

- (b) if so, the details thereof;
- (c) if not, the reasons therefor;
- (d) the steps taken by Government so far rein in rampant price rise; and
- (e) the steps proposed to be taken in future or the steps being taken at this juncture?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (c) The year-on-year headline inflation based on WPI (2004-05=100) which remained above 10 per cent during March-July, 2010 declined to 8.51 per cent in August, 2010 and 8.62 per cent in September, 2010.

(d) and (e) Government monitors the price situation regularly as price stability remains high on its agenda. Measures taken to contain prices of essential commodities include selective ban on exports and futures trading in food grains, zero import duty on select food items, permitting import of pulses and sugar by public sector undertakings, distribution of imported pulses and edible oils through PDS and release of higher quota of non-levy sugar.

RBI has also taken suitable measures to moderate demand levels consistent with capacity of the economy to maintain its growth without provoking price rise. Accordingly, the Repo rate and Reverse Repo rate increased to 6 per cent and 5 per cent respectively on September 16, 2010 from a level of 5.75 per cent and 4.50 per cent respectively. Further, RBI raised the Repo rate and Reverse Repo rate to 6.25 per cent and 5.25 per cent respectively in its Second Quarter Policy Review on November 2, 2010.

TDR-2010 of UNCTAD

824. SHRI R.C. SINGH:
SHRI D. RAJA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the flagship publication Trade and Development Report (TDR) 2010 of the United Nations Conference on Trade and Development (UNCTAD) making review of the experience of developing countries with export-oriented growth strategies over the past 30 years;

(b) whether it is a fact that the TDR has come to the conclusion that most of the countries gained competitive edge by keeping domestic wages low; and

(c) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) The Trade and Development Report 2010 is a publication of UNCTAD. The Report draws attention to the importance of strengthening the macroeconomic policy framework to promote

sustainable growth and employment creation in both developed and developing countries. 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. Especially for developing countries, this implies a profound rethinking of the paradigm of export-led development based on keeping labour costs low. Policies should be based on establishing a balanced mix of domestic and external demand.

(b) and (c) The Report recounts that the experiences of East, South-East and South Asian countries with regard to employment creation over the past three decades differ considerably from those of Latin America and Africa. Generally, the Asian economies opened up more gradually to international competition, and the process took place in a more stable macroeconomic environment, where wages grew in line with productivity.

The Report also notes that enhanced wage earnings under the National Rural Employment Guarantee Act have contributed to strengthening the livelihood resource base of the rural poor in India, reduced distress migration, and 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. The programme is affecting the labour market in some parts of the country quite significantly. It has raised the *de facto* 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 work has risen, as rural workers are able to find some gainful employment during the lean season. Another effect of the scheme is that it raises agricultural incomes as the demand for food rises. At the same time it contributes to productivity gains in agricultural and other rural activities as the public works projects help to improve irrigation, water harvesting, soil quality and transport infrastructure.

Change in financial year cycle

825. SHRI D. RAJA:

SHRI M. P. ACHUTHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering a proposal for shifting the financial year to January-December from the current April-March cycle and also to present one consolidated budget instead of separate General and Railway Budgets; and

(b) if so, the details thereof and the reasons therefor?