



59th Republic Day of India



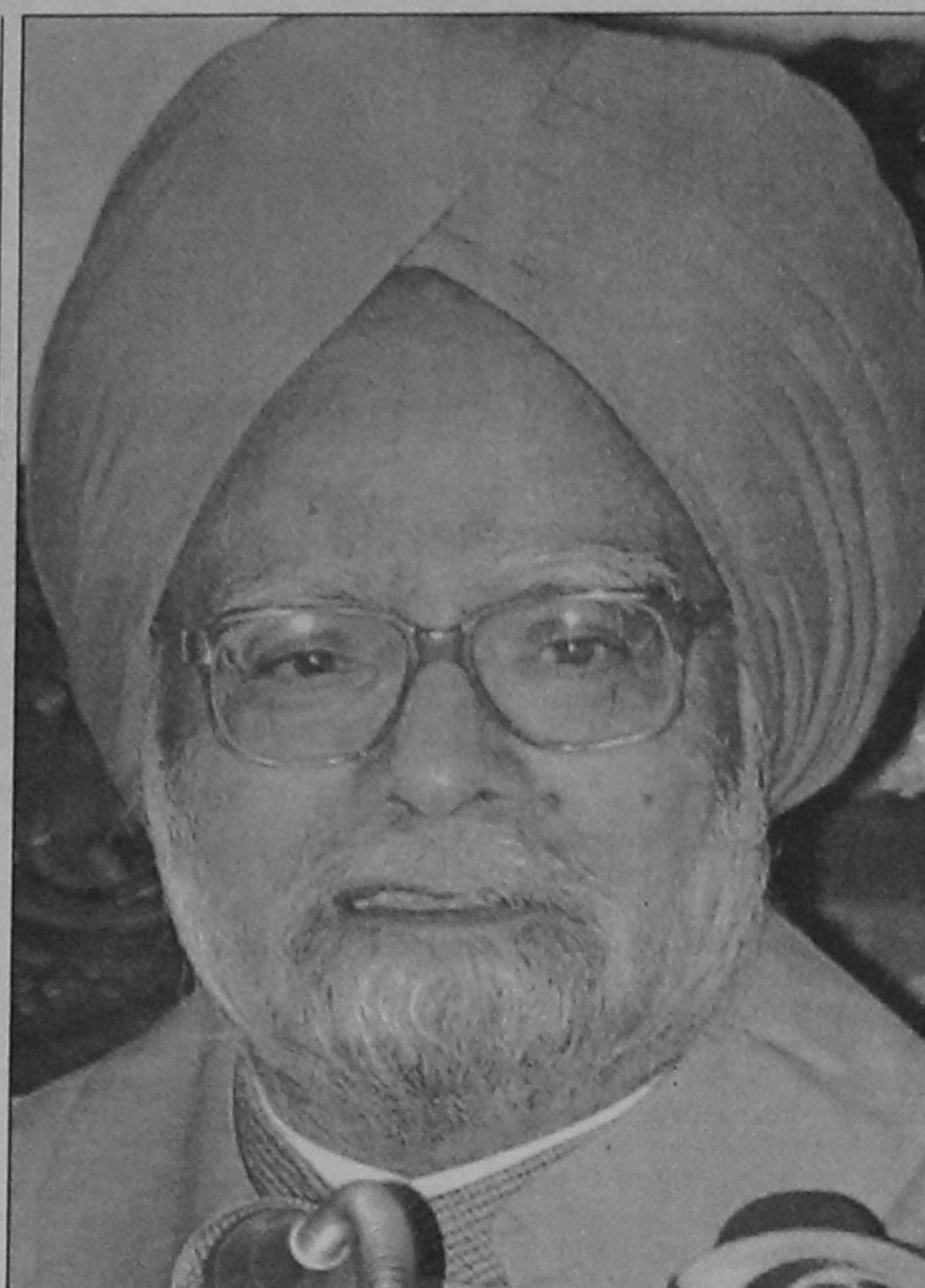
The Daily Star

SPECIAL SUPPLEMENT

JANUARY 26, 2008



Pratibha Patil
President of the Republic of India



Manmohan Singh
Prime Minister of the Republic of India

Indian Economy: An overview

INDIA'S economy is on the fulcrum of an ever increasing growth curve. With positive indicators such as a stable 8.9 per cent annual growth, rising foreign exchange reserves, a booming capital market and a rapid rise in FDI in the last year, India has emerged as the second fastest growing major economy in the world. The economy has been growing at around 9 per cent in the past two years recording a growth rate of 9 per cent and 9.4 per cent in 2005-06 and 2006-07 respectively. Significantly, the industrial and service sectors have been contributing a major part of this growth, suggesting the structural transformation underway in the Indian

economy.

For example, industrial and services sectors have logged in a 10.9 and 11 per cent growth rate in 2006-07 respectively, against 9.6 per cent and 9.8 per cent in 2005-06. Similarly, manufacturing grew by 9.1 per cent and 12.3 per cent in 2005-06 and 2006-07 and trade, hotel, transport and communication recorded a growth of 10.4 per cent and 13 per cent, respectively. And this process continues in the current fiscal year. On the back of 8.4 per cent and 9.6 per cent growth in GDP in the first quarter of 2005-06 and 2006-07, GDP grew by 9.3 per cent during April-June 2007.

• While overall industrial produc-

tion grew by 9.2 per cent during April-September 2007, significantly, basic goods and capital goods rose by 9.4 per cent and 19.6 per cent this year compared to 8.8 per cent and 17.5 per cent during the same period last year.

• Services grew by 10.6 per cent in April-June 2007, compared to 9.2 per cent and 11.7 per cent during the corresponding period in 2005-06 and 2006-07.

• Manufacturing grew by 9.7 per cent during April-September this year, on the back of 12.3 per cent growth during the same period last year.

• Core infrastructure sector continued its growth rate recording 6.6 per

cent growth, with electricity generation rising by 7.6 per cent this year compared to 6.7 per cent last year.

• Exports grew by 18.5 per cent in dollar terms during April-September 2007. Imports increased by 25.5 per cent in April-September 2007.

• Money Supply (M3) has grown by a robust 22.5 per cent (year-on-year) as of October 26, 2007 compared to 18.4 per cent last year.

• The annual inflation rate in terms of WPI was 2.97 per cent for the week ended October 29, 2007 as compared to 5.35 per cent a year ago.

• Fiscal deficit and revenue deficit decreased by 6.1 per cent and 11.8

MESSAGE

ON the occasion of 59th Republic Day of India, I extend my warm greetings to fellow Indians in Bangladesh and to the people of Bangladesh.

2. Fifty-nine years ago on this day, India proclaimed itself a Republic. It signified the arrival of a unique nation on the world stage. Since then, our Constitution has served as the bedrock of our democracy. It is because we are a Republic that our civilisational ethos of pluralism and tolerance sustain our democracy providing the necessary space for cohesive existence of aspirations of a billion people attempting to better their lives. The striking feature of contemporary India is not only our 9-10 per cent economic growth but the fact that, sixty years after independence, India remains the world's largest multi-ethnic democracy in which its incredibly diverse peoples have developed strong stakes in its vision of pluralism and shared prosperity. Our Constitution, our regular free and fair elections, our ethos of secularism, our fundamental freedoms, our economic markets, our reasonably efficient civil service, our apolitical armed forces and our openness are all sustained in the world's largest liberal democracy.

3. "The real test of a democracy", however, as Prime Minister Dr Manmohan Singh once observed, "is not in what is said in the Constitution but in how it functions on the ground." Given the enormity of scales in India on any parameter, there is little doubt that all Indians can be proud of what we have achieved in this area. And, as our Prime Minister also reminded us, our experience is also relevant beyond our boundaries.

4. India's links with Bangladesh, like with her other South Asian neighbours, are civilisational, cultural, social and economic. There is much that unites us - our shared history and common heritage, our linguistic and cultural ties, our passion for music, literature and the arts. With Bangladesh, we share not only a common his-

tory of struggle for freedom and liberation but also enduring feelings of both fraternal as well as familial ties. Just a few weeks ago, in December 2007, all of us were deeply moved by the spontaneous outpouring of emotions among both our peoples when India handed over to Bangladesh the remains of the 1971 Liberation War hero Sepoy Hamidur Rahman, with full honours a reminder of the peoples' resolve to safeguard the values for which Bangladesh shed blood to gain its independence.

5. India is keenly aware that its own peace and prosperity is inextricably linked with that of its neighbours. We are committed to our own sustained economic development and welfare of our people as we are to partnering our neighbours on a mutually agreed basis in their economic development and stability. India readily accepts that as the largest country in the South Asia region with the strongest economy, India has a greater responsibility in developing bilateral relationship with our neighbours. In this context, India has readily accepted the principles of non-reciprocity and positive asymmetry. This has been amply demonstrated in the progress that has taken place in our bilateral relations with Bangladesh in the course of last year.

6. India supports Bangladesh's quest to transform its politico-economic landscape in its progress toward a full restoration of democracy through free, fair and credible parliamentary elections by December 2008. Consistent with this objective, India has continued its policy of engagement and broadened its bilateral cooperation in 2007. The Minister of External Affairs, H.E. Mr Pranab Mukherjee, visited Bangladesh twice in a span of ten months in 2007; first on February 19 to personally extend an invitation to Bangladesh to participate in the SAARC Summit in Delhi in April 2007, and later on December 1 to express the sympathy and support of India in the wake of Cyclone Sidr. Foreign Secretary Mr Shivshankar

Menon visited Dhaka on June 24-27, 2007 for the Foreign Office Consultations that covered the entire gamut of bilateral issues. On the economic side, India, as always, stood by Bangladesh in its hour of need with aid worth over Taka 250 crores (USD 36 million) to help it cope with natural disasters like Cyclone Sidr and floods. Further, India lifted its ban on Bangladeshi investments in India in November 2007 and announced duty-free access to SAARC LDCs, including Bangladesh, from January 1, 2008. The two countries also signed, as a starting step, an MOU to grant duty free access to eight million pieces of Bangladeshi ready-made garments in India. On security issues, India unilaterally handed over a few wanted Bangladeshi criminals despite an absence of bilateral extradition treaty between the two countries. As a symbol of its commitment to combat terrorism and organized crime, India also arrested some Bangladeshi fugitives from law enforcement's request.

7. As our Foreign Secretary mentioned during his visit to Dhaka in June 2007, the challenge for us in our region is to build interdependencies that not only integrate economies but also create abiding interest in each other's stability and prosperity in the subcontinent. As our engagement with neighbours increases, the value of our bilateral linkages will outweigh the attractions of sterile confrontation based on historical and contemporary prejudices.

8. In addition to our bilateral relationships, we see the SAARC process as contributing to our goal of building a peaceful and prosperous periphery. At the 14th SAARC Summit in New Delhi in April, all the SAARC members including newly-admitted Afghanistan agreed to a vision of a South Asian community where there will be smooth flow of goods, services, peoples, technologies, knowledge, capital, culture and ideas in the region. With present high growth rates in the countries of the region, we have an opportunity to advance together through trade, open

borders and economic integration, and to bring about shared prosperity between India and her neighbours. Several practical steps were agreed at the 14th SAARC Summit in Delhi, such as establishing a South Asia University, a SAARC Food Bank and operationalising the SAARC Development Fund. As Chair of SAARC, it will be our endeavour to usher in a new phase of effective regional cooperation, reconnecting the subcontinent to itself and the world. We thereby hope to create a common space of prosperity in South Asia based on enhanced economic, trade and investment linkages and sustainable social and economic development.

9. Lastly, it has been a voyage of rediscovery for me and my wife during the last one year. We grew up listening to family elders who were born here and spent their childhood, narrate their tales of affection and nostalgia for this land. Reconnecting those stories with the places and people here and feeling the warmth, generosity and the affection of the incredibly resilient people of Bangladesh, has made our stay most rewarding. I thank the people of Bangladesh for the support that they have extended in strengthening the bonds of friendship between our two countries.



Pinak Ranjan Chakravarty
High Commissioner of India to Bangladesh

Strength of steel

INDIA'S rapid economic growth is being built on a frame of steel. Soaring demand by sectors like infrastructure, real estate and automobiles,

at home and abroad, has put India's steel industry on the world steel map. The rapid rise in the production has resulted in India becoming the fifth largest pro-

ducer of steel in the world, up by two places, on the back of 50.71 million tonnes (mt) production of crude steel and 51.9 mt of finished steel. The production of finished

steel grew by 16.52 per cent, from 44.54 mt in 2005-06 to 49.39 mt in 2006-07. In the first half of the current fiscal year (April-September), production of finished carbon steel is estimated at 24.8 mt as against 23.25 mt during the corresponding year previous year, recording a growth rate of 6.6 per cent. During the same period, pig iron recorded a growth of 7.9 per cent to touch 2.58 mt. It is estimated that by 2015-16, India would become the second largest steel producer globally with an annual production of 137 mt.

Exports

Along with growth in production, exports have increased by 6.26 per cent in 2006-07 over 2005-06 to touch 4.75 mt. Exports accelerated in the first six months of the current fiscal year, growing by 7.4 per cent to 2.6 mt from 2.42 per cent, in the same period last year.

Consumption

Driven by a booming economy and concomitant demand levels, consumption of steel has grown by 12.5 per cent during the last three years, well above the 6.9 per cent envisaged in the National Steel Policy. Steel consumption amounted to 46.14 mt in 2006-07 compared to 41.43 mt in 2005-06, recording a growth rate of 11.36 per cent, which is higher than the world average. During the first half of the current year, steel consumption has grown by 13 per cent. A study done by the Credit Suisse Group says that India's steel consumption will continue to grow by 16 per cent annually till 2012, fuelled by demand for construction projects worth US\$ 1 trillion.

The scope for raising the total consumption of steel in the country is huge, as the per capita steel consumption is only 35 kgs compared to 150 kg in the world and 250 kg in China. With this surge in demand level, steel producers have been reporting encouraging results. For example, the top six companies, which account for 70 per cent of the total production capacity have recorded a year-on-year growth rate of 11.4 per cent, 12.7 per cent and 9.7 per cent in net sales, operating profit and net profit, respectively, during the second quarter of 2007-08.

**With best compliments
from**



- ✓ No. 1 in India in specialty therapy areas like psychiatry, neurology, cardiology & ophthalmology.
- ✓ Successful US generic presence with Caraco Pharm Labs, Sun Pharmaceutical Industries Inc (subsidiary).
- ✓ Major investment in new drug research.
- ✓ Brands Marketed in 30 markets worldwide.
- ✓ API Marketed in more than 50 markets worldwide.

Heartiest greetings to our customers, patrons
& wellwishers on the Republic Day of India
STATE BANK OF INDIA

The Bank with a Global Identity

India's largest Commercial Bank operating since 1806

Operating in Bangladesh since 1975

Best Banking facilities & Personalized service

The only Indian Bank to be among the top 100 Banks in the world & Top 20 Banks in Asia.

Global Presence laced with Neighbourhood convenience

Our branches in Bangladesh:

DHAKA BRANCH
24-25, Dilkusha C/A,
Motijheel, Dhaka-1000
Tel: (880-2) 9553371, 9554251
Fax: (880-2) 9563991
E-mail: dmsys@sbiibd.com
SWIFT: SBINBDHXXX

CHITTAGONG BRANCH
CSE Building
1080, Sheikh Mujib Road
Agrabad C/A, Chittagong.
Tel: (880-31) 2524491/93
Fax: (880-31) 2524492
E-mail: sbctg@colbd.com
SWIFT: SBINBDHCTG

SYLHET BRANCH
Rose View Complex (2nd Floor)
Dhaka Sylhet Road
Shahjalal Upashahar
Sylhet.
Tel: (880-821) 719273, 719217
Fax: (880-821) 719932
E-mail: sbisyl@btsnet.net

GULSHAN BRANCH
Uday Tower-1st Floor
Plot # 57 & 57 A
Gulshan Avenue (South)
Circle-1, Gulshan Dhaka.
Tel: 880-2-8835601, 8837114
Fax: 880-2-8835602
Email: sbigulshan@aknetbd.com
SWIFT: SBINBDHGUL