



**Women's Foreign Policy Group  
Embassy Series Event  
September 14, 2010  
Washington, DC**

**Her Excellency Meera Shankar**  
Ambassador of India to the United States

***The US and India: The Expanding Bilateral Relationship***

**Maxine Isaacs:** Good evening everyone and welcome. Thank you all so much for joining us this evening for our Embassy Series event with the wonderful Indian Ambassador Shankar, who will be speaking about the US and India and our expanding bilateral relationship. I'm Maxine Isaacs, Chair of the Board of the Women's Foreign Policy Group, which promotes women's leadership and voices on pressing national and international issues of today. On behalf of the Women's Foreign Policy Group and the Board Members who are with us here with us today—Gail Leftwich Kitch, Dawn Calabria, Donna Constantinople, Paula Dobriansky, who is going to lead our program, Isabel Jasinowski, Theresa Loar, and our incomparable president, Patricia Ellis. I want to thank you, Ambassador Shankar, for your very warm hospitality and for opening your beautiful residence to Women's Foreign Policy Group members and guests. Thank you so much.

It's an amazing turnout for us, we are pretty small organization, so this is a real tribute to the Ambassador and to the important topics she is going to be discussing with us this evening. This event is part of what we call our Embassy Series—it is one of our most popular kinds of events. The Women's Foreign Policy Group works very closely with the diplomatic community, particularly with women ambassadors, and we are so pleased to see so many of you here tonight. I am not going to call you out by name, but any women ambassadors or diplomats if you wouldn't mind waving your hands so we can wave back. We had an event for women ambassadors earlier in the spring, hosted by the Croatian Ambassador in May. A large group of ambassadors attended.

This is a special time for us at the Women's Foreign Policy Group, we are celebrating our 15<sup>th</sup> birthday, and this is the first event of our 15<sup>th</sup> season so thank you for helping us to launch another 15 years—we hope even longer! We have a few exciting upcoming events I want to go through very quickly. On September 21<sup>st</sup>, an Author Series event with Scott Malcomson, who is the foreign editor of *The New York Times Magazine*, and a field report on the US military's efforts to work with Afghan women, and that will be on October 12<sup>th</sup>, and finally the Celebrating Women Leaders luncheon on Leading a Global Corporation with Anne Mulcahy, who is the former chairman and CEO of Xerox, and that's on November 1<sup>st</sup>. If you haven't met the Women's Foreign Policy Group before, I urge you to take a look at us and to join. We would really welcome your membership—we do a lot of things and I encourage you to participate.

It is now my great pleasure to introduce to you our WFPG Board Member, Ambassador Paula Dobriensky, who will be moderating this evening's program. As many of you know, Paula served as the Under Secretary of State for Global Affairs from 2001 – 2009. She now serves as Senior Vice President and Head of Government Affairs with Thompson Reuters, and is an Adjunct Senior Fellow at Harvard University's JFK Belfer Center for Science and International Affairs. So please join me in welcoming Paula Dobriensky and thanking Ambassador Shankar. Thank you. [*Applause.*]

**Ambassador Paula Dobriensky:** Good evening to all of you, and thank you so much Maxine. It is really my privilege and pleasure to introduce Ambassador Shankar, who has graciously invited all of us into her home. As you know, she is going to be speaking this evening on the expanding bilateral relationship between the US and India, and I think we are in for a real treat, because there is really a lot to say here, and we are very much looking forward to hearing you.

The Ambassador arrived in Washington in April of 2009, and since her arrival she has really hit the ground running, and has had a very significant presence here in Washington. She has been very, very active and has had a real presence around town. You know, you had to deal with the very busy time of hosting your Prime Minister and numerous delegations coming in from India. Maxine also referred to how gracious the Ambassador has been previously with Women's Foreign Policy Group. We have been very proud of our association with her, and her with us. She has been very active with our organization, speaking at the women diplomats event that took place in May, and also attending our recent event with Ambassador-at-Large for Global Women's Issues at the State Department, Melanne Vermeer. We were very appreciative of your presence there.

Let me say some words about the Ambassador's background. You do have her bio in your program, but I would like to say some words about the highlights of her very distinguished, very accomplished, and very extraordinary career. She has had an impressive career in the Indian Foreign Service, since 1973. She served as director in the Prime Minister's office. She also had a tour here in Washington before where she was Minister of Commerce, and probably then there were many spotting her and saying she is going to be back as Ambassador, and here she is. She was also head of the Indian Council of Cultural Relations, and also at the Ministry of External Affairs she was the head of two very important divisions, one dealing with the South Asian Association of Regional Cooperation and the other one dealing with relations and issues concerning Nepal and Bhutan. She also had been promoted with the rank of Additional Secretary and held responsibility for the United Nations and International Security. Her last assignment prior to coming to the United States was Ambassador to Germany where she served from 2005 to 2009. It really gives me a great pleasure indeed to introduce Ambassador Meera Shankar. Please join me in welcoming her. [*Applause.*]

**Ambassador Meera Shankar:** Thank you Paula for that encouraging introduction. Patricia Ellis, President of the Women's Foreign Policy Group, Maxine Isaacs, Chair of the Group, it is a great pleasure for me to address all of you this evening. I scoffed as you mentioned you were 15 years old, I thought that was something in common with India, because the overwhelming population is around the age of 15. [*Laughter.*] But more seriously, this is a great opportunity to

talk about India–US relations, and I’ve been told to be brief, about ten minutes, to have time for interaction and questions from the audience.

I would characterize Indian–US relations in recent years as undergoing a major transformation. This transformation was made possible by various developments which occurred, some globally and some within India itself. I think the most important was the end of the cold war, and of course changes within India which opened up the Indian economy and integrated it with the global economy. I think these two developments which occurred—one earlier in the 1980s and one in the early 1990s—clearly set the stage for an intensified engagement between India and the United States. We share fundamental values: the US is the oldest democracy and India is the largest democracy, though much younger. We have had a very interesting flow of ideas between the two countries over the centuries. Mahatma Gandhi, who was the leader of India’s freedom struggle, was very influenced by Emerson and Thoreau, and particularly Thoreau’s ideas of civil disobedience and passive resistance. He shaped this into a unique freedom struggle which basically used noncooperation with the colonial powers as the main means to achieve India’s freedom. Mahatma Gandhi in turn greatly influenced Martin Luther King and the civil rights movement, which chose as its main principle the principle of nonviolence to gain rights for African Americans in the US. And, of course, the Indian constitution drew heavily from the US constitution. Like the US we are a federal—or rather quasi-federal, not as federal as the United States—with a division of power between the center and the states. And to make matters more complicated, we have all the religions in the world in India. We have 22 languages and 800 dialects. And of course we continue to communicate with each other in English, as the link language between all the Indian languages. So here is a lot that we share in common, with basic beliefs in democracy, fundamental freedom, the rule of law, and pluralism. We are both broad societies, where in fact I would have to say the Indian democracy is a bit more rowdy than the US. [*Laughter.*]

In addition to this solid foundation of shared values, I think we have increasingly convergent interests. When our Prime Minister was here as the first state guest under the Obama Administration, he said that there are relationships based on pragmatism and relationships which are based on values. In the case of India–US relations, we have a happy combination of both pragmatism and values. We share an interest in security and stability in a rapidly changing Asia, in reversing and stemming the tide of fundamentalism and extremism, preventing the proliferation of weapons of mass destruction, and whole range of other global challenges, whether it be addressing the challenge of climate change or whether it be evolving global trade systems which facilitate the free flow of trade and goods in an institutionalized way. We have a strategic partnership, and this partnership now embraces a range of areas. Our dialogue has intensified, it has become more candid. We share views with each other on a range of issues and assessments, and we try to cooperate in a number of areas. I would say counter terrorism has emerged as a key area of cooperation for both our countries. We have both suffered—we just had the anniversary of the terrible incidents of 9/11, and of course in India we had the Mumbai terrorist attacks. And in the wake of Mumbai, our investigators worked together to piece together what had happened and to unravel the dimensions of the terrorist attack which had come from outside. In the wake of Mumbai we have signed a MOU [Memorandum of Understanding] on counter terrorism cooperation, and this looks to intensify our cooperation in terms of exchanging intelligence and information, in terms of capacity building and exchange of best practices. We

have also had a very significant agreement, which is both a symbol and the instrument for part of the transition of our relationship, and that is the India and US agreement on civil nuclear cooperation. This agreement, which we signed with the United States with a waiver from the Nuclear Suppliers Group for facilitating commerce with India in the civil nuclear field, paves the way for India to engage in international cooperation in the field of civil nuclear energy. This is of immense importance to India because our energy demands are growing. We have a great backlog of people who do not have access to electricity, plus the fast growth of the Indian economy means we have to invest more in expanding our generating capacity. This agreement enables us to meet our requirements in a more responsible way without adding pressures on climate change or fossil fuel demands. In a sense it is an agreement which is a win-win for both countries. It has also put to rest an issue that has constrained our ability to achieve a full range in terms of bilateral cooperation.

Another area where we have moved ahead quite significantly is in the field of defense. Our armies engage in joint exercises in the sea, in the air, and on land. We have exchanges of personnel and training. A new dimension is the procurement of gun supplies from the United States. In recent years—that is in the last two or three years—we have placed orders for over \$4 billion in defense equipment from the United States, and this is of course a significant change because before we were not buying any equipment from the United States. As we seek to diversify sources of defense supplies, as we seek to develop our defense production capabilities by giving the private sector a greater role, including opening up to 26% to direct foreign investment. I think the opportunities in this sector will grow. We have dialogues on security issues, strategic issues, on our region—that is Afghanistan and Pakistan—and we share with the United States the objective of bringing stability and security to this region, and rooting out the swamps of terrorism which have accumulated there. So we have a fundamental interest to keep on the same side of the table. Because of reasons of regional sensitivity, India has chosen not to get involved in a security role in Afghanistan, but we have contributed over \$1.4 billion worth of development assistance to Afghanistan, and this is being used across a range of projects to build Afghan capacity. We built the parliament most recently, we've extended the transmission line to Kabul, we are building schools, hospitals, and we are engaged in local level development projects, based on local priorities. Indeed, one of the results of the kind of role India has had in this field in Afghanistan is that different surveys from different countries, whether it's the research survey or the BBC poll, show that India is perhaps the most popular country in Afghanistan today, with over 70% approval. I think the next most popular country was the United States, with something a little over 50%. So I think we are doing something right in the manner in which we are pursuing our development projects in Afghanistan. And of course one significant area which I forgot to mention is that we are providing over 1,000 scholarships to Afghan nationals to study in India, to strengthen their capacities, and this will include some 300 agricultural scholarships which have just been instituted and will help to foster agricultural development in Afghanistan.

Our political relationship without a growing economic relationship will lack the substance to really make the relationship matter. I think here in recent years we have seen significant growth in the trade investment and economic relationship between India and the United States. This has been possible because of the reforms that India undertook in 1991 to deregulate the Indian economy and open it up to the world economy. Since then the Indian economy has started

growing at a much faster pace, and in recent years, before the global economic crisis, we grew at 9% for four years on an average. Our growth moderated during the crisis, we were impacted by the secondary effects of the crisis. Our banking system was sound, we didn't really have a problem there, but our foreign institutional investors withdrew money from our markets, and so our stock values went down and that had an impact on business sentiments. Our exports were constrained because of lack of growth in all of the three major markets. But we were still one of the countries which grew, at 6.7%, and didn't go into recession. Now we are seeing the economy rebound. Last year growth was in the region of 7.4% and this year the government has predicted growth of around 8.4%, but it could be higher. This first quarter growth of this year has been in the region of 8.8%. For us the challenge is to sustain a high growth rate of 8 – 10% for the next decade and beyond because this is what we would need to overcome the backlog of poverty and provide our people with the opportunity of a decent life.

As the Indian economy grows, as the Indian market expands, obviously the trade engagement and economic engagement with the rest of the world grows. India–US trade has grown quite significantly in recent years, even though it's from a low base. Because India was not really a trading nation until we opened up our economy—we were more focused on building a self-reliant economy. Between 2004 and 2007, India–US trade more than doubled and US exports to India grew significantly faster than Indian exports to the United States, though that is not a very comfortable thing for me, as the Ambassador, to confess. [*Laughter.*] Nonetheless, I think trade on both sides has continued to grow. At this time last year—because of the recession in the US economy—in the first six months of this year we have seen 7.6% growth. If we are able to sustain it I think we will be back on the path of greater momentum in two-way trade. Another feature is that our investment relationship is increasingly becoming a two-way relationship. Initially, India, short of capital, was looking for foreign direct investment in the Indian economy. Today Indian companies, which are looking at becoming global players, are increasingly investing overseas, and Indian investment in the United States has become quite significant. Between 2004 and 2007 Indian Greenfield investments in the US was \$5.5 billion worth, and mergers and acquisitions were over \$20 billion. So that is quite significant in terms of foreign direct investment [FDI], and indeed according to US statistics Indian FDI into the United States is now probably the second or third fastest growing. You know, it varies, it shifts a bit, but it is still one of the top growing foreign direct investments into the United States. And this is across a range of sectors, from telecom to IT to manufacturing, including steel and automobiles. To give you one example, a company like the Tatas which has both IT operations and automobile operations, with the acquisition of the Jaguar, has about 17,000 employees in the United States today, and their operations range from hotels to coffee to automobiles. Similarly Essar, another Indian company, has invested quite significantly in the Minnesota steel mills, and the fact that Indian investment is quite often in the manufacturing sector of the United States reflects a degree of confidence in the US economy and its ability to turn around. The US is the largest single source of technology collaboration for India, and again we see this trend continuing because Indian companies are seeking to upgrade their capabilities, to become more productive, and in that process the US is a very significant partner for technology. Indeed this also reflects one of the interesting aspects of the India–US relationship, and that is it has very much been a knowledge partnership. You know, it is the working together of Indian and US companies in the IT and other knowledge sectors which was the first significant impetus to the Indian economy, and Indian companies have helped to build the competitiveness of US companies and their

overall prosperity and productivity. And I see this partnership as being one of the significant factors which will interlink India and the United States in this century as well, across a broader range of areas.

We see the US not as just a partner in building peace and security, but also as a partner in meeting our development aspirations. And here we are looking to cooperate in areas as broad as renewable energy or agriculture or health. And we have initiated a range of new dialogues—which really broadbase the relationship, encompassing the strategic and security realm, encompassing the economic and technological realm, and encompassing development, from agriculture to food security. And I think this shows the kind of broad-based relationship that our two countries are seeking to build. One thing we have going for us is that this is a relationship which has broad-based political support in India, and from what I can see bipartisan support in the United States. I cannot say bipartisan support in India because we have far too many political parties for it to be a two party consensus. [*Laughter.*] Sometimes our government consists of 13 parties so, you know, it has to be broader than that. And of course it is a relationship which has been people led, so the ties between the Indian-American community in the United States—which has come of age between institutions in the United States and India—have been a very important factor driving the relationship.

As we look to the future, I think I would just use the words that President Obama used to describe the relationship: that it will be a key strategic partnership of the 21<sup>st</sup> century. We look forward to working with United States, to build this partnership, and realize the full potential of this relationship. We look forward to welcoming President Obama in India in November this year and of course the Embassy is all geared up with a range of visitors preparing for the visit. When he visits India, I am sure he will get a very warm welcome and that the visit will be a catalyst in bringing our two countries and people closer. Thank you. [*Applause.*]

**Ambassador Dobriansky:** First Ambassador, thank you very very much. That was really a very succinct but very detailed and comprehensive overview. I am going to pose the first question, and then we will go to all of you in the audience. My quick question is on your last point—President Obama will be visiting India in November, and you really recounted for us so many spheres within which we have a strategic partnership with India. Could you tell us, what would you hope for from that visit as a next step in furthering the various areas that you mentioned? What is uppermost, what are your priorities for that visit?

**Ambassador Shankar:** Well, I don't want to go into details, but broadly speaking I would say we would like—you know I think we are now past the build faze of the relationship—we would like to lay out and agree on a long-term strategic framework for our partnership and to convey the importance of the bilateral partnership in a range of regional and global issues. That I think would be the broad point. Then there is a range of other specifics that we are looking at, but since those are still under discussion I wouldn't like to preempt what is going to come from the visit.

**Ambassador Dobriansky:** Okay, thank you. Now let's go to the audience. And if I could ask you to introduce yourself, and ask only one question, because we have a lot of hands.

**Question:** Yes, thank you very much. Cynthia Schneider, Georgetown University. I wanted to ask you about the cultural engagement and how India can use culture as a component of its diplomacy. I think it's especially interesting because India is really the other country that has an extremely successful commercial culture industry, which as I understand it, is building partnerships with the United States. How do you balance the commercial and the non-commercial and how do you keep culture in the way of connecting with the United States?

**Ambassador Shankar:** I think that education and culture have been, you know, cultural exchanges, have been at the forefront of the relationship, even when the relationship was not that close. This was an area which sustained the interaction between the people. The Indian American community today in the United States basically comprises those Indians who migrated to the United States in search of education, many on scholarships from US institutions and universities. And later on, several of these talented people settled here. Similarly, I think today, whether it is yoga or herbal tea, I think you can see the impact of the exchange of the two peoples. Within India itself we can see the impact of the opening up and of the Indian American community. You know, India has a strong classical tradition of its own. We have our own tradition of music, both South Indian and North Indian. We have different forms of classical dance, in the South, in the North, in the East, I think maybe there are seven or eight different forms of classical dance. And we have critics who are very, very keen on a purist approach to this, and they frown on any kind of experimentation, but today you see that classical dancers and classical musicians are experimenting with jazz, with modern choreography. So there is a two-way flow, in a sense, a natural osmosis between the two cultures. Of course from the Indian side we do have the Indian Council of Cultural Relations, which is a bit like the British Council or the Alliance Francaise, and this council really seeks to build cultural ties across the world. Our initial focus was very much on Asia, because when we became independent we wanted to rediscover our ancient roots. We instituted a large number of scholarships for children from developing countries, particularly Africa. We tried to have an exchange of linguistic professors to try to see the common roots of our languages. And of course we had an exchange of artists, exhibitions, musicians, etc. And in most of these exchanges we tend to veer in favor of the classical because the popular, as you mentioned, quite often happens through the commercial route anyway. Because like the US we have a strong popular culture—you know the Mumbai film industry makes more films than anybody else in the world, and probably has more dances and more costume changes during the course of the film than even an old time Hollywood musical. [*Laughter.*] When I reached Berlin as Ambassador, at the airport I found a guide that said the following bars have Bollywood theme parties, and you can learn Bollywood dancing at these places. [*Laughter.*] And I thought my training as an Ambassador was not complete because I should have learned Bollywood dancing before coming but it's okay because I might learn it in the United States. [*Laughter.*]

**Question:** My name is Erminia Scarcella from George Washington University. First of all, thank you very much for inviting all of us. My question is also regarding education. I was wondering if in the next few years—a short time frame—we will we be seeing faculty members going from here to India to teach, perhaps for a semester, and much easier logistics because of visas and all that. Will something like this be on the agenda?

**Ambassador Shankar:** I think so because we are really looking to expand and reform our education sector, particularly the higher education sector. And as part of this we have in the

Parliament right now a Foreign Education Service Provider's Bill which will create the framework for foreign education providers to be more active in the Indian market. And we also look to cooperative engagement between the new institutions, which our own government is setting up and expanding. We have had seven institutes—Indian institutes—of technology since independence, but in the last three, four years we have built eight new institutes, similarly 20 new institutes of information technology, three new institutes of advanced science and research, and so on. There has been huge expansion of the education sector through direct government investment, which will be stepped up from 7% of government outlays to about 19%. That is a huge leap. But also creating more opportunities for private education providers and foreign education providers to be in India.

**Question:** Stanley Kober of the CATO Institute. You expressed the Indian-American instituting partnership. But a couple months ago the Indian Foreign Secretary gave a speech on Iran in which she said, 'Our approach to Iran is embedded within the national interest; our commitment to multi-polarity over uni-polarity, our consciousness of the inequities in the global order today.' That multi-polarity vs. uni-polarity is clearly a reference to the United States. And she completed the speech by saying 'We,' meaning Iran and India, 'are of the region and we'll belong here forever, even as outsiders come and go.' Also a reference to the United States. Now that's fine, but I have difficulty reconciling that with an Indian-American strategic partnership, so I'd like you to address that.

**Ambassador Shankar:** Let me say that we share with the United States our approach to the Iran nuclear issue, because we do not support Iran's nuclear program, and have voted quite clearly with the United States and other countries on this issue. Because we believe as a country that has signed the non-proliferation treaty, Iran should abide the obligations that it has voluntarily assumed. Having said that, I must also add that India and Iran have had civilizational ties for centuries. You know we have the second largest Shi'ia population in the world after Iran, and we've had these kinds of exchanges with Iran for many, many years. Iran has also been a source of energy for India, because we are dependent on energy imports, and now other countries in the Gulf. And we've also used Iran as a means of access to Central Asia, because we are denied access by our western neighbor, that is Pakistan, to Central Asia. And even the recent agreement which the United States signed, which the United States promoted, sorry, not signed, [inaudible] and Pakistan for trade and transit did not encompass transit for India. So I think that there are points of agreement and there are points where we have a relationship with Iran which will continue.

**Ambassador Dobriansky:** Okay, thank you. I am going to go over here to Patricia Ellis, and I'm going to identify her, Patricia Ellis, the President of the Women's Foreign Policy Group, if we could get a microphone. Then I see some other hands.

**Patricia Ellis:** Ambassador, you mentioned the region and I was just wondering if you could elaborate a little bit about both the security and economic relationship, with China and also with Pakistan. Thank you.

**Ambassador Shankar:** Sure. Our Prime Minister has said that the world is large enough to have two major economies like India and China growing simultaneously. And if they continue to grow



they could become engines of growth for the world economy in the future. We had strategic dialogue with China, including some mid-level exchanges. Our economic relations have grown and China has now become the largest trading partner of India. It is not without problems, the economic relationship is not without its problems. We also have an agreement for maintaining peace and tranquility in the border areas, but the border negotiations themselves are proceeding more slowly than we would like, and there are concerns about the capacities that are being built by China in our neighborhood.

With regard to Pakistan, I think our Prime Minister generally believes that we can't choose our neighbors, and so we should really find ways to live in peace. We had the most sustained dialogue with Pakistan between 2003 and 2007, a comprehensive dialogue, and we had made considerable progress in terms of confidence building measures, in terms of people to people exchanges, in terms of sports exchanges, cultural exchanges and so on. In fact we were giving visas to over 100,000 Pakistanis to live in India every year. But I think that there was a setback to this process because of the increasing incidences of terrorism, which originated from across the border in Pakistan. First there was the attack on the Indian Embassy in Kabul, and we ignored that and continued the dialogue. Then there was the terrorist attack in Mumbai, and public opinion in India was outraged because we found that all of these terrorists come from Pakistan, that they had trained there, had basically organized the whole thing over a period of time. More recently I think we have tried to resume the dialogue with Pakistan. We have had Foreign Ministers meeting, our Prime Minister and their Prime Minister have met, the Foreign Secretaries have met, and we are scheduled to meet again to see how we can recommence the dialogue, because we feel that it is important to engage.

**Gail Leftwich Kitch:** First off, thank you so much for having us here, it's just lovely. Returning to the comment you made about the importance of sustained growth in order to lift up those that have not been able to rise above poverty. If you could just spend a few moments giving that a bit more texture, I'm actually fascinated about what's happening in India, such an interesting and important country for all of us here in America. We are aware of the many demands that infrastructure, challenges of building roads. Can we talk about policy challenges, structure, education, various areas, and how in fact, how we can help, and how India itself can grapple with these issues, in such a large and tropical nation.

**Ambassador Shankar:** I think that we now have a policy which really looks at sustaining a high growth part as the first principle to try to come to grips with the challenges that we face. Sustaining an 8 – 10% growth rate we feel is one of the key factors of being able to deal with this. In the past, before we opened the economy, we really looked more at issues of equity than issues of growth. At the end of that process, because of the highly regulated economy, which lacked competition, we found that we were just subdividing the cake, making the divisions smaller and smaller without being able to grow it. So we see growth as the first principle, even though it's necessary it is not a sufficient principle itself to deal with development issues we face. So the second aspect is to really have a policy which focuses on inclusive growth, and on providing the government boost to social development, particularly in the sectors of education and health, so that there is opportunity for all our people to participate actively in the economy. We have undertaken a series of measures, including schemes for social welfare to reduce the vulnerability of poor people in the rural economy. We guarantee now 100 days of employment in

a year for one person in each family in the rural areas characterized as being below the poverty line. And this is something which was started recently, initially on a pilot basis, and then it was expanded. We are also building rural infrastructure.

I think the challenge for India is to build the economy on three legs. We have the services sector which is growing and will continue to expand and will, you know, move up the value chain. The second is manufacturing, which really went through a period of great difficulty after we opened up because our companies were sheltered and not used to competition, but eventually they restructured and now we have quite a number of champions and developing capabilities in a number of sectors, including automobiles, auto components, steel, cement, carbides, and chemical. We are really seeing a turnaround of manufacturing figures, and in fact it is starting to grow at double digits now. So hopefully this will expand because this will be the sector which will absorb those who come out of the agricultural economy, who are not that well educated. And the third sector is agriculture, because the green revolution in itself has plateaued, and so we need to provide or to achieve the next leap in agricultural productivity—which will come through better agriculture infrastructure, through agribusinesses and through building better backwards and forwards linkages between the agricultural economy and the urban economy, including coal chains, logistic supply chains, food processing, and so on.

To just add, you mentioned infrastructure, yes it is a big challenge. Physical infrastructure is behind global levels. And on top of that because of the very fast growth we haven't been able to keep pace. So it is expected that we would need to invest about a trillion dollars in the next decade to infrastructure—whether its roads, airports, etc., etc. And while a lot of this will have to come from government, we are also creating facilities of framework to get greater private sector participation, including foreign direct investment where mostly 100% is allowed in all these sectors. We also have innovative scheme for public-private partnerships, because it's not easy for long gestation infrastructure projects to get private sector involvement, including provisions for viability gap funding, where the government gives a certain amount up front as a cash infusion to the project to ensure vibrancy, but of course this is done within a certain setting and on a case by case examination basis.

**Question:** Good evening, thank you so much for your hospitality, I really appreciate it. My name is Michelle Brooks and I'm with the Global Network for Neglected Tropical Diseases. My question goes back to your comment on development and health. Neglected tropical diseases can be those that go along with poverty, and I was wondering what focused areas the government has in India on various eliminations and control on these diseases for the next few years.

**Question:** Thank you for inviting us all into your home. My question is very related to that; I am also interested in health, and particularly you talked about a collaboration between the two countries on health, and I was wondering if you could elaborate on that.

**Ambassador Shankar:** We have now held dialogues between the two countries and we have been working together on areas such as HIV/AIDS, and increasingly we hope to be working together through our science and technology cooperation. We hope to be working on evolving various new vaccines. In fact, there is quite a robust program of cooperation between India and the United States. For India, I think the priorities are what you mentioned: tropical disease, I

think malaria, tuberculosis, diarrhea—these are the key, but we are also focusing on polio eradication, because there is something where we are close to achieving global eradication. And I think data shows that they are making headway.

**Question:** Good evening Madam Ambassador, thanks again for having us here in your residence. My name is Allison Johnson, I am here representing Northrop Grumman Corporation... I was wondering if you could touch on any work you are doing on climate change as it relates to the dialogue. I am very concerned about the issue of pollution across India. What work is being done, in relation to the dialogue, to take on the challenges of climate change in India as it increases its development prospects?

**Ambassador Shankar:** We have a dialogue on climate change itself, which is looking at how we approach these issues in the global talk. But we also have possibilities of bilateral cooperation, and we have identified several areas where we can work together, including areas of energy efficiency, where we believe that if we can make our generation of electricity and emission more effective then we could add 25% of electricity without adding to generation. In the whole area of renewables, we are looking at cooperation in solar energy, in unconventional gas, in new generation bio fuels, and even in the whole area of clean coal technologies beyond nuclear. So I think there is quite a possibility to work together. We have agreed to set up a joint clean energy research institute. It's a virtual institute which will link institutions in both countries. I think we have just initialed the agreement and we are in the process of setting it up. But we hope we can identify some good projects which we could undertake.

India has about 8% of its generating capacity today which comes from renewables, which is very high for a developing country. But the bulk of this is micro-hydra and wind. We don't have much solar, primarily because of the high cost. And we have announced a solar energy mission with the desire and the objective to build about 20,000 megawatts of solar energy by 2020. The key to this would be to bring down costs. And so we do hope that we can work with the United States in this area. To kick start the program the government has announced a procurement carrot for the first 1,000 megawatts which will have an element of subsidy, and we hope to be putting out notices inviting applications of interest for the first 500 megawatts of portable trade, as well as solar commerce.

**Question:** I work for the World Wildlife Fund, and so she actually stole my question [*Laughter.*], but since she stole my question I will ask you another related question, which is about the shared interests of India and the United States, relevant to climate change. If you could talk more from the other side, where you may share interests with other emerging economies. And, in fact, to ask an even more controversial question, what has been India's approach to whether India and other emerging economies should take on their own responsibilities relative to emissions?

**Ambassador Shankar:** I think India has been quite responsible on the issue of climate change. We have one of the first countries which has a separate Ministry of Environment and Policy and a separate Ministry of Renewable Energy. We have, as I said, 8% of generating capacity which comes from renewables, and our overall emissions, in terms of per capita emissions, are a little over one ton per capita. And if we take a look at US emissions it is over 20 tons per capita, and

that's the kind of difference you are looking at. In poorer countries, like India, development is really the key because you can't really have climate change, you can't achieve progress on climate change by perpetuating poverty in the developing countries. So we want to address this issue in ways which don't constrain our ability to develop. And that is something which was accepted as the basis for negotiations at the summit, where it was agreed that the industrialized countries should undertake absolute emission reduction, where as the developing countries, the large developing countries, should deviate, make meaningful deviations, from business as usual. That means your emissions will grow because you can't freeze India's emissions at one ton per capita, I mean there is no way we have to grow our energy faster. But we will try to grow in a way which will ensure that the curve for emission growth reduces. And I think that is the approach we are following. I think we would like to see a more active approach from some of the more industrialized countries, including the United States, where this issue seems to have slipped in public priority.

**Donna Constantinople:** Given that Pakistan and India's relationship is so important and vital, in terms of the world—global setup—I wanted to ask about the recent floods in Pakistan, and wondered about the role of involvement India might have. I was going to ask you what the status is on that, and whether you saw any opportunities in something as tragic as that, in hoping to bridge what has sometimes been a troublesome relationship.

**Ambassador Shankar:** I think we have offered assistance to Pakistan for the floods, we've offered aid, I think it was \$5 million and then we're increasing it. I think there was a bit of to-ing and fro-ing whether Pakistan wanted to accept it, yes and no, and eventually they conveyed they would accept it if we sent it through the UN. So that's what we are doing, and we are increasing it. Because we do see, as I said, that we share the objective of a stable and peaceful neighborhood. We've done that before, you know, when the Kashmir earthquakes took place and we went through some kind of drama over whether it would be accepted or not. But we do accept that we should help if there is a difficult situation in our neighborhood.

**Ambassador Dobriansky:** Ambassador—please let me say to the Ambassador, before we applaud you—first, thank you so much for your generosity and hospitality this evening. Secondly, I have to say, I really was amazed at how she took us on this course through so many issues, the breadth of what you took us on this evening, and the scale and scope of our relationship with India, I think really attests to that very impressive career that you have had in being a diplomat, and really how you have excelled. Thank you so much, it's been an extraordinary evening, and we really are very appreciative. [*Applause.*]

**Ms. Ellis:** I just wanted to add to what Paula said. We are extremely grateful for your generosity, hospitality, and also for your very, very stimulating, informative and thoughtful presentation, and all the questions you answered so candidly. So thank you so very much, we really appreciate it. [*Applause.*] Thank you all for coming, we hope to see you next time. The Ambassador has invited us for a lovely buffet, so please join us in the next room.