

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4063
ANSWERED ON:03.12.2010
TRADE DEVELOPMENT REPORT
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

(a) Whether attention of the Government has been drawn to the United Nations Conference on Trade and Development's (UNCTADs) Report on Trade Development 2010:

(b) if so, the salient features of the recommendations/observation of the Report; and

(c) the reaction of the Union Government thereon?

Answer

Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) Yes, sir.

(b) The Trade and Development Report 2010 draws attention to the importance of strengthening the macroeconomic policy framework to promote sustainable growth and employment creation in both developed and developing countries. As per the Report job creation for absorbing surplus labour would result from a virtuous circle of high investment in fixed capital leading to faster productivity growth with corresponding wage increases that enable a steady expansion of domestic demand. The Report calls for profound rethinking of the paradigm of export-led development based on keeping labour costs low and seeks policies for establishing a balanced mix of domestic and external demand.

As per the Report the Asian economies opened up gradually to international competition, and the process took place in a more stable macroeconomic environment, where wages grew in line with productivity.

(c) Government of India has policies and programmes that enhances wage earnings especially under the National Rural Employment Guarantee Act. This has contributed to strengthening the livelihood resource base of the rural poor in India, reduced distress migration, and has become an extremely important buffer against both the employment shocks generated by the economic crisis and the drought that swept across large parts of the country in the summer of 2009. As per the Report the programme is affecting the labour market in some parts of the country quite significantly. It has raised the de iacto minimum wage by 10-15 per cent in some areas and changed seasonal migration patterns to some extent. It has reduced the migration of unskilled workers in the agricultural sector within India, and there is evidence that the remuneration of construction worker has risen, as rural workers are able to find some gainful employment during the lean season. Public work projects of Govt of India have also helped to improve irrigation, water harvesting, soil quality and transport infrastructure which in turn have contributed to productivity gains in agriculture.