

A Caring Government

One Year of UPA Government





A
Caring Government

Report on the First Year in Office
(May 2004 – May 2005)
Government of the
United Progressive Alliance

I. A Government of the People

On the social and political initiatives taken by the Government to improve the welfare, well-being and security of the people.

II. A New Beginning

On the economic policy initiatives taken to accelerate economic growth and modernize the economy.

III. National Security and International Relations

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I. A Government of the People

“The essence of the National Common Minimum Programme is the recognition that policies that are aimed at promoting economic growth must also advance the cause of distributive justice and create new employment opportunities. We want India to shine, but India must shine for all.”

- Prime Minister Manmohan Singh

The United Progressive Alliance (UPA) Government was voted to office in May 2004 with a mandate to pursue policies that would improve the quality of life of the mass of the people of India, increase employment opportunities, step up the rate of economic growth, ensure social peace and communal harmony, enable the balanced development of all regions, all sections of society and offer a “new deal to rural India”. Guided by these objectives, as elaborated in the National Common Minimum Programme (NCMP), the Government led by Prime Minister Manmohan Singh took a wide range of policy steps and political initiatives.

Few governments have in the past ever maintained such a close watch on the pace and effectiveness of implementation of the promises made in a manifesto as has the UPA government. An year is not a long time in the tenure of any government. The UPA Government has been able to implement, or begin the implementation of, most of the important commitments made in the National Common Minimum Programme. Many other assurances are on the verge of implementation and will be done so before the government completes its term. In its second year in office, the UPA will move beyond these commitments to lay the foundation for sustained long-term economic growth and development, based on a commitment to equity and efficiency and to the welfare of all sections of society.

(A) “A New Deal for Rural India”

Assuming office at a time when agrarian distress was symbolized in stark terms by farmers’ suicides, and after a period in which investment in agriculture was on the decline and agricultural production was stagnating, the Government has offered “A New Deal for Rural India”.

- **Increase in agricultural credit.** Within days of taking charge the Government announced initiatives to steeply increase availability of credit to farmers, boosting farm credit from Rs 80,000 crore to Rs 1,15,242 crore in one year, **a 44% increase in one year!** An additional 50 lakh new farmers will be provided credit facility this year.
- A Bill for the **National Rural Employment Guarantee Programme** introduced in Parliament. The draft bill draws on recommendations of the National Advisory Council. It provides the basis for a legal guarantee for at least 100 days of employment to at least one person in every poor household in at least 150 of the most backward districts of the country. This will be gradually expanded to cover the entire country.
- **Additional procurement** for the marketing year 2004-05, the Government of India increased its procurement by another 20 lakh MTs of wheat and rice raising the total procurement to 408 lakh MTs.
- **Market intervention Scheme/Market Support.** Rs. 3612 crore disbursed under market intervention scheme in 2004-05 by UPA Government compared to Rs. 458 crore in 2003-04.
- **National Rural Health Mission** launched as a comprehensive national rural healthcare programme, with involvement of the village community. The mission has been supported with increased budget allocations for health, from Rs 8,420 crore in 2004-05 to Rs 10,280 crore in 2005-06.
- **National Food for Work Programme** launched in 150 districts for 2005-06. Outlay for the programme has been raised to 50 lakh MTs of foodgrains and Rs.4500 crore towards cash component.

- **Rajiv Gandhi Grameen Vidyutikaran Yojana** launched. This programme of rural electrification will ensure electrification of all villages by 2009.
- **National Horticulture Mission** launched to provide end-to-end support for the development of backward and forward linkages in horticulture, covering research, production, post-harvest management and marketing of fruits and vegetables.
- Amendments proposed to **Essential Commodities Act** to protect interests of farmers and consumers.
- **Farmers Commission** revitalized to advise the government on improvement in the farming situation in the country.
- **Plan outlay for agriculture increased by 57.7%** and raised from Rs.2650 crores to Rs.4179.32 crores.
- To **reform agricultural markets** several States have amended the Agricultural Produce Marketing Committee Act.
- A new scheme for Development of Marketing Infrastructure, Grading and Standardization approved to encourage investment in private and cooperative sector in the **development of market infrastructure**.
- A scheme for construction of **rural godowns** called Grameen Bhandaran Yojna sanctioned to create storage capacity in rural areas by providing a subsidy on capital cost.
- **Drinking Water Supply and Sanitation** budget outlay increased by 43.93% from Rs.3300 crore in 2004-05 to Rs.4750 crore in 2005-06.
- Additional 100 lakh households to be covered by **Antyodaya Anna Yojana**.
- Reduction in **cane arrears** of previous years largely liquidated in percentage terms. The gross arrear percentage reduction is 18.4%.

- Major **package for textile industry** development, including tax relief, to boost textile industry and prepare it to take on the challenge of global competition in the post multi-fibre agreement (MFA) regime. Technology Mission on Cotton to increase productivity. This will directly benefit **cotton farmers**, among the most distressed farmers in recent years.
- A comprehensive **National Jute Policy** has been announced to boost demand for jute and protect the interests of jute growers. Restructuring of Jute Corporation of India.
- A **National Project for the Repair, Renovation and Restoration of Water Bodies** used by farmers, especially in dryland, remote and tribal areas, has been launched. The scheme will augment the storage capacity of water bodies, including lakes, tanks and reservoirs, and restore their lost or wasted irrigation potential.
- **Village Resource Centre** created to provide through a single window a number of e-enabled, space and IT-based facilities at the village level. This includes tele-medicine, non-formal education, weather information, disaster management support, etc.

Next Steps: Bharat Nirman

The corner stone of a New Deal for Rural India

Bharat Nirman is a business plan for developing rural infrastructure in the areas of irrigation, rural roads, rural water supply, rural housing, rural electrification, rural telephone connectivity. **Bharat Nirman will:**

- bring an additional one crore hectares under **assured irrigation**;
- **connect all villages** that have a population of 1000 (or 500 in hilly/tribal areas) with a road;
- construct 60 lakh additional **houses for the poor**;
- provide **drinking water** to the remaining 74,000 habitations that are uncovered;
- reach **electricity** to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore households; and
- give **telephone connectivity** to the remaining 66,822 villages.

The **National Committee on Rural Infrastructure**, chaired by the Prime Minister, will directly monitor all programmes taken up under Bharat Nirman.



(B) Welfare of the People

The UPA Government has also made the welfare of the weaker sections, especially Scheduled Tribes and Scheduled Castes, Minorities and women, an important objective of its policies. The UPA Government has also paid special attention to the welfare of senior citizens, unemployed and persons with disabilities. Tackling inflation and holding the price line has also been a priority for the Government, since inflation hurts the poor the most. Towards these ends the Government has taken several steps:

Women and Children

- A national cooked mid-day meal scheme **has been launched for government-run and government-aided primary schools across the country. Special scheme for mid-day meals in drought affected areas in summer months has also been approved.**
- Concept of **Gender Budgeting** has been introduced in 18 ministries of the Union Government to judge impact of government spending on welfare of women.
- Bill to be introduced to amend Sec 66 of Factories Act, 1948, to provide **flexibility in working hours of women**. This will help employment of women in the services sector, especially software services and data centres.
- Bill on **Protection of Women From Domestic Violence** to be tabled in next session of Parliament.
- Changes being effected in Criminal Procedure Code, Sati (Prevention) Act and **Hindu Succession Act to empower women**.
- **Law against sexual harassment** of women at work place under preparation.
- Project for **rehabilitation of 80,000 children working in identified hazardous industries**.
- Bill for the creation of a **National Commission for Children** introduced in the Lok Sabha. This is a very major development and envisages establishment of a statutory body to look into children's rights.



- Universalisation Programme for Integrated Child Development Services. Government of India has also increased financial support to State governments to the tune of Rs 1500 crore to enable States to provide **supplementary nutrition to children**.
- Procedure simplified for **inter-country adoption** of Indian children by NRI/PIOs.

Minorities

- A **National Commission** has been set up to identify how best the welfare of socially and economically backward sections among religious and linguistic minorities including reservation in education and government employment is ensured.
- National Commission for **Minority Educational Institutions** to grant direct affiliation to minority educational institutions to a scheduled University, including initially Central Universities.
- High Level Committee chaired by Justice Rajinder Sachar to prepare a **report on the social, economic and educational status of the Muslim community**.
- Authorised share capital of National Minorities Development Finance Corporation has been increased from Rs 500 crore to Rs 650 crore.
- A Constitution Amendment Bill introduced to confer **constitutional status** on the National Commission for Minorities.
- Union budgetary support for promotion of **Urdu language** and appointment of Urdu language teachers in schools.
- New schemes for pre-examination **coaching of students** from Minority communities.
- Budget provision for the National Minorities Development Finance Corporation enhanced from Rs.21.29 crore to Rs. 71.9 crore.



Tribals and Dalits

- A Bill to provide for **reservation of posts in civil services** for Scheduled Castes, Scheduled Tribes and Other Backward Classes has been introduced. At present administrative instructions issued by the Central Government from time to time, provide for the reservations. The bill seeks to provide statutory backing to reservations elevating it to a statutory right.
- For settling **land rights of tribal communities**, a Bill has been prepared and will be introduced in Parliament soon to recognize historical rights of tribals on the lands in their possession.
- **Committee of Ministers on Dalit Affairs** to improve impact of outlays on outcomes with respect to welfare of Dalits
- **Insurance coverage given to primitive tribal groups.**
- A new scheme of **Rajiv Gandhi National Fellowship** introduced to provide fellowship for M.Phil and Ph.D courses for Scheduled Caste and Scheduled Tribe students.
- Increased budget support for educational scholarships for SC/ST students. **Special scholarship scheme for SC/ST students** securing admission in **institutions of excellence** introduced.
- Government has speeded up **recruitment of SCs and STs** to fill up the backlog of vacancies for reserved posts/quotas. The Union cabinet secretary is monitoring this.

Senior Citizens

- Establishment of a **Pension Fund Regulatory and Development Authority** to promote old age income security by establishing, regulating and developing pension funds under the **New Pension System**, to protect the interests of subscribers to pension schemes.
- Senior Citizens Savings Scheme introduced. Scheme offers a risk-free avenue of investment with attractive returns to all senior citizens.

Unemployed

- A Bill for the **National Rural Employment Guarantee Programme** introduced in Parliament.
- **National Food for Work Programme** launched in 150 districts for 2005-06. Outlay for the programme has been raised to 50 lakh MTs of foodgrains and Rs.4500 crore towards cash component.
- **Unemployment Allowance Scheme** for an insured person going out of insurable employment involuntarily on account of closure of a factory or establishment, retrenchment or permanent invalidity arising out of non-employment injury.
- **Bill on Welfare of Workers in Unorganised Sector** under preparation.

Persons with Disabilities

- Eligibility ceiling for assistance to disabled persons has been hiked from Rs 5000 per month to Rs 6500 for 100% and from Rs 6501 to Rs 10,000 for 50% concession.
- Quota in civil services for persons with physical disabilities.

Less Developed Regions

- To help economic development of less developed regions of the country, a **Backward Regions Grant Fund** with an allocation of Rs.5,000 crore in 2005-06 announced. The economic development of 170 backward districts through the empowerment of Panchayati Raj institutions will be supported by this Fund.

Other Initiatives for the Welfare of the People

- **Food and Nutrition Security Watch** set up in the Planning Commission to maintain constant vigil on the implementation of food and nutrition security programmes, including the public distribution system, food-for-work programme, integrated child development scheme and mid-day meal programme. The FNSW will publish a national status report annually on the food availability situation in the country.
- Cabinet has approved creation of a **National Disaster Management Authority**. Experience of handling rescue, relief and rehabilitation work during the tsunami disaster has shaped this initiative. **Rajiv Gandhi Rehabilitation Package for Tsunami Affected Areas** launched in Andaman & Nicobar Islands.



(C) Building a Knowledge Society

The UPA Government, as committed, has given high priority to a reinvigoration of the educational system in the country both at the bottom of the knowledge pyramid and at the top.

- **A steep increase in government spending on primary education and literacy made possible by 2% education cess. Creation of non-lapsable fund for financing elementary education called the Prarambhik Shiksha Kosh. Budgetary allocation increased from Rs 8,000 crore in 2004-05 to Rs 12,532 crore in 2005-06.**
- **Central Advisory Board of Education made more functional to facilitate wider consultation between Government and civil society.**
- **Revision and modernization of School curriculum by NCERT.**
- **National Knowledge Commission created to pro-actively modernize India's educational system at all levels.**
- **Technology Vision 2020 Mission approved. To cost Rs 345 crore.**
- **Draft National Biotechnology Strategy circulated for comments. For new biotech parks to be launched in Karnataka (drugs & pharma), Punjab (agribusiness), Kerala (traditional medicines) and Himachal Pradesh (medicinal and aromatic plants).**
- **“.in” Domain launched.**

(D) Good Governance

An important commitment of the UPA Government is to provide “good” and “transparent” governance. Towards this end several steps have been taken to reform administration and empower citizens. These include:

- **The Right to Information Bill.** The new Bill has widest possible reach, covering central and state governments, Panchayati Raj institutions, local bodies and recipients of government grants, and aims at empowering citizens.

“Efficient and effective institutions are the key to rapid economic development. Institutions which can translate promises into policies and actionable programmes; institutions which can deliver on the promises made and convert “outlays into outcomes”. For institutions to be efficient and effective, they must function in a transparent, responsive and accountable manner. This is dependent not only on processes internal to the institutions but also on the ability of citizens and external agents to enforce their rights vis-à-vis these institutions. The Right to Information Bill will bring into force another right which will empower the citizen in this regard and ensure that our institutions and their functionaries discharge their duties in the desired manner. It will bring into effect a critical right for enforcing other rights and fill a vital gap in a citizen’s framework of rights

— Prime Minister Manmohan Singh in Parliament

- **Code of Conduct** for government officials being prepared.
- Ministers and officials advised to respect **autonomy of public sector** enterprises and not to regard PSEs as “personal fiefdoms” of public servants
- **New system of Performance Appraisal Report (PAR)** for IAS officers introduced.

- New system for **mid-career training** of IAS officers introduced.
- **National Action Plan for e-governance (NEGAP)** has been prepared with 10 components and 25 Mission Mode Projects. Union Cabinet has approved setting up of the **National Institute of Smart Governance** and creation of State-wide Area Networks (SWANs) in all States with total estimated investment of Rs 3,300 crore.
- Department of Personnel & training is developing a Charter Mark scheme for recognizing **excellence in implementation of Citizen's Charters** and for developing a **rating system for grievance redressal mechanisms**. A prototype is being tested.
- **Repeal of POTA** and Amendment of Unlawful Activities (Prevention) Act, 1967.
- Bill on **Communal Harmony** under preparation.



A Healing Touch in Jammu & Kashmir and North-East

- The key to peace and prosperity in the troubled regions of the country, including Jammu & Kashmir, parts of the North-Eastern region and areas affected by communal and Naxalite violence is better and more humane governance, apart from providing more effective security to the people against the violence unleashed by anti-national and anti-social groups. The Prime Minister visited the various disturbed areas in the country and imparted a “healing touch”, bringing down the level of violence and restoring greater normalcy to these areas.
- Making three visits to J&K within a span of ten months the PM unveiled a **Long Term Plan for Development and Reconstruction of J&K. High Level Committee** formed to guide J&K’s long term development under the Chairmanship of Dr C Rangarajan.
- Major initiatives in J&K include lifting of ban on recruitment in government, plan for electrification of all villages by 2007 and power connections to all households by 2009. 1000 micro hydro-electric projects approved. Srinagar airport to be made international airport and modernized. Raising of 5 additional India Reserve Battalions for State police and recruitment to CRPF and other security force battalions, resulting in 10,000 new jobs. 6817 Anganwadis to generate 14,000 employment opportunities for women across the State. Construction of health centres across the State. Salary support for 8000 teachers for State government programme for teaching of English language in primary schools. Training for BPO jobs in IT sector. 50 Tourist villages across the State to be built. Assistance to travel agents to participate in trade fairs and tours.
- In **Manipur** the Prime Minister handed over the historic Kangla Fort to the people of Manipur in a highly symbolic and emotional gesture that was heartily welcomed by the people. The Prime Minister has also set up an independent committee to review the Armed Forces Special Powers Act (AFSPA) with a view to making it more humane. Electrification of all tribal villages within 4 years assured. Manipur University given status of Central University. Government of India help for construction of new State capital complex.

- North-East Council reactivated. Flood problem in Brahmaputra valley declared a national problem. Major initiatives for infrastructure development and improved road, rail, air and telecom connectivity in North-east announced. Guwahati airport made international airport.
- First trilateral meeting between Government of India, State Government of Assam and All Assam Students Union after 16 years to discuss implementation of Assam Accord.



II. A New Beginning - Reviving Economic Growth

“We will create an environment that rewards creativity, risk-taking and the spirit of enterprise and adventure. To generate employment, to reduce poverty and to find resources for new investment in agriculture, infrastructure, education and health, we must increase the rate of growth of capital formation in the economy. I commit our government to re-energising the economy’s growth engine, to recreating the policy and political environment required to boost investor confidence.”

- Prime Minister Manmohan Singh

In the area of economic policy, the focus of the UPA Government has been on increasing investment in the economy and holding the price line. The Government has set up several committees with a view to tapping expertise in this area and pursue economic reforms that enable higher economic growth and generate more employment, while making the Indian economy more globally competitive. The Government has also taken several steps to revitalize the public sector and increase public investment. Two important institutional innovations have been the creation of the **National Committee on Infrastructure**, chaired by the Prime Minister, and the **Investment Commission**, chaired by Shri Ratan Tata. The economy is expected to grow at close to 7 per cent. The Government is committed to stepping up the rate of growth further. This requires more investment in infrastructure and in agriculture and an improvement in government finances.

- **Inflation rate has come down** from over 8 per cent, when the UPA Government came to power, to around 5 per cent today despite high world oil prices. High energy costs continue to exert pressure on the price front, but the Government is committed to holding the price line.
- The **pick up in economic activity** is visible with exports rising at 27 per cent, compared to a target rate of 16 per cent. Industrial production is growing at close to 9 per cent and non-food credit has increased by 21 per cent.



- **Infrastructure development** is a key objective of the Government. While work on the national highways project has been speeded up, port and rail modernization has acquired a much higher profile recently. Public and private investment in both areas has been stepped up sharply. A **financial Special Purpose Vehicle** has been created to channelise funds for investment in the infrastructure sector.
- Limits on **foreign direct investment in infrastructure** and services sectors have been eased in several areas including telecom and banking. **Tonnage tax** introduced to make Indian ports and shipping globally competitive.
- A comprehensive **National Urban Renewal Mission** with an outlay of Rs.5,500 crore for the current year announced in the Budget 2005-06. These funds will be used for slum improvement, urban public transport, development of green areas and other civic amenities aimed at making cities more liveable.
- **State level Value-added Tax implemented in 20 states** from 1st April 2005. As on date, 23 states including Haryana are covered under VAT.
- Several **reformist initiatives** in the area of tariff policy, tax policy, industrial policy and fiscal policy have been announced through the **Union Budgets for 2004-05 and 2005-06.**
- **Autonomy of Reserve Bank of India** strengthened through amendments to RBI Act. Banking sector reform and liberalization also pursued. Scope for private investment in banking has been increased. Greater **operational autonomy given to nationalized banks.**
- A new **National Electricity Policy** has been announced to promote new investment in this vital sector of the economy. Rural electrification programme, under Bharat Nirman, will facilitate new investment in rural areas. The Accelerated Power Development and Reforms Programme is being used as an instrument of policy reform.
- The **Patents Act 2005** has been enacted.

- **Foreign investment in construction sector.** FDI up to 100% allowed under the automatic route for development of townships, housing, built up infrastructure and construction development projects.
- A new plan scheme for **infrastructure development in the Eastern and North-Eastern region**, including development of road, air and telecom connectivity, has been drawn with an outlay of Rs. 1500 crore.
- A Rs. 24,000 crore **railway modernization programme** launched.
- **Freight handling by railways** up by 8 percent which is double the average increase during the last decade.
- **Freight rates** simplified, rationalized and made transparent. **LPG and kerosene freight rates** reduced by 3 and 4 percent respectively.
- **No hike in passenger fare.** Passenger traffic revenue registered a 6 percent increase during 2004-05.
- A major area of policy action has been the civil aviation sector. **Airport modernization, “open skies” with important markets and the purchase of new aircraft for national carriers will boost India’s civil aviation sector.**
- Air Services Agreement with USA was signed for unlimited access to designated airlines to any points of call in the territory of the other country.
- **International routes have been opened to private carriers.**
- After a gap of nearly a decade a **new fleet** is being acquired for Air India. Indian Airlines is acquiring 43 aircraft.
- FDI in civil aviation sector **has been raised to 49% through automatic route and 100% by Non Resident Indians through automatic route.**
- Plan for restructuring Delhi and Mumbai Airports taken up. Bangalore International Airport approved by Cabinet. Concession Agreement of Hyderabad International Airport approved by Cabinet.
- **Small scale industries policy further liberalized** with the denotification of more industries from the SSI list. The Small and Medium Enterprises Bill, 2005, introduced in Parliament, will improve competitiveness of SMEs.

III. National Security and International Relations

National Security

- India's external security remains a top priority for the Government. There has been a marked improvement in the country's security environment over the past year. The UPA has repealed POTA without comprising the security interests of the country. The incidence of communal and caste-based violence has come down.
- A Conference of Chief Ministers on Internal Security undertook a comprehensive review of the security scenario in the country. The Prime Minister, the Union Home Minister and all Chief Ministers participated in this day-long review.
- The Government has appointed a committee to examine the demand for the repeal of the Armed Forces Special Powers Act in Manipur. The Government is carrying forward discussions with leaders of the Nagas and with Naxalite groups. Normalcy is returning to many parts of the North-Eastern region and there has been a marked decline in cross-border infiltration in Jammu & Kashmir with the fencing of the LOC and border.



- The modernization of the Armed Forces has received the Government's special attention in recent months. There has been an increase in the allocation of funds for modernization of Army, Navy and Air Force. Three prototypes of "Tejas", the Light Combat Aircraft are undergoing flight testing and have completed 307 test flights including super-sonic flights. Several new generation equipment, including missiles, developed indigenously, have been tested and inducted. The supersonic missile BrahMos, a joint venture programme with Russia, is ready for induction, and the Main Battle Tank "Arjun" has been successfully inducted into the Army. The UPA has implemented its promise of creating a Department of Ex-Servicemen's Welfare in the Ministry of Defence.
- The UPA Government has re-affirmed India's commitment to maintaining a **credible minimum nuclear deterrent with a policy of no-first-use**. The Weapons of Mass Destruction Bill and Their Delivery Systems (Prohibition of Unlawful Activities) Bill, 2005, passed by Parliament.
- Creation of a new South Western Army Command.



Foreign Policy and International Relations

“We are living in a world that is undergoing rapid transformation, with new challenges emerging daily. India’s own emergence as an economic power house has expanded our circle of interaction and engagement with the rest of the world. For us, the main challenge of our foreign policy lies in creating and in maintaining a regional and international environment which would enable us to sustain a high rate of economic growth, create more opportunities for Indian entrepreneurship and enable India to realise its full potential as a major economic power. It is not surprising therefore, that during the past one year, my Government has given the utmost priority to our relations with our neighbours, in particular, our relations with China and Pakistan. We have focused our attention on economic diplomacy, with a particular emphasis on energy diplomacy. We have moved to enter into free trade arrangements or comprehensive economic partnership agreements with a number of countries and regional organisations including ASEAN. Our search for energy resources has led us to making large investments in countries as far afield as Sudan and exploration in Central Asia. Politics and economies must now go hand in hand in the service of India’s overall interests as a nation. While we remain faithful to the abiding principles of foreign policy laid down by Pandit Jawaharlal Nehru, and followed consistently by both successive Governments, we are alert to the compulsions imposed upon us by a rapidly transforming world order and have the capability as a nation to respond successfully to the newly emerging challenges that confront us. There are today few external constraints on our development because we have worked hard to create an international environment conducive to our development. The new image of India as a confident and united nation derives greatly from the continuing political consensus that has all along been the hallmark of our foreign policy.

— Prime Minister Manmohan Singh

- The objective of the UPA Government is to focus on the **centrality of national interests in the conduct of our external relations and the pursuit of our economic interests**. The Government has taken important initiatives, keeping in mind the imperative of retaining our freedom of options, remaining alive to our concerns. The Government's efforts have contributed to making the international environment for India's development more secure. Prime Minister Manmohan Singh has repeatedly stressed the importance of maintaining good relations with all our neighbours, all our economic partners and traditional friends.
- The UPA Government attaches great value to peace and prosperity in **South Asia** and to increased cooperation both in economic and security spheres with all neighbours. The Government hence reiterated its commitment to fighting terrorism in the region and to strengthening democracy.
- India's initiative in helping **Sri Lanka** in dealing with the Tsunami tragedy was widely appreciated at home and abroad as a symbol of good-neighbourliness.
- The visit to India of the King of Bhutan on the occasion of the Republic Day focused attention on India's positive role in the economic development of **Bhutan**.
- Prime Minister Manmohan Singh's meetings with the leaders of Myanmar, Afghanistan, Tajikistan, Maldives, Nepal, Singapore, Thailand, Indonesia, Qatar, Iran and other countries in our **wider neighbourhood** reinforced our growing and wide-ranging relationship with these countries.
- India has taken a principled stand on developments in **Nepal** by reiterating its commitment to the twin pillars of Nepal's polity, namely, a Constitutional Monarchy and multi-party democracy.
- The UPA Government has breathed new life into India's "**Look East**" **Policy**, reaping rich rewards in the form of India being invited to the East Asian Summit scheduled for late 2005.

- India's effective participation in the **BIMSTEC Summit** at Bangkok, in the **ASEAN Summit** at Vientiane and the leadership role accorded to Prime Minister Manmohan Singh at the **Asian-African Conference** in Indonesia testifies to India's growing and deepening relationship with Asia. India and ASEAN have agreed to work towards closer economic cooperation.
- This engagement with Asia received a boost during the visits of Prime Minister Wen Jia Bao of China and Prime Minister Junichiro Koizumi of Japan to New Delhi.
- An agreement was reached with **China** on the guiding principles and the political parameters for settlement of the boundary question. India – China relations have entered a new phase of constructive and cooperative partnership. **China formally acknowledged Sikkim as a part of India and indicated its positive attitude towards India's claim to a permanent seat on the United Nations Security Council.**
- The meetings between Prime Minister Manmohan Singh and President Pervez Musharraf in New York and New Delhi have **helped take the India-Pakistan bilateral relationship significantly forward.** Their joint statements emphasized the criticality of Pakistan fulfilling the reassurance of January 6, 2004, that any territory under Pakistan's control would not be used to support terrorism in any manner and underlined that terrorism must not be allowed to impede the peace process. It was also agreed that confidence-building measures (CBMs) of all categories would be pursued.
- The launch of the **Srinagar- Muzaffarabad bus service**, the decision to go ahead with other similar proposals, including the Amritsar – Nankana Sahib bus service and the Khokrapar- Munabao rail link, and to examine the feasibility of oil and gas pipelines mark significant steps forward in the bilateral relationship and in promoting peace within the region.
- An important achievement of the UPA Government was the coming together of the **Group of 4 (G-4)**, Brazil, Germany, India and Japan, in their common bid to seek a permanent seat in the **U.N. Security Council.**



- The meetings between Prime Minister Manmohan Singh and other important world leaders like President George Bush of the U.S., President Vladimir Putin of Russia and Prime Minister Koizumi of Japan have helped deepen and widen our bilateral relationship.
- The Prime Minister's meeting with President George Bush set the direction for further development of **India-US Strategic Partnership** and the implementation of Phase I of the Next Steps in Strategic Partnership. India and the US agreed on the need for expanded economic and defence cooperation and working closely in the war against terrorism and proliferation of weapons of mass destruction. The successful conclusion of an **“open skies” agreement with the US** further strengthens India's growing economic relationship with the U.S.
- The visit of Prime Minister Koizumi of **Japan** to India in April 28 and 29, 2005, marked the **beginning of a sustained and productive strategic and cooperative relationship**. Japan has agreed to consider a major project for the upgradation of India's infrastructure, the establishment of a high speed rail freight corridor between Mumbai and Delhi and Delhi and Kolkata. Japan will also help in extending facilities for Japanese language training in Indian educational institutions, which would help our IT industry to serve the large and growing software market in that country.
- India's traditionally friendly and special relations with **Russia** received a further boost during the meetings between Prime Minister Singh and President Putin in New Delhi and Moscow, bolstering cooperation in the defence and energy fields. Relations have been further cemented as a result.
- The invitation to India to attend the **G-8 Summit** in Scotland in July 2005 is also a testimony to India's emergence as a major economic powerhouse.
- India's relations with the **European Union** were further strengthened by their decision at the 5th India-EU Summit in November 2004 to launch the **India-EU Strategic Partnership**. This Partnership is a recognition of India's growing stature as a major regional and global power.

“Our foreign policy is of course shaped by our civilizational values and our commitment to peace and freedom. But, as Panditji said, it is equally shaped by our commitment to our economic development and to the development of all developing economies, within the framework of an open society and an open economy. It is shaped by our yearning to recover our lost space in the global economy and our economic status in the comity of Nations. It is shaped by our desire to build bridges with our neighbours and our economic partners. It is shaped by our firm and sincere commitment to a future of shared peace, freedom and development in our neighbourhood.”

- Prime Minister Manmohan Singh