

Climate change related to India's growth and development: Foreign Secretary

Addressing the 3rd MEA-IISS Seminar on "Perspectives on Foreign Policy for a 21st Century India", in London on February 22, Indian Foreign Secretary Nirupama Rao said that for India, climate change was not merely an environmental issue, it was also linked to the growth prospects and developmental aspirations of the people of the country. Hence, its impact on the pace of the country's development was a clear and continuing concern. **Excerpts from her speech:**

"The MEA-IISS Foreign Policy Dialogue has, from modest beginnings, now become a dynamic platform, facilitating wide-ranging exchanges between scholars and experts from India and the U.K. Our republic is sixty years young this year. And, our foreign policy also has a trajectory that covers almost the same period.

It is a foreign policy truism that our aim is to secure an enabling environment to achieve the overriding domestic goal of all round, socially inclusive development. The corollary to this is that a free and democratic India is a source of stability and a force for moderation in the region. We want to widen our development choices. We have a keen sense of our potential to be a great power by virtue of our population, our resources and our strategic location.

And, these include three dimensions — capital inflows, access to technology and innovation, as well as the promotion of a free, fair and open world trading system that recognises the development imperatives of a country like India. This requires a peaceful and stable neighbourhood and external environment, a balanced relationship with the major powers and a durable and equitable multilateral global order.

Climate Change

Climate change is one of the most important global challenges facing us. For India, it is not merely an environmental issue, but is intrinsically linked with the growth prospects and developmental aspirations of our people. Its impact on the pace of our development



Foreign Secretary Nirupama Rao addressing the 3rd MEA-IISS Seminar in London.

is a very clear and continuing concern.

Our developmental imperatives project a general trend of growth in energy consumption in India. We expect that fossil fuels will remain an important element of our commercial energy mix. The emerging paradigm of global action on climate change must, therefore, acknowledge every human's claim to global carbon space and take account of our differential capacities. Despite 17 percent of the global population, our own GHG emissions today are currently only 4 percent of the global total. Even with 8-9 percent growth per annum, our energy use has been growing at less than 4 percent per annum. We are concerned that the developed countries tend towards ignoring, implicitly, the huge adaptation challenge that we face with climate change.

As a country vulnerable to the impacts of climate change, India has an important stake in the success of the ongoing multilateral negotiations under the UN Framework Convention on Climate Change. We have adopted an ambitious Action Plan on Climate Change, which is not merely mitigation oriented, but is located within a larger perspective of sustainable development.

Nuclear Disarmament and Non-Proliferation

India is fully cognizant of the safety and security implications arising from the expansion of the peaceful uses of nuclear energy. We must instead work together with our partners to help reduce the risk of nuclear proliferation.

The challenges of nuclear terrorism and nuclear security have to be addressed. We have been affected by clandestine nuclear proliferation in our neighbourhood. We are naturally concerned about the possibility of nuclear terrorism.

We have, therefore, taken the lead at the UN General Assembly on an effective law-based international response including on WMD terrorism. India has joined the Russia-U.S. led Global Initiative to Combat Nuclear Terrorism. We believe that the Nuclear Security Summit in April 2010 hosted by President Obama will be an important milestone in our efforts to build international cooperation to prevent nuclear terrorism.

Terrorism

Open democratic societies such as India face particular challenges in combating the threat of terrorism. We are acting nationally to address this through legal, institutional and administrative measures. We have recently amended the Unlawful Activities (Prevention) Act 1967 to reinforce the legal and punitive provisions, including financing aspects of terrorism. The National Investigation Agency (NIA) has been established as a federal body for investigation and prosecution in respect of terrorist acts with all-India jurisdiction. Regional hubs have been created for the National Security Guards. At the same time, it is clear that the threat from terrorism cannot be dealt with through national efforts alone. Global outreach and linkages among terror networks are now quite evident and they are becoming more active. The global nature of the threat has been recognised widely.

Global efforts to tackle the problem also need to be intensified."

BUDGET HIGHLIGHTS

- Petrol and diesel prices to go up as basic duty of 5 percent on crude petroleum, 7.5 percent on diesel and petrol and 10 percent on other refined products restored; central excise duty on petrol and diesel enhanced by Re. 1 per litre each

- Taxes on large cars and SUVs increased 2 percent to 22 percent

- Income up to Rs. 160,000 per year exempt from income tax; up to Rs. 500,000 to be taxed at 10 percent; income of Rs. 500,000-800,000 to be taxed at 20 percent and income above Rs. 800,000 to be taxed at 30 percent

- If tax has been deducted on payment by way of any expense and is paid before the due date of filing the return, such expenditure to be allowed for deduction; interest charged on tax deducted but not deposited by the specified date to be increased from 12 to 18 percent per year

- New banks as Indian Banking Association to give additional licences to private players

- Total budget expenditure Rs. 11,087.49 billion, an increase of 8.6 percent over last year.

- Plan allocation for power sector excluding Rajiv Gandhi rural electrification programme doubled from Rs. 22.30 billion in 2009-10 to Rs. 51.30 billion in 2010-11

- The spending on social sector has been gradually increased to Rs. 1,376.74 billion in 2010-11, which is 37 percent of the total plan outlay

- Fifty percent hike in allocation for schemes for women and child development

- Rs. 45 billion allocated for ministry of social justice and empowerment, a hike of 80 percent

- Rs. 26 billion allocated for ministry of minorities affairs

- Rs. 19 billion for Unique Identification Authority of India

- Rs. 1,473.44 billion allocated for defence

- Allocation on primary education raised from Rs. 268 billion to Rs. 313 billion

- Rs. 661 billion allocated for rural development in 2010-11; Rs. 401 billion for National Rural Employment Scheme; Rs. 480 billion for Bharat Nirman

- Rs. 12.70 billion allocated for Rajiv Awas Yojana for slum dwellers, up from Rs. 1.5 billion, an increase of 700 percent with the aim of creating a slum free India

- Forty-six percent of plan allocations in 2010-11 will be for infrastructure development

- Allocation for new and renewable energy sector increased 61 percent from Rs. 6.2 billion to Rs. 10 billion in 2010-11

- Rs. 2 billion to be provided in 2010-11 for climate-resilient agricultural initiative

India Budget: Welfare, inclusive growth key targets

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"The customs duty was withdrawn when the prices of the petroleum crude reached as high as \$122 per barrel. When it is much softer, there is no reason to continue the same concession," he said later.

On augmenting resources, Mr. Mukherjee said \$5 billion was raised by way of divestment in state-run companies during the current fiscal, adding that he was budgeting for \$8 billion for the ensuing year.

The Finance Minister also promised to implement the direct tax code from April next year and assured a simplified foreign investment policy soon, even as

excise rates were hiked across the board by 200 basis points.

Those in the packed house presided over by Speaker Meira Kumar included Prime Minister Dr. Manmohan Singh, UPA Chairperson Sonia Gandhi and Leader of Opposition Sushma Swaraj.

This was Mr. Mukherjee's fourth Budget of his career as Finance Minister and the second for UPA government in its second straight term after being voted back to office in May last year.

"The Finance Minister has done a right mix of estimating the growth requirements and at the same time building in it a certain amount of moderation on the price front," said Dr.

Singh, who has himself presented five Budgets in the past. "He has done a commendable job," he added.

Stock markets also gave thumbs up to the budget, which resulted in the sensitive index (Sensex) of the Bombay Stock Exchange closing with a gain of over 175 points, or 1.08 percent, while industry hailed the proposals as pragmatic and growth oriented.

During his speech, Mr. Mukherjee said three challenges remained for the economy — to quickly revert to high growth of 9 percent and cross to double-digit expansion; make growth more inclusive and develop infrastructure; and strengthen food security.