

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

UNSTARRED QUESTION NO:1944

ANSWERED ON:09.03.2001

GROWTH RATE IN CORE SECTORS

GANGASANDRA SIDDAPPA BASAVARAJ;GOWDAR MALLIKARJUNAPPA;IQBAL AHMED SARADGI;RAMSHETH THAKUR;SURESH RAMRAO JADHAV (PATIL);SUSHIL KUMAR INDORA;ZORA SINGH MANN

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

- (a) whether the six core sectors have shown signs of a slowdown during the nine months of the current fiscal year and have posted a cumulative growth of 7.7 percent compared to 9.1 percent during the corresponding period of the last year;
- (b) if so, the sector which have shown slowdown indicating the growth rate of each sector;
- (c) the main reasons for this slowdown;
- (d) whether concrete steps are being taken to improve the position of these six core sectors; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (e): A statement is enclosed.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO.1944 FOR ANSWER ON 9.03.2001

(a) The growth rate of Electricity, Coal, Crude Petroleum, Petroleum refinery products, Finished steel, and Cement during nine months of the current fiscal (April-December 2000) was 7.7%, as compared to 9.1% during the corresponding period of the previous year.

(b)&(c) Of the six core industries three have performed better, while three namely Electricity, Finished Steel, and Cement have registered a lower cumulative growth rate during first nine months of the current fiscal year as compared to the previous year. The growth rates registered by these sectors are as given below:

CORE SECTOR 1999-00+ 2000-01+

Electricity	7.5	4.7
Finished Steel	15.0	12.8
Cement	16.0	2.3

+ April-December

The reasons for the slowdown have been mainly, slackening of demand owing to low investment in infrastructure sector, shortage of power due to shortfalls in creation of new capacities, and lack of demand in case of steel and cement.

(d)&(e) The following measures have been initiated for stimulating demand, which will improve performance of the core sectors:

Â§ Rural Electrification Corporation (REC) has been allowed to float capital gains tax exemption bonds.

Â§ The budgetary provisions under Accelerated Power Development Programme (APDP) has been enhanced for the year 2001-02.

Â§ The Government has signed MOU with five states to reform SEBs and initiated steps which include time bound programme for installation of 100% metering by December

2001, energy audit at all levels, specific programmes for reduction and eventual elimination of power theft.

Â\$ Government is providing infrastructure support to cement industry to maximize cement production.

Â\$ Rail wagons are provided to cement plants on priority basis to supply cement to deficit areas.

Â\$ Reduction in custom duty on cement and clinker.

Â\$ Tax holiday for infrastructure development.

Â\$ Tax incentive to housing sector which will boost demand for cement and steel.