

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

STARRED QUESTION NO:677
ANSWERED ON:12.05.2000
INDUSTRIAL GROWTH
GIRJA VYAS;MADHAVRAO SCINDIA

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

- (a) whether industrial growth during the current decade since liberalization of economy in 1991 is likely to fall considerably as compared to 1981-91;
- (b) if so, the comparative figures of industrial growth;
- (c) whether the industrial growth has gone down considerably during the second part of the current decade;
- (d) if so, the year-wise fall during these years;
- (e) the main reasons to which this fall in growth is attributed; and
- (f) the effective measures being taken by the Government in this regard?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY [SHRI MURASOLI MARAN]

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 677 FOR ANSWER ON 12-5-2000.

(a) & (b) : The comparative figures of industrial growth as measured by the index of industrial production between the period 1981-82 to 1991-92 and 1992-93 to 1999-2000 is given below:

Period	Average industrial growth rate (%)
1981-82 to 1991-92	7.01
1992-93 to 1999-2000	6.69+

+ Average based on April-February data on industrial growth rate for the year 1999-2000.

Source:- Central Statistical Organization

(c) No, Sir. The average industrial growth rate in the second part of the nineties was 6.02% compared to 4.72% during the first half of the nineties.

(d) The year to year industrial growth rate since 1995-96 till 1999-2000 (April-Feb) is given below:

Year	Growth rate(%)
1995-96	12.7
1996-97	5.6
1997-98	6.6
1998-99	4.0
1999-2000 (April-Feb)	7.9

(e) The slow down in the growth rate of industrial production from 1996-97 to 1998-99 is attributable to a number of events, which followed in quick succession. The securities scam led to flight of capital from equity, leading to reduced investment. This was followed by the Asian Financial Crisis in 1997-98 which led to severe competition from exports from the East Asian countries whose currencies experienced massive devaluation. According to RBI, the poor growth in the industrial production during 1998-99 was partly due to the decline in agricultural production in 1997-98 and reduction in Central Plan outlay.

(f) The measures to boost industrial growth rate principally relate to creating an investor friendly environment by deregulation and decontrol of industry. Various fiscal incentives have been given and interest rates reduced. Investment is sought to be attracted particularly into infrastructure sectors such as roads, telecom, power and insurance. This will ensure that infrastructure does not remain a bottleneck for industrial growth.

The upturn in industrial production in 1999-2000 suggests that the macro economic environment that has been put in place is achieving the desired results.