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■ Q & A \ CARLOS MAGARINOS ■

‘Utilise Indian entrepreneurial spirit’

Carlos Magarinos, the youngest ever director-general of the United Nations Development Organisation (Unido) is known throughout the globe for his vehement support for the market reforms programme initiated in developing economies. As an industry minister in Argentina, he initiated the radical reforms program in the auto components industry. Magarinos, who took over as the DG a couple of years back, has infused a dynamism in the working of the UN organisation known for its bureaucratic style. Recently in the capital to review Unido's programme, he spoke to Sandip Das

Q: You have been supporting the economic liberalisation process initiated since 1991 in India

despite criticism that it has failed to benefit a lot of people. Why?

A: I admit that the process of growth is concentrated in a few hands. However, the majority of the population is part of the whole process. The best way to ensure economic development is to ensure that well-organised and open markets and transparent institutions are developed which can interact properly with the private sector.

Q: Can Indian companies compete against large multinationals and at the same time maintain a healthy competition in the market?

A: India has good condition to cope with the challenges posed by the forces of globalisation as it has vast manpower resources. The entrepreneurial spirit of Indian society should be utilised so that more and more people live in prosperity.

Q: Do you think more job creation will help the government in convincing the people about the benefits of liberalisation?

A: Yes. But more jobs alone will not be enough, you need more enterprises and entrepreneurs

and more people developing new activities, to ensure that the process of growth is balanced. India should learn from the Industrial Revolution of the 1770's, which resulted in a boost in innovation, business development and private sector-led growth. However, by 1850 only, the population started to feel the benefit of growth.

Q: Don't you think financing is also a grey area?

A: Apart from more creation of jobs, one needs to ensure proper financing to start enterprises. Access to finance is the key to the development of more enterprises in the country.

Q: How can your organisation help India to tackle a situation where millions of people are outside the whole process of liberalisation?

A: Look at what we did in the partnership programme between Fiat, Unido and the Indian government. We are ensuring that the credit and investment flow should work for the benefit of the minority. Fiat invested in a plant for production of tyres. We are trying to ensure that the small and medium units benefit by becoming suppliers of

Fiat. However, in the long run it may not be the right approach. The Indian industry has to raise productivity and upgrade technology to be competitive in the global economy. India has to develop a much bigger market than what is currently existing.

Q: What are Unido's plans to raise productivity in India?

A: Our work is to transfer and mobilise information, knowledge, skills and technology to the small and medium enterprises to work in partnership with bigger global suppliers. This is the process by which these units can develop productivity and help in bringing in more investment. We are undertaking similar activities in several other nations and want to



UNIDO has 43 on-going projects in the country with a budget of \$32 million while 18 new projects with a budget of \$5.1 million are in the pipeline

replicate the same here in different sectors. For this purpose, recently, we signed an agreement with Ericsson for supplying technologies to the small and tiny units.

Q: How many such projects are in operation in the world?

A: We, currently, have 60 pro-

jects throughout the world involving around \$40 million in several areas. Some of the projects are going on for years. For eliminating overlapping, we want to concentrate more on few areas and focus on the transfer of knowledge, skill, information and technology to the small units.

Q: Regarding the alleged dumping of cheap Chinese products in the country, will the Indian industry be able to face competition?

A: My first advice to the Indian enterprises will be not to fear any industry in the world. Indians should not feel afraid of such goods. Dumping and smuggling

are different issues. The important thing is to raise productivity and improve quality so that the goods produced in the country are competitive in the world market. Unido in partnership with the Organisation for Economic Cooperation and Development (OECD) is engaged in benchmarking of policies, productivity and performance of different countries. My suggestion to India should be that it should start benchmarking its policies and productivity and compare the same with the other countries so that they can identify their strength and weaknesses.

Q: Currently, the Indian government provides protection to the small industry in a few areas. After the QRs are removed, will the sector be able to survive?

A: If you want to be a global player in the world economy, the country has to get rid of issues like protection, increase in the investment limit and reservation. These are all temporary measures. Look at what happened in the software sector in the country. It is estimated that 30 per cent of the GDP will be from this sector in 2010. India has tremendous potential in biotechnology and food processing. You have to identify your strength and weaknesses and follow the path which would help the country make its presence felt in the world economy.

India has highly trained manpower resources, qualified and smart civil servants and a stable political set-up. This should work to the advantage of the country. The challenge really is to accelerate the rate of growth and the FDI. For this, try to integrate the Indian economy with the global system at the earliest. India's share in the world trade is only around 1 per cent and there is an urgent need to increase this to a significant level.

Q: What is Unido's role in cluster development in the country?

A: We have several cluster development projects in India. The projects range from the food processing industry in Pune to the knitwear industry in Ludhiana. The projects are being undertaken with the assistance of the Italian government and the Swiss Agency for Development and Cooperation.