiran Mazumdar Shaw, Pratap Reddy, Analjit Singh, Deepak Parekh and Ashok Ganguly and the US side with CEO of Citibank, Microsoft and other. Such interactions have been held earlier. These are also the functions of the National Investment Commission. Pulling out key corporate leaders from the structured hierarchy of business associations have advantages in focusing and catalysing their recommendations. The utility of the new forum would lie in learning from each others' business practices but more importantly, their collective influence in changing, more often than not, obstinate government policies to improve investment and trade climate.

The spectrum of agreements hold the potential to make India a “knowledge hub”. It can rejuvenate agriculture and catapult us in the select league of nations where scientific activity and innovation are drivers of growth. The agreements substantiate the willingness of the US to make us the new powerhouse of the 21st century. Are we however prepared to grasp these new opportunities? To do so will entail far-reaching domestic reforms — legislative, procedural, administrative and more importantly in our mindset. In this we must confess that “there is more than meets the eye”.

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