

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:695
ANSWERED ON:21.02.2003
PRODUCTION OF LUXURY GOODS
MAHBOOB ZAHEDI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether in the globalisation era, the economic gap between the industrially developed countries and the developing countries is becoming gradually broader;
- (b) whether there is an overwhelming difference in fulfilment of the demands in basic needs and pompous luxury goods;
- (c) whether in the capitalist system, the priority is given on production of luxury goods and on fulfilment of the essentials that can reach the people in majority; and
- (d) if so, the steps the Government are planning to meet the basic needs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI CH. VIDYA SAGAR RAO)

(a): Economic globalisation seeks to remove obstacles to global movement of capital and of goods and services. Globalisation shuns protectionist policies and encourages competition by removing barriers to trade and investment, thus leading to greater efficiency and growth. The impact of globalisation, however, depends upon a country's level of development and preparedness to take on the challenges of subjecting local producing units to global competition, of being able to break into world markets, weathering the volatility of private capital flows etc.

Developing countries like China, India, Taiwan, Singapore, Malaysia, and Korea have benefited from globalisation and are amongst the fastest growing economies of the world. These countries also have high growth competitiveness rankings among 80 countries for which the World Economic Forum compiles Growth Competitiveness Index (GCI).

As per World Development Report 2002, the rate of growth of GDP per capita for the High income group countries and that of lower & middle income group countries was 3.2% and 4.2% respectively in the year 1999-2000, for which comparative data is available.

(b) and (c): The capitalist system is based on the principles of `laissez faire` and free market . The forces of demand and supply guide all economic decisions. The system itself does not accord priority to the production of luxury goods or basic needs. The consumer's choice is paramount.

(d): The government's growth strategy for the Tenth Plan is to ensure rapid growth of those sectors which are most likely to enable achievement of a high rate of growth of GDP and also create gainful employment opportunities and to supplement the impact of growth with special programmes aimed at special target groups which may not benefit from the normal growth process.