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India extends RM190m line of credit to Malaysia

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KUALA LUMPUR, Tues. - India has extended a credit line of US\$50 million (RM190 million) for imports of its projects and industrial goods into Malaysia, to double bilateral trade within three years.

Announcing this today, its Prime Minister Atal Bihari Vajpayee said he believed that greater trade was achievable if both countries diversified and deepened the trade basket. The credit line would give impetus to this effort.

According to a spokesman of the Indian External Affairs Ministry, it is available to the Malaysian Government or companies wishing to import software, or industrial goods. Malaysia is India's largest trading partner in Asean with a trade turnover of about RM10 billion.

Vajpayee also said the primary challenge in boosting trade was in reducing the awareness gap about the business opportunities in both countries.

Vajpayee, who is in Malaysia on a four-day official visit, was addressing the Malaysia-India Business Forum attended by 800 businessmen from both countries.

Also present was Prime Minister Datuk Seri Dr Mahathir Mohamad.

In a speech that stressed India's commitment to stronger trade ties, Vajpayee also invited Malaysian companies to participate more actively in India's large-scale programme on infrastructure development.

This includes the National Highway Development Project linking the four major cities - Mumbai, New Delhi, Kolkata (Calcutta) and Chennai (Madras).

Vajpayee also invited Malaysia to participate in the upgrading of its major airports, for which it has liberalised foreign direct investment norms, and specific port projects.

"I have had the pleasure of passing through your new international airport. It is worth replicating anywhere in the world."

The Indian Prime Minister said although Malaysia is India's eighth largest investor in terms of approvals, the actual investment remained at only US\$50 million or a realisation ratio of under four per cent.

He added that Malaysia could tap India's considerable expertise in railways as its companies like Ircon International Ltd have been handling projects in Malaysia for some years.

Yesterday, the Transport Ministry signed a memorandum of understanding with Ircon for a RM6 billion railway project from Ipoh to Padang Besar, on a counter trade basis. India will accept palm oil as payment.

On the pharmaceutical industry, he said he had requested Malaysia's Health Ministry to facilitate the registration of Ayurvedic products which India is promoting.

As for information technology, Vajpayee said they presented the biggest area of opportunity for both countries.

"Our strengths in IT are complementary. While India has proven strengths in software development and IT education, Malaysia has a well-developed hardware sector," he said.

Vajpayee added that Kuala Lumpur was a symbol of a resurgent new Asia which would become the centre of gravity of world affairs in the new century.

"The city's world-class infrastructure makes a defiant statement that economic prosperity is not the monopoly of the developed world," he said.

Earlier today, Vajpayee toured the Petronas Twin Towers where he was

briefed on the facilities in the intelligent building.

Later, he was taken on a half-hour city drive before a closed door meeting with Works Minister Datuk Seri S. Samy Vellu.