

# National Statement India

General Conference of UNIDO 13<sup>TH</sup> Session, Vienna  
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Mr President ~~H.E. Mr Ali Asgar Soltanieh, Permanent Representative of the Islamic Republic of Iran;~~

Director-General of UNIDO H.E. Dr. Kandeh K. Yumkella;

Excellencies and Distinguished Delegates

It is a proud privilege and honour for me to be present here on the occasion of the 13<sup>th</sup> General Conference of the United Nations Industrial Development Organization (UNIDO) and to present before this august gathering the National Statement on behalf of the Government of India.

1. At the outset, let me congratulate you, Mr. President, for presiding over the 13<sup>th</sup> Session so ably. We are confident that this General Conference will complete its deliberations very successfully, under your able guidance and stewardship.

2. We take the opportunity to extend our felicitations to Dr. Yumkella on his second term in office as Director-General. Dr. Yumkella has shown great dynamism in the past four years in refocusing the work of UNIDO when the global economic crisis presented unprecedented challenges for both the developed and the developing world. We are confident that the second term will see him carrying forward his dynamic vision of fulfilling UNIDO's mandate of

reducing poverty through sustainable industrial development. We assure him of India's fullest support and cooperation in this collective endeavour.

3. The single most important development in recent times has undoubtedly been the global economic meltdown and the complex challenges posed by the imperative to revive the global economy. The experience of the crisis has varied across countries. India too has felt the impact. In the years preceding the crisis, India's annual growth rate accelerated to an average of nearly 9 %, per annum up from about 5.6 % in the 1980's. This was the culmination of a process of calibrated economic reform which saw India gradually moving from a protected to a more open economy, open to both trade and investment flows, and integrating successfully with the world at large. While globalization created many new opportunities, it also brought in its wake new challenges, ~~as we have seen in the global downturn financial crisis and its world-wide impact.~~ However, India has weathered the crisis relatively well. This reflects in a large measure the basic structural resilience of the Indian economy and the timely corrective action by the government in the form of a series of stimulus measures to manage the downturn in the second half of 2008-2009 and continuing in the current year 2009-2010. As a consequence, despite adverse conditions including a drought situation and the resultant dip in agricultural production, India's growth rate is expected to be around 7% making India the second fastest growing major economy in the world in this period.

4. Turning to India's strategy and approach in the present scenario, Mr. President, I would like to quote from a recent statement of our Prime Minister Dr. Manmohan Singh: "Our strategy today is not just to deliver rapid growth, but to deliver rapid and inclusive growth, growth that will provide productive employment to our young population and raise living standards in rural areas across the length and breadth of our vast country.... Environmental sustainability is also an important objective and one that has gained significance in the context of climate change. We have prepared a National Action Plan on climate change outlining our response to this critical area focusing on increased energy efficiency and greater use of clean energy technology including solar energy. Special attention will have to be paid to prevent degradation of our scarce land and water resources".

5. The themes of this General Conference namely the impact of the global economic slowdown on manufacturing and greening industry for global recovery and growth are very relevant at this juncture. They are the two burning issues of the day with wide ramifications for all Member States gathered here.

6. Indeed, manufacturing is crucial to the Indian economy, as it is for most medium and large economies. It lays a strong foundation for growth and provides basic structural resilience to sharp ups and downs. It is therefore, enables growth to reach the grassroots. Manufacturing spurs demand for everything from raw materials to intermediates and carries the major burden of creating employment opportunities whether directly or indirectly. The multiplier

effect of manufacturing extends to services as well. It is rightly said that one job in manufacturing creates three in services.

7. In recent years the world has focused mainly on trade liberalization as an engine of growth and poverty alleviation. The strengthening of the multilateral trading system and enlarging its scope has occupied considerable time and attention. There has been a spate of free trade agreements. But the question often asked is whether these have delivered development, reduced poverty, and raised living standards of the world's poor and vulnerable. The answer as often is not unequivocal. *Trade is an engine of growth but* Trade liberalization could make the rich richer and the poor poorer, if not backed up by a strong sectoral response primarily in manufacturing industry ~~and then in services~~, agriculture and natural resources. It is here that the role of organizations like UNIDO becomes critical for handholding and capacity building. The global economic crisis has brought manufacturing industry centre stage and has underscored its importance in sustainable global economic growth.

8. The manufacturing sector is central to India's economy. In fact it has been the growth of the manufacturing sector that has contributed significantly to India's robust growth during this period. Small and medium enterprises form the backbone of the manufacturing sector in India, accounting for about 45% of manufacturing output, 40% of India's exports and employing about 41 million people. The Government of India recognizes that the sector has been exposed to many challenges in the wake of globalization, namely reduction in tariff

8. ~~14~~ Mr. President, India recognizes that maintaining a high growth rate is essential for raising living standards of the vast majority of its people and reducing their vulnerability to the impacts of climate change. In order to achieve a sustainable development path that simultaneously advances economic and environmental objectives, India has adopted a National Action Plan for Climate Change, whose guiding principle is to protect the poor and vulnerable sections of society through an inclusive and sustainable development strategy, sensitive to climate change. This Plan hinges on the development and use of new technologies, with focus on promoting understanding of climate change, adaptation and mitigation, energy efficiency and natural resource conservation. Our objective is to establish an effective, cooperative and equitable approach based on the principle of common but differentiated responsibilities and respective capabilities, as enshrined in the United Nations Framework Convention on Climate Change (UNFCCC). "Such an approach must be based on a global vision inspired by Mahatma Gandhi's wise dictum – The earth has enough resources to meet people's needs, but will never have enough to satisfy people's greed. Thus we must not only promote sustainable production processes, but equally, sustainable lifestyles across the globe", our National Action Plan for Climate Change states.

9. ~~12~~ I turn now to India's long association with UNIDO spanning more than four decades, and the areas of UNIDO's expertise which are particularly relevant in meeting the emerging challenges thrown up by the global economic crisis and the threat of climate change – the challenge of effectively competing in both

domestic and international markets in times of recession and the challenge of ensuring the sustainability of the industrial development process. There is no doubt that what developing countries need is to equip themselves by making cost-effective, competitive products, and here UNIDO with its specialized services and access to expertise and technologies around the world can play an important role.

10. ~~13~~ Mr. President, we are particularly happy to note that UNIDO-India cooperation has gone from strength to strength in recent years.

11. ~~14~~ I would like to mention in particular <sup>some recent</sup> ~~the following milestones that have been achieved~~, reflecting our growing partnership particularly since the last General Conference held in 2007:

- The Department of Industrial Policy and Promotion (DIPP), Government of India, signed with UNIDO in May 2008 an ambitious **five-year Country Programme of Technical Cooperation 2008-2012** with the objective of raising the competitiveness and productivity of industrial enterprises and to facilitate the diffusion of best practices in manufacturing for sustainable industrial development with emphasis on introduction of environment-friendly technologies, productivity improvements and quality management, especially in clusters of micro, small and medium enterprises (MSMEs). ~~The focus is on the key manufacturing sectors spread across regions at varying stages of development so as to generate more employment and to ensure a more~~

balanced and inclusive pattern of industrial growth in the country in keeping with our overall developmental goals. Also the diffusion of best practices in industry is envisaged both within India and between India and other developing countries through the mechanism of South-South cooperation.

- An **Integrated Cluster Development Programme (ICDP) 2009-2014** conceptualized by DIPP and to be implemented by UNIDO has been launched in August 2009 to provide integrated solutions to identified clusters across India to enable them to address technology, quality or environmental constraints in an innovative approach that encompasses services ranging from energy efficiency and water conservation to cleaner production and lean manufacturing. The Programme combines projects that will help improve resource productivity and environmental performance of small and medium enterprises in many sectors. Through this flagship programme, the project will avail of UNIDO's expertise in key areas and will be a step in the direction of greening of selected industries.

15. | 2. Among other milestones were: the completion of the **National Programme for the Indian Auto Component Industry in India (2002-2009)** in November 2009, which has helped strengthen the overall competitiveness of the auto component sector in India and the **MSME Cluster Development Programme** in Orissa successfully completed earlier this year under which

capacity building interventions were under taken in enterprises in important traditional and non-traditional sectors for up scaling.

16. b) Allow me, Mr. President, to make a few observations on some points of relevance to us raised in the agenda papers:

- **On Industrial Development Issues:** We agree that “For developing countries , limiting the number of people pushed back into poverty is of foremost concern”, and **we welcome especially the point made in the brief that “ A disturbing factor in the response to the economic slowdown is increasing protectionism. Perhaps it is high time for countries to strengthen trade rules to control protectionist tendencies. The challenge is to get the world out of the financial doldrums by any means but protectionism”**. India believes that protectionism simply does not work, and has amply demonstrated its commitment to open trade by refraining from resorting to protectionist measures despite the slowdown in exports.
- **On agro-related industries and agribusiness:** I would like to mention that India ranks first in the production of milk, pulses and tea, and second in the production of fruits and vegetables in the world. Yet, India’s share in world food trade is less than 2 %. Almost 40 % of our fruits and vegetables grown go waste due to absence of processing and cold chain facilities. Not only does the food processing sector have the potential to be an industry driver that can transform India’s rural



economy, but India can also emerge as a leader in the world food processing industry given the diversity and quality of its produce. India is in the process of formulating a National Food Processing Policy, which would seek to promote innovation, improved technologies and attainment of international standards in food safety and quality. This is

an area with many new possibilities and India would like

*to see UNIDO doing much more in this area as it has direct implications for poverty alleviation.*

• **Seizing opportunities for greening of industries:** We agree that

there is a need for effective transfer of technology from North to South and South to South, accompanied by knowledge and information flows that play a significant role in accelerating green industrial growth. We also agree that for developing countries to attain the same production standards as in industrialized countries, well-configured strategies, adequate technologies and support in the form of capacity-building as well as policy incentives are needed. India believes that technology and its diffusion will be a key element in meeting the challenge of climate change. Developing countries need technology solutions that are appropriate, affordable and effective and they have to be backed by

appropriate financial arrangements to facilitate technology transfers. UNIDO

*could play an important role in engineering such arrangements.*

14. 18. Mr. President, there are exciting new possibilities that are emerging for

UNIDO-India cooperation as we move into the second decade of this century – covering a wide spectrum from labour-intensive industries like agro-processing and agribusiness and gems and jewellery to greening of industries.

15, 19. As articulated by the Asian Group, we welcome UNIDO's continuing focus on its three thematic priorities – namely, poverty reduction through productive activities; trade capacity-building; and Energy and Environment. All three components are inter-related and must move together. As our Prime Minister put it at the recent Commonwealth Heads of Government Summit in Port of Spain on 27 November 2009: "We acknowledge the imperative of science but science must not trump equity. Climate change action based on the perpetuation of poverty will simply not be sustainable".

16, 20. In conclusion, we would once again like to express our deep appreciation for UNIDO's initiatives in India and convey our support to the Director-General and his team in their efforts <sup>to</sup> <sup>fulfil</sup> jointly our core mandate of ensuring a better future for those presently living on less than a dollar a day and lifting the "botton billion" out of poverty.