

Proceedings of
**First International Conference on
'Indo-Arab Relations: Partnership in Development'**

November 13-14, 2006
New Delhi, India

Organised by





Proceedings of
First International Conference on
'Indo-Arab Relations:
Partnership in Development'
at
Vigyan Bhawan, New Delhi
on November 13, 2006
&
India Islamic Cultural Centre, New Delhi
on November 14, 2006

organised by



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November 13, 2006: Vigyan Bhawan Inaugural Session



Riding the crest of the new wave of economic prosperity, India and the Arab world are exploring multiple avenues to establish sustainable partnerships. The International Conference on 'Indo-Arab Relations: Partnership in Development' served to highlight the opportunities for stronger trade and investment relations between the two regions.

Setting the tone for the conference, **Dr Mohd. Manzoor Alam, President, Indo-Arab Economic Cooperation Forum**, in his introductory speech, said, the conference marked the convergence of economic and socio-cultural ties between India and the Arab world. "It's also a bridging of the minds and hearts," he said to underscore the importance of attitudinal ties.

The partnership has acquired new meanings in the wake of globalisation. Highlighting this, Dr Alam explained that "across the world new political and economic equations are being forged at a time when the forces of globalisation are unifying us. We are all being equally affected, sometimes, adversely, by the political and macro-economic environments of our regions. But we are convinced that the road ahead lies in partnership, in development, in creating consensus at all levels and not in generating discord or disunity."

"We have to maximise the opportunities that globalisation is creating to ensure there is inclusive, all-round growth in our regions," he said.

Inaugural session:
Indian Finance Minister Mr P Chidambaram (seated fourth from left) gave the inaugural speech (From left) Sk. Yusuf Al-Hijji, Jasim Al-Hijji, Mr. S.P Shukla, Dr. Anwar Ibrahim, Justice A. M Ahmadi, Dr. Samir Q. Fakhro, and Dr. Mohd. Manzoor Alam



Dr. Mohd. Manzoor Alam
*President,
Indo-Arab Economic
Co-operation Forum*



Mr. Vipin Malik
Founder,
Infomerics

The Indo-Arab Economic Cooperation Forum (IAECF) aims to harness the emerging opportunities for Indo-Arab partnerships in both the public and private domains. “We can utilise the existing platforms for economic growth and give businesses a new direction and thrust,” Dr Alam said.

With the knowledge economy coming to the fore, skills development has acquired considerable significance. This is particularly relevant to the youth population in the Arab world that is aspiring to spearhead future companies and businesses. Underscoring this view, Dr Alam stated the IAECF would seek to promote the training needs of the youth, particularly in the Arab world. “We can provide innumerable education and learning opportunities to the younger generation for them to become confident, competent global citizens in this fast-changing world”.

Citing the strong cultural bonding between India and the Arab world, the IAECF chief said, “Throughout my travels spread well over 20 years I have found an enormous yearning in the Arab world to become an important partner in India’s continuing growth.”

The emerging partnership, governed largely by the economic opportunities, will have to maintain an all-inclusive approach. Noting this, Dr Alam said, the Forum’s mission is to provide new platforms for development and growth with “a human face”.

“We want the benefits of globalisation, and the partnership with the Arab world, to positively impact the lives of millions of ordinary Indians and Arabs alike,” he said, adding that the Forum is committed to the creation and sustenance of a humane world that generates more opportunities and wealth to be shared with the larger many.

Dr Alam said the Indo-Arab partnership turned a new leaf when the King of Saudi Arabia, during his visit as chief guest of India’s Republic Day on January 26 this year, stated that India was like a second home. “That is true for most Arabs,” Dr Alam averred.

Maintaining a keen focus on the objectives of the conference, **Mr Vipin Malik, noted economist and founder of Infomerics**, in his welcome speech said, “The emerging partnerships will be guided by the spirit of mutual respect and cooperation. There will be renewed focus on person-to-person contacts to take the businesses forward”.

Notably, **Mr P Chidambaram, Finance Minister, Government of India**, in his inaugural address, said, "I am happy to see the objectives of this conference." Tracing the great civilizations that flourished in the two regions, Mr Chidambaram noted that the rich Arab history dates back some 5000-6000 years in contrast to America which was discovered only 500 years ago. "The ancient civilizations of Sumeria, Mesopotamia and Egypt are well-known to the world."



Mr. P. Chidambaram
*Finance Minister,
Government of India*

These civilizations gave to the world many great inventions. The people of ancient Sumeria discovered the wheel, to run chariots. The people of ancient Mesopotamia managed the two great rivers Tiger and Euphrates and gave to the world the first lessons in irrigation, which led to advancement in agriculture.

"The Arabs invented the plough, the sail boat and many other instruments that advanced human life. They gave to the world the lunar calendar," Mr Chidambaram said, while highlighting the Arab world's key contributions to the world's progress. "Similarly, India was also home to great civilisations," he said.

*"We regard
Indo-Arab relations as
a two-way street.
We are happy to export,
and at the same time,
we are happy to import"*

In the context of the current Indo-Arab partnership, the finance minister said, "We have the highest regard for the Arab world."

Underlining the recent economic successes of India, which have indeed opened up new vistas for Indo-Arab relations, Mr Chidambaram said the country is poised to maintain the high growth trajectory. "India has recorded 8% plus GDP growth in the last three years. This year too the growth will not be less than 8%. There is impressive progress in the areas of trade, investments, joint ventures, etc.," he said. With respect to economic ties with the Arab world, the finance minister said, "We regard Indo-Arab relations as a two-way street. We are happy to export, and at the same time, we are happy to import".

He noted that even as FDI inflows into India are increasing appreciably, Indian businesses are venturing overseas to make significant investments. The two-way fund flow will serve as reference points for future Indo-Arab joint ventures, the finance minister observed.

Reflecting on Indo-Arab trade relations, Mr Chidambaram said, "The Arab world is an important trade partner for India. India's exports to the Arab world, which stood at \$14 billion in 2004-05, went up by 17.23% to \$17 billion in 2005-06."

“None of the Arab countries figure among the top ten investing countries in India. This needs to be corrected”

Oil is indeed the key import item. “Excluding oil, India’s imports from the Arab world, which stood at \$9 billion in 2005-05, went up by 13.9% to \$11 billion in 2005-06,” the finance minister stated.

The growing trade ties apart, Indian expats have been playing key roles in the economic activities of several Arab states. Mr Chidambaram noted that 4.5 million Indian nationals are working in Arab countries, such as, Saudi Arabia, the UAE, Oman, Kuwait, Bahrain, Qatar, Iraq, Morocco, etc.

“Our investments in human capital became a source of healthy remittances from expats and people of Indian origin. We built up healthy forex reserves. Net forex inflow for 2005-06 stood at \$24 billion. The first quarter of the current year recorded net forex inflow of \$6 billion, with the bulk coming from West Asia,” the finance minister stated.

Mr Chidambaram, however, said the investment flows between the two regions have not been as impressive. “None of the Arab countries figure among the top ten investing countries in India. This needs to be corrected,” he said.

On a positive note, Mr Chidambaram said India will be an attractive investment destination for the Arab oil producing countries that have generated huge surplus investible financial resources in the wake of the oil boom. “This is well supported by the geographical proximity, cultural and trading ties, large presence of Indian expats in the region, and the unbroken relations of cordiality.”

The finance minister said the government was looking for greater investments from the Arab world and is willing to sign bilateral investment protection agreements, such as, the ones signed with Oman (1997), Qatar (1999), Kuwait (November 2001), Yemen (October 2002), Bahrain (January 2004) and Saudi Arabia (January 24, 2006). “Negotiations are on to sign similar agreements with four other Arab countries. We are willing to sign a free trade agreement with the Arab world,” he said.

The Gulf Cooperation Council (GCC) is the largest trading partner for India. India signed a framework agreement on economic cooperation with the GCC on August 25, 2004. The finance minister said the government is planning to sign an FTA with the Council. The first round of discussions in this regard took place in March 2006.

The minister said, "We look forward to the 3rd Arab World Competitiveness Report which will be released at the World Economic Forum (WEF) at Doha in April 2007."

The WEF 2006 meeting had sought the launch of the private sector branding campaign, 'Red Tape Out, Red Carpet In', Mr Chidambaram said.

The Indian economy complements the Arab economic ascendancy. "India is becoming a hub of manufacturing activities, covering, steel, petrochemicals, auto and auto components, paints, textiles, industrial fabrics, leather and leather goods, pharmaceuticals, etc." The country holds comparative advantages in these sectors by virtue of high quality, low cost production systems.

India is a leader in the ITeS segment and has the top branded companies in this sphere. "These developments will serve to bring India and the Arab world much closer," Mr Chidambaram observed.

The finance minister, in his concluding remark, said, "We look to forge strong economic and trade relations with the Arab world through this conference."

Providing an external observation of the potentials of Indo-Arab economic partnerships, **Dr Anwar Ibrahim, Former Deputy Prime Minister, Malaysia,** said "I have deep affection for the Arab world, and bias for India."

Dr Ibrahim said he was truly impressed by India's economic reforms programme. "I admire the bold reforms undertaken by India," he said, adding that he had advocated for the inclusion of India in the East Asian Economic Forum. Referring to India's current economic growth, he said this has not happened by chance. "The spirit behind this can be traced to Jawaharlal Nehru's vision for India."

He told the Arab delegates that India is a good investment destination. "It has good governance, an independent judiciary and free media; an emerging model for us developing countries and for us Muslim countries," he said.

The Malaysian statesman said he subscribes to his friend Dr Amartya Sen's theory of distributive justice which finds expression in India. "Managing success is a big challenge. I am impressed with the way India has managed its success. The prime minister and the finance minister have paid attention to inclusiveness in the policy statements," he stated.

Heaping praises on India's successes, he said, "The country has a large human resource base to manage outsourced work. Its intellectual fervour rivals the best in the world."



Dr. Anwar Ibrahim
*Former Dy. Prime Minister
of Malaysia*
*"I admire the bold reforms
undertaken by India"*



Sk. Yusuf Jasim Al-Hijji
*President,
International Islamic
Charitable Organisation,
Kuwait*

“My appeal to my Arab friends is: Focus on India. You will get good RoI with medium to long term sustainability,” Dr Ibrahim said to round off his views on Indo-Arab relations.

Speaking on the future of Indo-Arab relations, **Shaikh Yusuf Jasim Al-Hijji, President, International Islamic Charitable Organisation, Kuwait**, said, “The Arab world is taking a serious look at India’s economic and agricultural sectors.”

He said the Institute of Objective Studies (IOS) and the Indo-Arab Economic Cooperation Forum have key roles cut out to promote the partnership. He felt the cooperation must take place at the micro-level and said, “We support the forging of strong bilateral and trilateral economic cooperation”.



Dr. Samir Q. Fakhro
*Consultant & Supervisor
on Educational System,
Ministry of Education,
Bahrain*

In a similar vein, **Dr Samir Q Fakhro, Consultant and Supervisor on Educational Information System, Ministry of Education, Bahrain**, said that human values are central to doing business across the two regions. Referring to Mr Amartya Sen’s thesis that “development is freedom, he said that in the absence of freedom, there will be no innovation. “We will be mere efficient slaves,” he said.

“India and the Arab world share common values. Without chemistry there can be no business,” he said, urging the Arab world to take a closer look at the efforts underway in India to better the lives of people.

On a lighter note he said, “Let us mix cash with curry. Cash and carry will not make an impact at the grassroots.”

More specifically, he said that Indian companies have a major role in helping the GCC countries to diversify. If the Indian role is not understood clearly, there will be an erosion of available Indian expertise and labour in the Arab world. “Indians are returning home. The Arab world needs to act soon before it is too late. Or else, Arabs will be working in India in the next 10 years,” he stated to drive home the message that the Indo-Arab relationship needs to be broadbased.

Sharing of knowledge and expertise is key to future Indo-Arab relations. Dr Fakhro expressed hope that India’s leading educational institutions would play a key role in capacitating the Arab workforce. In the long run, these states could become self-reliant with respect to trained manpower, while many of the key business processes could still be outsourced to India on the plank of competitiveness. He

assured the audience that this will nevertheless not undermine the demand for India's expertise and personnel in select areas.

He mentioned that the Arab investors are all taking a more positive view of the Indian business scenario. "Major GCC banks are all keen to finance India's infrastructure. Institutions like Gulf Finance House, Abu Dhabi Finance House, Emirates Emerging Fund, and Kuwait Finance House are all overweight on India," Dr Fakhro informed.

Delivering the presidential address, **Justice A M Ahmadi, Former Chief Justice of India**, said the Indian economy has undergone significant changes since 1985. The changes have nevertheless taken place within the broad framework of socialism. "The Constitution speaks of a socialist state, an expression not defined, and not wisely defined because it is a changing phenomenon," he explained.

Justice Ahmadi further said, "I call it Fabian Socialism, based on the Fabian Society of English Socialists—a steady, calculated, well-studied introduction of socialistic principles which are intended for equitable distribution of natural resources and amelioration of abject poverty in due course."

Noting that India has gone through several convulsions in its 50 plus years of Independence, Justice Ahmadi told the audience, "These convulsions were helpful to understand the economic changes needed." The economic changes began with initiation of the New Economic Policy (NEP) under former Prime Minister Rajiv Gandhi. "It gained pace in due course. The last three years saw spectacular economic growth," he said. Highlighting the need for equitable growth, he said, "Development without human and cultural aspects is akin to development without a soul." Addressing the Arab delegates, he said, "Invest your funds in India. We offer markets and resources." "Cash will add to the taste of curry".

Mr S P Shukla, Patron, Indo-Arab Economic Cooperation Forum, and Former Finance and Commerce Secretary, Government of India, offered the vote of thanks. He said the emerging linkages and the changing global scenario would lead to stronger ties between India and the Arab world, thereby ensuring multipolarity in the global power system.



Justice A. M Ahmadi
*Former Chief Justice
of India*



Mr. S.P Shukla
*Former Finance &
Commerce Secretary,
Government of India*

November 13, 2006: Session 1 Banking & Insurance



Emerging economies around the world are awash with innumerable business opportunities in the banking and insurance sectors. India and the Arab world are no exception to this. The session provided an occasion for the delegates to deliberate upon the potential areas of cooperation.

*From left: Mr S Kutty,
Mr S N Al Qimlas,
Mr G N Bajpayee,
Dr K P Krishnan,
Dr Ausaf Ahmad,
Mr V K Chopra*

Mr G N Bajpayee, Former Chairman, Securities and Exchange Board of India (Sebi), in his introductory remarks cited that 98 per cent of the world's wealth creation took place in less than 0.2 per cent duration of human history. This rapid wealth creation in recent times could be attributed to the creation of a robust financial system, he observed.

Among emerging economies, he said, India's standing has grown from a 'total factor productivity' point of view. India has an efficient capital market, and a robust banking system. "Our risk management systems are reliable and efficient. Because of our fiscal maturity and resilience, we could avoid the painful 'Latin American' experience of fiscal and monetary turbulence," he explained.

Providing an India focus, **Dr K P Krishnan, Joint Secretary, Ministry of Finance, Government of India**, said, "With comfortable foreign reserves and rising savings and investment rates, India is well poised to attain higher and sustained growth. The external debt indicators are satisfactory and improving. At the same time, the current account deficit is not worrisome. Indian exports have scaled \$100 billion, while imports sum up to \$140 billion."



*Mr G N Bajpayee,
Former Chairman,
Securities and Exchange
Board of India (Sebi)*



Dr K P Krishnan,
*Joint Secretary,
Ministry of Finance,
Government of India*

Dr Krishnan pointed out that fiscal reforms have led to rising productivity, faster growth and higher capacity utilisation in the country. Referring to the recent Investment Commission Report, he said the goal is to attract investments of the order of 32 per cent of GDP by 2010. He expected the volume of investments to move up from \$250 billion in 2005-06 to \$370 billion by 2009-10. Major investments would be required in infrastructure related projects. As per Eleventh Plan estimates, over \$320 billion would be needed for infrastructure financing, he stated.

The FDI policy framework in its current shape is transparent and liberal. Major sectors like power, information technology, construction, etc., have an FDI limit of 100 per cent and are also on the automatic route. Equity investments are coming to India as FDI, portfolio investments and venture capital. Debt investments are mainly in the form of external commercial borrowings (ECBs), he explained.



**Prof. P C
Chandrashekhar,**
*Jawaharlal Nehru
University, New Delhi*

Dr Krishnan was of the view that there should be more stress on non-debt creating flows, and that ECBs should have a maturity of over three years. There are close to a thousand foreign institutional investors (FIIS) now registered in India, he informed.

Prof. P C Chandrashekhar, Jawaharlal Nehru University, New Delhi, stressed on the new investment opportunity that has arisen in the wake of current account surpluses in the Arab oil producing countries. Earlier, this surplus found its way to banks in the developed countries, but now with evidence of US economic slowdown and the associated fiscal worries, dollar-denominated assets carry a higher risk, he asserted.

Prof. Chandrashekhar was of the opinion that if smaller economies were able to guard themselves against the 'fragility' of their currencies, the surplus oil funds could flow into such countries, wherein the risk of currency depreciation is minimised.

Prof. Chandrashekhar he said there should be a joint effort to set up an Asian Monetary Union, which could lead to containment of currency risk and stable financial flows in the region.

Mr V K Chopra, Sebi representative, presented the regulator's perspective on the Indian capital markets. He said the Indian capital markets are now highly advanced and follow strict disclosure norms. More than 9,000 companies are

listed on the key stock exchanges, namely, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The markets have seen record daily volumes of the order of 5 million trades. In the primary market, there is an optional grading and rating system of initial public offers (IPOs) in place.

Referring to the new systems, Mr Chopra said there is a perceptible shift from a merit-based system to a disclosure-based regime and explained that the new corporate governance norms mandating the induction of independent directors on board of companies would go a long way to protect investor interests in India.

With regard to the size of the domestic capital market investor base, he said that only 7.4 percent of the Indian households invest in the capital markets in contrast to around 50 percent in the US. To raise these numbers, he said, there is a need to spread awareness among the target investors and increase the retail base participation in the capital markets.

Citing the recent developments, he said that the 22 stock exchanges in India are all corporatised and de-mutualised. Also, with electronic clearing and efficient risk management systems in place, the intermediaries are observing better compliance and service standards, he explained.

Mr Chopra expressed hope that the 'integrated market surveillance' system will enhance Sebi's monitoring mechanism, and added that "all these measures cumulatively will add to investor confidence in the markets". At the same time, he informed that Sebi is initiating the development of a sound domestic capital debt market.

He also mentioned that the Indian markets have done well in exchange-traded derivatives and are clear leaders in single stock futures trading.

Providing a macro perspective on the Indian financial sector, **Mr Sridharan Kutty, Head, NRI division, The Dhanalakshmi Bank Ltd**, said the economic reforms in India were far reaching and epoch making. Since the foreign exchange crisis of 1991, there has been a paradigm shift in the economic trajectory of the country. Mr Kutty said the banking system presented a picture of financial stability with low levels of non-performing assets (NPAs).



*Mr V K Chopra,
Sebi representative*



*Mr Sridharan Kutty,
Head, NRI division,
The Dhanalakshmi Bank
Ltd*



Dr Ausaf Ahmad,
*Former Head of
Special Assignment,
IDB Jeddah*

*“India has well developed
banking system
which has more than
63,000 branches
all over the country”*

The present era is witness to a number of challenges to management, with profit-making acting as the fulcrum of business. He said that managements are besieged with the management of change, management of contradictions, management of competition, management of bottomline and finally management of management.

In the knowledge economy, that is unfolding before us, customer participation would increase. Development financial institutions are turning into universal banks and in the current scenario, retailing is unfolding as a bigger opportunity for banks. Going rural is the new mantra, and going by this, Dhanalakshmi Bank has been instrumental in proving micro-credit to over 3.5 lakh people, he noted.

Today, he said e-commerce and Internet banking have become a part of daily routine. He was of the view that banks needed to focus more on fee-based income, say from mutual funds and insurance. Increasingly, banks are outsourcing their marketing activities. He hoped that the rupee would be fully convertible by 2011.

Reflecting on Indo-Arab economic ties down the ages with particular focus on finance and banking, **Dr Ausaf Ahmad, Former Head of Special Assignment, IDB Jeddah**, said the historical linkages between the two regions have left unforgettable imprints on the current Indo-Arab economic partnerships. The resurgent Indian economy has provided the necessary impetus for stronger financial and economic ties. Explaining this, Dr Ahmad observed that India has a vibrant, dynamic and well-developed financial sector and an elaborate system of regulation, monitoring and control which ensures its stability and growth. “India has well developed banking system which has more than 63,000 branches all over the country,” he informed, and added that the implementation of the Narasimham Committee Report has resulted in tighter application of prudential norms, interest rate deregulation, entry of private sector banks and easing of foreign banks’ entry.

Dr Ahmad also said the Sebi has “undertaken various reforms making it transparent, efficient, competitive, and safe and investor friendly”.

Pointing to the opportunities of introducing Islamic banking in India, Dr Ahmad said the Islamic financial system consists of about 300 financial institutions which conduct business of an estimated \$250 billion annually. The industry has been growing at an average rate of 15 percent per annum. “Many entrepreneurs in the Gulf region would now like to conduct their business in accordance with the principles of Islamic finance,” he observed.

He explained that Islamic banking could contribute significantly in the area of micro-financing. He also noted that major banks like HSBC and Citibank have incorporated the Islamic banking principles in select areas. In the context of Indo-Arab relations, Dr Ausaf said the IAECF could act as a clearing house for information dissemination about business and job prospects in the two regions.



*Mr Sulaiman N. Al Qimlas,
The International Investor,
Kuwait*

Mr Sulaiman N. Al Qimlas, The International Investor, Kuwait, in his brief inaugural address said that Islamic banking and financing could command a niche market in India. Islamic banking commands 25-30% of the Islamic savings. This is expected to rise to 40% in the coming years in the backdrop of the economic boom in the Gulf countries, he said. “The emerging middle class in these regions has given spurs to Islamic banking,” he added.

Mr Qimlas said that Islamic banking would find deep roots in the Indian financial market. He drew upon his international experiences and felt optimistic about Indo-Arab relations in the 21st century. He noted, with considerable appreciation, the efforts of Dr Alam and the Forum.

November 13, 2006: Session II Infrastructure & Energy



Infrastructure and energy form the backbone of any developing nation aspiring to become globally competitive. The infrastructure sector's importance for sustaining an economy is well known. This sector grows with the economy as the demand for housing, roads, ports, etc.

*From left:
Mr Syed Beary,
Dr P Purkayastha,
Mr Lalu Prasad Yadav,
Mr Mazen M Batterjee*

As emerging economies diversify their development domain, their quest for energy requirements becomes a vital issue. Today, countries like India and China are scouting for energy resources all around the globe to meet their growth goals. It is estimated that India at present imports 2/3rd of its energy requirement and this dependency is likely to increase in the next decade.

The session on infrastructure and energy largely focused on segments like real estate, energy trade and railways. One of the prime reasons behind this was that these sectors offer immense investment opportunities and it is in the interest of India to showcase these sunrise segments for attracting more investments from the cash-rich Arab nations.

Mr Lalu Prasad Yadav, Minister of Railways, Government of India, in his keynote address said that India and the Arab nations have very old ties and it is this cultural-cum-economic link that has to be strengthened. Taking the pride of transforming the once loss-making Indian Railways into a profit making public enterprise, the minister said that in a country like India, the railways are the



*Mr Lalu Prasad Yadav,
Minister of Railways,
Government of India*



Dr Prabir Purkayashtha,
Delhi Science Forum

lifeline and it is imperative that adequate attention is paid towards its development. The ministry is expected to generate a surplus of Rs 20,000 crore in the current fiscal, he informed.

Much of the spectacular performance of the Indian Railways is attributed to the sound and simple policies of the government. Honesty and responsibility up to the last person has been the key guiding force. The minister endorsed the fact that today Indian Railways is a preferred investment destination. He promised that the ministry has taken up the task of revamping the existing rail infrastructure to world standards. About 7,000 agricultural outlets are proposed to be opened at the railway platforms to help the farmers. The produce from these outlets would be further transported to the ports to be supplied overseas, he said.

As far as cooperation with the Arab world is concerned, Indian railway construction giant IRCON and the rail consulting organisation RITES have played important roles. IRCON is engaged in a Saudi land rail project. It is also working on rail development in Sudan, Egypt, Lebanon, Syria, Tunisia and Jordan.

The companies have shown keen interest to work in the GCC countries. Ircon is planning to build a 2,000 km railway line linking the Arab nations at 1/3rd the cost projected by the western world, with a promising RoI in the region of 10-17%.

Speaking on the energy scenario, **Dr Prabir Purkayashtha, Delhi Science Forum**, said that on a comparative scale, India still ranks low in terms of energy consumption.

World Energy Consumption: A Comparative View

Countries	Energy consumption(million ktoe)
India	553
China	1,379
US	13,066

With rapid industrialisation and consumerism, it is evident that both China and India are energy deficit countries. However, Dr Prabir said that in the context of development it is difficult to predict the long-term energy security scenario. According to him, as the GDP of a country rises, the energy intensity curve goes down. This is primarily because the nations explore alternative sources of energy. "So, if we go by the present trends of developing nations, their demand for energy

(mainly oil and hydrocarbons) is expected to flatten in time to come,” he said.

Focusing on non-oil energy sources, Dr Purkayastha said that going by estimates, India currently has a coal reserve of 38,114 mfoe, out of which the quantum of extract coal is 13,489 mfoe. This energy source is expected to get exhausted in the next 50-60 years, he said. The message was, India needed to diversify its energy procurement.

The global demand for energy is largely influenced by the pattern of international relations. Dr Purkayastha said the political hegemony of the developed states and regional blocs like the US and EU, respectively, have ensured that energy pipelines, especially in case of LNG, are directed towards Europe and America.

As a signal to the West Asian oil giants, Dr Purkayastha stated that if the region seeks to avoid such kind of supremacy of the West, it has to diversify its energy supplies and direction of pipelines. He added that a strong Indo-Arab partnership is central to India’s long-term energy security.

India on its part could provide technical expertise to the Arab nations to build solar power stations as both the regions have adequate sunlight throughout the year, he said in conclusion.

Giving a more holistic analysis of Indo-Arab relations, **Mr Mazen M Batterjee of AI Batterjee Group, Saudi Arabia**, said that in the New Millennium the concept of superpower in business has disappeared. Today, with globalisation every nation is striving to make a mark in the international arena.

He stated that over the next six years, the two regions are expected to enter into partnerships worth \$600 billion which would undoubtedly include projects in almost every sector.

Mr Syed Beary of the Bearys Group, Bangalore, drew the attention of the audience to opportunities in the real estate. “The developing economies are experiencing what is called a real estate boom. In such a situation, it is imperative for both the regions to work together in a cohesive manner, synergise the existing partnerships and look out for more,” he said. He endorsed the fact that the Indo–Arab realty partnership is a win-win proposition.



Mr Mazen M Batterjee
of AI Batterjee Group,
Saudi Arabia

*“The two regions are
expected to enter
into partnerships worth
\$600 billion”*



Mr Syed Beary
*of the Bearys Group,
Bangalore*

*“Indian pharmaceutical
and healthcare industries
are gaining worldwide
recognition”*

On India’s macro-economic performance, he said the country is accelerating at a breath-taking speed. “India is indeed the place to do business. The government of India is taking active steps to ensure that investors get high RoI. The expected IRR is pegged around 25% and the profit margin for real estate investment is around 15%. Moreover, the government in order to attract overseas investment provides various tax benefits to the investors,” he said.

As a thumb rule, when production capacity increases, the fund absorption capacity increases at a faster rate. Mr Beary explained that the Indian economy is similarly placed and offers innumerable attractive investment opportunities. Moreover, the government’s pro-liberal policy regime ensures investors a hassle free and competitive environment, he pointed out.

Mr Beary gave an overview of the Indian real estate sector and its prospects. “Going by the present trends, the urban population is expected to rise from 28% in 2006 to about 40% by 2010. There will be a massive increase in IT and ITeS sectors thus accentuating the demand for world class office space. Moreover, there has been a distinctive change in the consumer’s mindset. The mall culture has set in and coupled with the retail boom there will be an increase in demand for commercial and retail spaces,” he stated.

In the wake of the ‘Incredible India!’ campaign launched by the Government of India, the hospitality and tourism sectors are doing brisk business. So, investments in these sectors have become highly attractive propositions, he reasoned.

Mr Beary added that the Indian pharmaceutical and healthcare industries are gaining worldwide recognition. The medical expertise available in India is attracting patients worldwide, thus magnifying the need for world class hospitals.

With the rise in urban population there has been a sustained rise in residential, commercial and campus development. Indian metropolitans have become the hub of global operations, he said. Tier 1 cities like Delhi, Mumbai, Kolkata, Bangalore and Chennai are expanding. Industries are being set up in Tier 2 cities like Hyderabad, Chandigarh, Mangalore, Mysore and Kochi.

Referring to the ITeS sector, he cited a recent media report that stated that the first 7 of the top 10 outsourcing destinations in the world belong to India. New Delhi takes the pride of being the world’s top city for outsourcing and Bangalore for IT absorption.

Mr Beary was optimistic about the sustained development of the Indian real estate sector. In his presentation, he referred to the international firms that have invested in the Indian real estate sector, such as:

- ◆ Trikona (\$80 million)
- ◆ JP Morgan (\$65 million)
- ◆ Hines (\$300 million)
- ◆ Jisham (\$200 million)
- ◆ Dawnay Day (\$1.2 billion)
- ◆ Castle rock (\$250 million)
- ◆ Salem Group with West Bengal (\$1.5 billion)

In his concluding remarks, Mr Beary said that post 9/11, international relations have experienced a paradigm shift. The western economies are no longer the sole destinations for Arab investors. Asian economies like resurgent India offer reliable, sustainable investment avenues, he said.

The stage is then set for higher level of cooperation between India and the Arab world.



November 13, 2006: Vigyan Bhawan
The Prime Minister,
Dr Manmohan Singh's
meeting with delegates



The Prime Minister Mr. Manmohan Singh received some foreign and selected Indian delegates and wished them success in the deliberations of the ongoing conference.

Some foreign delegates drew the attention of the Prime Minister to the fact that an Islamic Bank has been established in the UK but India does not have any Islamic financial institution. The Prime Minister asked the Chairman of Indo Arab Economic Forum to submit some names of eminent experts of Islamic finance who could be nominated to form a committee to suggest how an Islamic banking and financial institution could be established in India.

The Prime Minister suggested that report of this committee may be submitted directly to him and he would personally examine its recommendations.



November 13, 2006: Chief Minister's residence
Dinner for the Delegates



The Chief Minister of Delhi, Smt Sheila Dixit played host to the dignitaries and delegates of the conference at her residence in New Delhi on the evening of November 13 2006.

As the gracious host, the Chief Minister had ensured there was musical entertainment for the visitors. Bhupendra and Mitali, two of India's most experienced ghazal singers, performed for the appreciative audience.

The Chief Minister spent time socializing with the delegates before a lavish dinner was served on the lawns of her residence. Delegates and special invitees spent a memorable evening together. It was the perfect relaxing end to a day spent discussing the weighty issues of Indo-Arab partnerships.

November 14, 2006: Session III
Information Technology & Telecom



The Indian growth story is largely fashioned by the stupendous successes in the infotech and telecom sectors. When opportunity came knocking, India was able to capitalise on them by virtue of possessing a large pool of trained technical manpower. The sound educational system had much to do with the competitive edge that India acquired in these two domains. The liberalisation drive, topped with investor-friendly policies, made the journey to the top a hassle-free experience.

Now, India is poised to provide strong technical training support to countries that aspire to broadbase their own IT and telecom segments. In this context, **Dr Samir Q Fakhro**, in his opening remarks, said that his country Bahrain is contacting Indian varsities for guidance in structuring masters' and doctoral programmes in information technology and telecom sectors. "Integrated programmes are the need of the hour. They should serve the real purpose and not be mere academic exercises," he said, even as he expressed hope that the Indian experience will contribute to his country's progress in the infotech and telecom spheres.

Setting the expectations from such engagements, Dr Fakhro said the curriculum should be patterned in a way that the students establish a direct connect with the industry. He exhorted the policy makers to obtain the "secret recipe" of success in training the youth.

*From left:
Mr Navaid Khan,
Dr R.P Rajmohan,
Dr Samir Q Fakhro,
Mr Gul M Iqbal*



Dr Samir Q Fakhro



Dr Rao P Rajmohan,
Chairman,
United Telecom Ltd

*“Yet, India with 150 million
mobile connections lags
China which has 750
million lines”*

Dr Fakhro expressed his admiration for India's leadership in free enterprise and liberal thinking. Give the youth get a chance to learn, he said, while emphasising the need for perfecting the processes before developing products, much like how Japan managed its innovation and growth plans.

Dr Rao P Rajmohan, Chairman, United Telecom Ltd, in his keynote address discussed the past, present and future of India's telecom industry. Noting the growth of the industry, he said that in the 1960s, there were a mere one million telephone lines for a population of 350 million people. By the 1980s, the number of telephone inched up to three million, while the population doubled to 750 million people. Two lakh lines were added a year under the monopoly of the Department of Telecommunications (DoT), he said.

Dr Rajmohan attributed the slow progress to the half-baked telecom technology that India had acquired from the US. “There was no technology available even for making spares,” he said to highlight the poor state of infrastructure then. The policy restrictions worsened the plight. “Only ITI was allowed to manufacture telecom equipment in those years,” he said.

The turnabout came when Rajiv Gandhi and Sam Pitroda took up the task of promoting scientific entrepreneurs. “The government of the day encouraged people to build India's destiny in technology,” he said. The Centre for Development of Telematics (CDoT) was set up in 1984. No sooner, India was able to offer telephone lines at a tenth of the cost worked out by Alcatel and Erickson. CDoT offered telephones lines for \$100 “without compromising on quality”.

In the 1990s, a million telephone lines came to be added every year. And, finally, 1995 saw the beginning of mobile telephony in India. Mobile telephony came to India a good 25 years late, but India made rapid progress in this segment, more recently adding 60-70 million lines every year—a growth rate better than that of China. Yet, India with 150 million mobile connections lags China which has 750 million lines, Dr Rajmohan pointed out.

Notably, the rise in mobile telephony caused a negative growth in the basic phone segment “partly because people were returning the extra lines they had booked in the days of limited availability”.

From the developmental perspective, the telecom revolution is exemplified by the extensive connectivity that was established across the country in a short period.

“Most of our 600,000 villages are connected, even where there is no electricity,” Dr Rajmohan said.

“These developments led to a high demand for real estate, housing, consumer goods—the multiplier effect is seen on the Indian economy”

In terms of business, there are many challenges still. The average revenue per unit (ARPU) in India is one of the lowest in the world, although companies in this segment are making good profits owing to efficiency in operations.

Telecom equipment manufacturing has not made sufficient progress, which in a sense, is an area of opportunity for overseas investors, he said. Noting the dramatic growth of the industry in recent years, Dr Rajmohan said: “Enterprise is the name of the game. Firms that began as garage start-ups have grown to record \$100 billion turnover.” He felt the infotech revolution was facilitated by the telecom revolution. “Without telecom we would not have earned the respect of the world.”

In the IT space, India progressed from offering Y2K solutions (where Indian firms tapped global opportunities), to outsourcing of R&D and jobs, to IT maintenance, to software development.

These developments led to a high demand for real estate, housing, consumer goods—the multiplier effect is seen on the Indian economy.

Dr Rajmohan said the telecom and IT revolutions paved way for the adoption of eGovernance. “We started eGovernance projects in Hyderabad when Chandrababu Naidu was the chief minister of Andhra Pradesh,” he said.

He added that India’s experience in e-Governance could be shared with the Arab world. The solutions can be at the level of government to government, government to citizen, or government to business. “We can set up low cost infrastructure and applications for local governments, or offer solutions for all kinds of applications for state and federal governments.”

Later, responding to a query from **Dr Ibrahim** on the efficacy of IT infrastructure for economic development, he said, “Infrastructure by itself will not be enough, application is equally important.”

“A pipeline without content is of no use. We bridge that content delivery gap with applications.”

Dr Rajmohan said that while adopting any new technology, it is important that the administration paid heed to the needs and aspirations of all segments of society.



Mr Navaid Khan,
Head-External Relations,
Bharti Airtel Ltd

*“We need to ensure
broadband connectivity in
the rural segment”*

On curbing corruption, he said, that with a process-driven economy, the incidence will come down. The citizen service centres under eGovernance projects serve to realise these goals. “However, corruption at the top needs to be stopped,” he said.

He expressed hope that the Right to Information Act will go some distance to free society of corrupt practices.

Speaking on the state of the Indian telecom sector, **Mr Navaid Khan, Head-External Relations, Bharti Airtel Ltd**, said the industry provides contrasting stories of “low telecom penetration” juxtaposed with “high rate of growth”. In revenue terms, the industry ranks 8th with regard to average revenue per unit (ARPU). Data revenue at 8.5% is several notches lower than the global average of 16.5%.

According to him, growth will come from the rural sector. “India has been covered, but not Bharat,” he said, adding that “we need to ensure broadband connectivity in the rural segment”.

Tracing the growth path, Mr Khan said the revenue sharing agreement of 1999 set the ball rolling for the industry. “It led to innovative thinking and tariffs,” he said.

Talking about his own organisation, he said that Bharti is the fastest growing company with a 22% domestic market share and a 29-million subscriber base, of whom 27 million are mobile subscribers. The target is to reach 100 million by year 2010 and figure among top 5 in the world, he informed. Mr Khan said while India was matching China in telecom growth terms, there is a wide gap as regards the total size. “So, even while we target 50 million subscribers, China Telecom would have set eyes on 300 million subscribers,” he said.

Bharti’s Vision for 2010 is: to be the most admired private company, add more customers, and become a benchmark for world companies. “We are the only totally integrated solutions provider offering mobile, enterprise, basic, broadband services,” he stated.

Bharti has tie-ups with SingTel and Vodafone. Nokia, Erickson, IBM are associated with it for managed services. Speaking on the opportunities in the Arab world, he said, “Saudi Arabia is adding two new operators, so we have looked at the opportunities.”

On the training front, he noted the company has been working with varsities. Bharti helped Indian Institute of Technology (IIT) Delhi to set up the School of Telecom Technology & Management (BSTTM).

Mr Gul M Iqbal, Managing Director, GI Systems & Technologies Pvt. Ltd, Globetech Consulting Associates, provided an overview of India's IT forays.

"IT is an important part of telecom. Think about the chips and semiconductors that are there in the telecom equipment," he said. Mr Iqbal said it was the convergence of technologies that is driving today tech businesses.

Going back in time, Mr Iqbal said that it was in 1989 that Mr Jerry Jenkins of Texas Instruments (TI) set up the first development centre in Bangalore. TI had then set up a 42-member team for electronic design automation—for designing chips. Digital Equipment and Motorola came to Bangalore in due course.

In May 1989, IBM looked at India once again. Mr Iqbal believes If IBM had not moved out earlier, India would have progressed much more. However, he also provided the counterpoint that Indian software giants Infosys, Wipro and others grew because a niche market was available.

Referring to the industry growth, he said that software business which stood at \$150 million in 1989-90 was worth \$24 billion in 2005-06. Software exports at \$24 billion accounted for nearly 25% of India's total exports for the past fiscal. This is expected to go up to \$50 billion by 2009.

In the ITeS segment, GE and Amex set the trend by engaging call centres in India. Spectramind turned into a homegrown spectacular success story. Later, the IBM-Daksh deal for \$200 million and the Excel GDR for \$200 million made headlines.

Overall, tech enterprises are moving up the value chain. For instance, chip designing has entering advanced stages. "As a result, today VCs will not fund an infotech project unless there is an Indian partner with an Indian development centre," Mr Iqbal said. The segment offers a major investment opportunity for the Arab world, he said.

In his concluding remarks, Dr Fakhro said the tech revolutions will not be complete if the common man is kept as mere consumers. They have to play an active part in the development of services, he said.



Mr Gul M Iqbal,
*Managing Director,
GI Systems
& Technologies Pvt. Ltd,
Globetech Consulting
Associates*

*"Software business which
stood at \$150 million
in 1989-90
was worth
\$24 billion in 2005-06"*

November 14, 2006: Session IV Indo-Arab Trade



India and the Arab World were home to great ancient civilizations and indeed the Indo-Arab ties date back to these civilisations. Maritime trade was central to the relations. History notes that in the 3rd millennium BC itself, the Sumer dynasty and the Kuli tribe had established trade relations with India. It is this histori-cultural past that forms the bedrock of current Indo-Arab partnerships.

The relationship has acquired new strengths in the backdrop of India's economic resurgence. The South Asian economy has registered over 8% GDP growth in the last three years, powered by rapid progress in spheres covering infotech, biotech, telecom, banking and finance, and outsourcing functions. Further, with major technological advancement, development of the service sector, availability of trained manpower, and a well developed banking and financial sector, India is poised to contribute to the growth of the Asian region as a whole.

Meantime, the Arab nations too generated surplus investible financial resources in the wake of the oil boom. The situation presents an opportunity for the two regions to move beyond trade in merchandise goods to trade in services.

Dr Ashok Lahiri, Chief Economic Advisor, Government of India, in his introductory remarks said the traditional trade ties notwithstanding, the level of trade between the two regions is not commensurate with the true potentials. He explained that the rate of growth was not in sync with the overall growth of India's

From left:
Sk. Rashid Abdullah
Al Suwaiket,
Dr Abu Saleh Shariff,
Dr Ashok Lahiri,
Mr Vipin Malik



Dr Ashok Lahiri,
Chief Economic Advisor,
Government of India



Dr Abu Saleh Shariff,
*Member Secretary, PM's
High Level Committee,
Government of India*

*“India’s economic
resurgence to the
dominance of
the services sector
which derives from the
natural strengths that
the people of India
possess”*

external trade. Indo-Arab trade grew by a mere 4.5% in 1999-2000. In 2005-06, India’s imports from the Arab world stood at \$11 billion, while the exports clocked \$17 billion. The overall Indo-Arab trade for this period grew by 7%. Importantly, the first four months of the current fiscal saw a spurt in trade, recording 16% growth.

Noting that energy trade constitutes a key portion of the overall Indo-Arab trade, Dr Lahiri said there is an urgent need to enhance the scope of trade and commercial ties between the two regions. He urged the Arab nations to invest in India’s energy sector, and other areas where India commands cutting-edge technologies.

He explained that there was ample scope for engaging India’s expertise in the development of nano-technology, biotechnology, infotech and education and training.

Dr Lahiri assured the delegates and representatives from the Arab-world that the Government of India is committed to maintain an investor-friendly regime. He cited the various bilateral trade treaties and the upcoming FTA with GCC to underscore the potentials of future Indo-Arab trade. “FTA will remove the restrictive duties and push down tariffs on the goods being traded,” he said.

Dr Abu Saleh Shariff, Member Secretary, PM’s High Level Committee, Government of India, provided a new dimension to the Indo-Arab partnership. Pointing to the similarities in the federal structure within India and the structure that binds the Arab world, he said the independence that the individual states enjoy in policy making will trigger many more economic partnerships in the coming times.

On India’s economic progress, he said, “There was a time when 75% of India’s population lived in poverty. That figure has come down to 25% over the last 30-40 years.”

Dr Shariff attributed India’s economic resurgence to the dominance of the services sector which derives the natural strengths that the people of India possess.

He expected overseas investments to India to fall into three categories:

- ◆ Short terms—contract farming, especially, organic farming.
- ◆ Short to medium term—real estate, hospitality and entertainment.
- ◆ Medium to long term—oil & gas, other energy areas, hydro-power, and education.

To promote FDI inflows, he said, it was imperative that the Indian government retained the liberal FDI policy of extending 100% equity participation in a wide variety of business sectors.

Noting that the bilateral investment agreements signed between India and many of the Arab states have led to beneficial results, he advocated the need for the two regions to sign multilateral treaty agreements on the lines of multilateral treaties under WTO.

Mr Shariff emphasised that India is a land of opportunities. It has buoyant a capital market that is not too volatile. He advised the Arab investors to direct their funds to key Indian business sectors.

Sheikh Rashid Abdullah Al Suwaiket, Member of Board of Commerce, Saudi Arabia, told the audience that the age-old trading ties would prove to be of no consequence if the true potentials of trade in goods and services between the two regions are not fully realised.

He said that “India can attract money from the Arab world, but the mentality and perspective of the Arab world has to be properly understood.” Western multinational companies like IBM, Microsoft, HP and other international companies who have come to India from the western countries have their goals set and defined, and that has contributed to their success. “They knew what to do and how to do,” he said, whereas the Arab companies have money and oil but their perspective on India has to be further fine-tuned.

He contended that for any money to be invested in India, the recipient nation should also develop a keen understanding of the outlook of the investing community and answer all queries in this regard.

Responding to this contention, Dr Lahiri said, “We have to be careful about stereotyping any people. It is a cliché that China is the world capital for manufacturing and India is the global hub for services. But this is not true always.” India has emerged as a major exporter of automobiles and automobile components. Also, Indian pharmaceutical companies command the largest number of patents registered outside the US. He stressed that there is lot to explore in the context of Indo-Arab trade and investment relations.

Presenting his views on the opportunities for higher level Indo-Arab partnerships, **Mr Vipin Malik** said that human capital constitutes a key constituent of the



*Sheikh Rashid Abdullah
Al Suwaiket,
Member of Board
of Commerce,
Saudi Arabia*



Mr Vipin Malik



Mr Sirajuddin Qureshi,
*President,
India Islamic
Cultural Centre,
New Delhi*

framework of relations. He stated that 4.5 million Indians are working in the West Asian countries, with three million working in the UAE and Saudi Arabia alone.

Focusing on investment opportunities in India, Mr Malik noted that investments in Indian capital market have yielded rich dividends for investors with scrips of companies like Wipro offering remarkable returns. He said that sectors like automobile, tourism and entertainment, and infrastructure sectors offer investment opportunities but advised caution when moving into the real estate sector.

Civil aviation is one other key opportunity. By 2010, ten greenfield airport projects will be completed in India;15 more are in pipeline. Some 35 airports are being developed in the metros and tier-II cities in India which open up substantial investment opportunities.

To promote trade and investment relations between India and the Arab world, Mr Malik said the reciprocal tax arrangements will need due attention. In this, he referred to the need for more Double Taxation Avoidance Agreements (DTAAs) which will facilitate trade. He said that GGC should sign DTTAs with India.

Speaking on the session topic, **Mr Sirajuddin Qureshi, President, India Islamic Cultural Centre, New Delhi**, said the Arab states are natural trade partners for India in view of the strong complementarities that exist in this regard.

He stressed that the economic cooperation has to go hand-in-hand with social and cultural interaction, he said in his concluding remarks.

November 14, 2006: Session V
Importance of Indo-Arab Relationship in
Changing Global Scenario



India and the Arab nations have embarked on a new voyage to strengthen trade and investment relations. Indo-Arab relations are inimitable, bound together by common historical experiences and cultural strands.

The session opened with a keynote address by the **Union Minister of Heavy Industries & Public Enterprises, Mr Santosh Mohan Dev**. He said that India's impressive performance in the last half a decade has changed the existing global perceptions. Today, India is one of the fastest growing economies of the world with a GDP of \$750 billion.

Talking about the industry scenario, he said that India's heavy industry is experiencing a remarkable boom. Segments like auto and auto components are indeed the sunrise sectors. In the wake of a liberal FDI regime, these sectors provide immense investment opportunities.

Massive investments have been made in the R&D sector. The ministry is planning to set up five R&D centers at an estimated cost of Rs 1,756 crore. A world class probing field is also being planned to set up in Indore.

Mr Dev talked about the successes of Bharat Heavy Electrical Limited (BHEL), which he termed as a world class engineering enterprise. BHEL over the years has shown keen interest in the Arab world. It has regional offices in the UAE and Oman, he informed.

From left:
Prof Achin Vinayak,
Mr S P Shukla,
Mr Santosh Mohan Dev,
Dr Samir Q Fakhro,
Dr A K Pasha



Mr Santosh Mohan Dev
*Minister
of Heavy Industries
& Public Enterprises,
Government of India*



Dr Samir Q Fakhro

“The Arab nations should utilise this strength of India by way of employing qualified people in various sectors”

Enterprises like Hindustan Machine Tools (HMT) and Engineering Projects India Ltd (EPIL) have shown phenomenal growth in the past few years, the minister observed.

Speaking on the session topic, **Dr Samir Q Fakhro** from Bahrain highlighted the practical significance of the Indo-Arab relationship. According to him, there are three important things that the Arab nations should learn and benefit from the Indians. The most important thing is human resource and development. India has a comparative advantage in this field. Its massive youth population is all set to be the torch bearers in the time to come. “The Arab nations should utilise this strength of India by way of employing qualified people in various sectors,” he said.

Touching upon the entrepreneurship ability, Dr Fakhro said that over the years Indians have learned how to establish and sustain businesses. Their business acumen is highlighted by the fact students passing out from premier engineering and management schools are more than eager to start their own enterprises. Two factors are responsible for this. On one hand, the potential entrepreneurs are attracted by the huge market. On the other hand, the educational system in India is designed to suit the entrepreneurial class. Moreover, availability of easier financing has motivated Indians to establish enterprises both in India and overseas.

The third important area covers universities. The youth population is increasing in the Arab world, and with it, there is an increasing demand for high class professional education. Dr Fakhro said that India with its rich experience in this sphere could contribute towards the development of higher learning in the Arab states.

Dr Fakhro also touched upon the desired mechanism through which the cooperation should work. According to him, the focus should be on cooperation in specific programmes that are easy and quick to work. “Strategic partnerships should be based less on speeches and more on action,” he said, and requested that the next summit should be focused on finalisation of contracts and finishing of tasks.

Prof. Achin Vinayak in his address said the Indo-Arab relations need to be carefully directed for a positive outcome. “The relations cannot be automatically perceived as something good. Instead, they need to be directed to achieve political, economic and social justice,” he said.

He felt that India and the Arab world will have to take cognizance of the fallout of the US-directed geo-economics and geo-politics on the overall partnership. He explained that the financialisation of the world economy has suited none more than the US, and other new rich and already rich countries, to the detriment of the developing world.

The “neo-liberal globalisation”, he said, is supported by the current geo-politics with the US maintaining a close watch on Eurasia, with particular attention on the oil-producing countries, such as the GCC members, Iran and Iraq. In this backdrop, the US has kept “friends and foes alike out of the region”, he observed. He even said the US was not favourably disposed to the consolidation of pan-Arabism.

Prof. Vinayak said India and the Arab world would have to make a right assessment of the global political and economic architecture while determining the coordinates of future Indo-Arab partnerships.

He said he was less than impressed by India’s policy stance on Israel and Iran, and instead said India and the Arab states should seek stronger relations on the plank of sound political and economic principles.

Prof. Vinayak proposed the formation of an Asian Energy Security Grid to circumvent the US preponderance on the energy supplies in the region.

Prof. Aftab Kamal Pasha, Jawaharlal Nehru University, focused on the historical and cultural ties between the two trading regions. He referred to a study which said that by the end of the 15th century, India produced 23% of the global output which was exported to the rest of the world via the Red Sea. “Vasco da Gamma discovered India with the help of an Arab and the first person whom he met on the Indian coast also happened to be an Arab. The smooth and uninterrupted trade between erstwhile India and Arab was hindered by the Portuguese, French and British invasion. In the latter part of the 18th century, the British used Indian troops to colonise the Arab nations. Since both the regions were subjected to colonialism, fighting for a common cause became the platform for building strong relationships,” he said.

He emphasised that the Indo-Arab relationship was always warm and friendly. As a matter of fact, in 1973 when the world underwent the oil crisis, India was well cushioned for the shock, courtesy the Arab nations.



**Prof. Aftab
Kamal Pasha,**
Jawaharlal Nehru University

*“In 1973 when the world
underwent the oil crisis,
India was well cushioned for
the shock,
courtesy the Arab nations”*



Mr S P Shukla

Talking about the present scenario, he said, that India is on a high growth trajectory and this has increased the demand for oil to astronomical amount. India imports 72% of its energy requirements. It is estimated that by 2020 India would import 90% of oil from other nations, out of which 85% would come from the Arab nations.

He requested the Indian government to build strong relations with the entire Arab world and requested for frequent high-level visits from both the sides. He also emphasised the fact that to foster bilateral relationships, domestic development is of paramount importance.

Summing up the session, **Mr S P Shukla** said that the world in the New Millennium has experienced a paradigm shift from the 1970s framework of relations. The past was characterised by hard bargains between the advanced and the developing nations: technology and finance on the former's side, market and resource on the latter's side. Today, things are no more the same. Although the New Economic International Order (NIEO) had resulted in unipolar system and rising income inequality, there has been a reverse action. Developing countries are increasingly gaining the bargaining power in the international arena. Today, the odds are in favour of the fast emerging economies. The time is ripe for India and the Arab nations to join hands on the basis sustainable cooperation and regional integration, he concluded.

November 14, 2006
Valedictory Session



The session began with Mr Vipin Malik reading out the resolutions made by Indo-Arab Economic Cooperation Forum (text provided in next section of report). The resolution was unanimously passed by the house.

The Guest of Honour, Mr Ram Vilas Paswan, Union Minister of Chemicals & Fertilisers and Steel, Government of India, in his opening remarks said that Islam has taught the world many things and one such important preaching was the equitable distribution of wealth. He said that the cultural bonding between India and the Arab world should be taken as the guiding force for further strengthening of the relationships. In the New Millennium, South-South Cooperation will add new dimensions to international relations, he said.

Mr Nadeem Tareem, an Indian businessman in Saudi Arabia, said he was jubilant about the fact that this forum will help in opening a new chapter in Indo-Arab relations. "Two decades ago, Indians working in the Arab nations were branded as blue collared but now times have changed. Indian entrepreneurs have gained the skills needed to sustain businesses. Hard work at the micro level and economic liberalisation at the macro level have indeed changed the existing notions of the Indian's working abroad," he said.

Shaikh Rashid recommended that the IAECF should take pro-active steps and every possible support should be given to the forum to pursue the stated goals. As

From left:
Mr Ravi Kishore,
Dr Mohd Manzoor Alam,
Justice A M Ahmadi,
Sk . Rashid Abdullah
Al SuwaiKet,
Mr Nadeem Tareem



Mr Ram Vilas Paswan,
*Minister of Chemicals &
Fertilisers and Steel,
Government of India*



Mr Nadeem Tareem

regards Saudi Arabia, it is on a developing spree and provides the best environment for sustainable businesses, he said.

Dr Ibrahim Anwar stated that the forum is a serious attempt to bring together the two regions which share a long cultural and trading history. He highlighted the fact that the two days of the conference helped in establishing new relations and strengthening old relationships. However, the results will speak for the efforts, he said.



Sk. Rashid Abdullah Al Suwaiket,

Dr Mohd. Manzoor Alam observed that the Forum has come a long way since its inception. Today the time is ripe and the aspirations are rising. He concluded by saying, "A task with a vision is the hope of the world".

Justice A M Ahmadi drew out the commonality between Islam and the Constitution of India. He said that Islam talks about equitable distribution of wealth which is also provision under Article (39) of the Constitution of India. He emphasised that if the principles are similar, the goal of strong Indo-Arab partnership can be easily achieved.



Dr Ibrahim Anwar

Mr Ravi Kishore, Secretary-General, IAECF, and Director, Strategic Risk Consultants Pvt Ltd, offered the vote of thanks. Mr Kishore drew the audience's attention to Mr Paswan's pioneering steps to curb the runaway pharmaceutical drug prices. He thanked the organisers and sponsors for making the conference a big success.



Dr Mohd. Manzoor Alam



Justice A M Ahmadi



**Mr Ravi Kishore,
Secretary-General,
IAECF,
and Director,
Strategic Risk Consultants
Pvt Ltd,**

Resolutions by Indo-Arab Economic Cooperation Forum



The global economic architecture is visibly transformed in the New Millennium. Finance and technology are no longer the preserve of the developed world. The developing countries today possess not only markets and resources but also commandeer cutting-edge technology and surplus investible funds to drive global businesses.

The power shift has given new meanings to South-South Cooperation, particularly between regions that are economically and culturally contiguous. India and the Arab World share deep-set economic and cultural linkages, and are both on the ascendant in the emerging global economic cycle of prosperity.

The two regions are now poised to leverage the complementarities in the realms of trade, investments, and sharing of technology and expertise, to forge a strong partnership in development. The growing partnership, in time, will give spurs to the cherished economic integration of the Asian region.

Opportunities galore for high-level Indo-Arab partnerships, but there is a greater need for wider dissemination of knowledge and information in this regard

- ◆ The **Indo-Arab Economic Cooperation Forum** envisages a comprehensive partnership between India and the Arab world that extends beyond economic relations to facilitation of high growth and sustainable development in the two regions.

Passing the resolution:

*Mr Vipin Malik,
Mr Ravi Kishore,
Dr Mohd Manzoor Alam,
Justice A M Ahmadi,
Sk . Rashid Abdullah
Al Suwaiket,
Mr Nadeem Tareen*

- ◆ In time to come, the Forum will impress upon the participating countries to extend to each other preferential treatment in the areas of trade, investment, and technology transfer.
- ◆ The Forum hopes that in the medium-term, the regional integrative aspirations would translate into the forming of an Asian Monetary Union.
- ◆ The **Indo-Arab Economic Cooperation Forum** promotes the participation of both large and medium sized companies and organisations in evolving partnerships. To facilitate this, the Forum shall extend affiliations to business groups and research bodies working towards building Indo-Arab relations.
- ◆ The **Forum** shall constitute high-level committees comprising decision makers and thought leaders from the two regions to steer the institutional mechanisms that govern partnerships in areas of trade, investments, and technology sharing.
- ◆ Particular attention will be focused on emerging areas of cooperation, such as, infotech, biotechnology and the like.
- ◆ The Forum shall work to constitute an empowered group to facilitate a better understanding of the reciprocal tax arrangements, trade and investments, and financial regulations governing markets in the region.
- ◆ The Forum shall also seek to establish a robust mechanism for seamless flow of information pertaining to business opportunities, transfer of technology, sharing of expertise and human capital between the two regions.
- ◆ Further, to bring the youths of the two regions on a common platform, the Forum shall impress upon the governments to create opportunities for students from the two regions to pursue higher education in specialized streams in the participating countries.
- ◆ The **Indo-Arab Economic Cooperation Forum** is a non-governmental organisation. The Forum maintains the highest degree of independence in its functioning and shall strive to liaison with the government agencies to give expression to the stated goals of Indo-Arab partnership for development.

- ◆ To meet the demand of time, the Forum shall provide information and analysis to individuals and groups on an on-demand basis.
- ◆ **The Forum** maintains its financial autonomy and will continue to provide research and consulting services while observing the highest standards of accuracy and objectivity.
- ◆ The **Indo-Arab Economic Cooperation Forum** shall seek to open chapters in the Arab world to promote the spirit of Indo-Arab partnership for development.
- ◆ In so doing, due attention will be directed towards promoting cultural exchanges between the two regions.
- ◆ With the concurrence of the Arab world, **the Forum** shall hold annual conferences on Indo-Arab partnership for development in the participating countries on a rotational basis.

Organised by

