

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

UNSTARRED QUESTION NO:867
ANSWERED ON:22.11.2002
INVESTMENT IN INDUSTRIAL SECTOR
P. RAJENDRAN;PRABHA RAU;VILAS BABURAO MUTTEMWAR

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

- (a) whether the pace of investment in the industrial sector has slowed down considerably during the last three years as compare to other sector;
- (b) if so the total investment made in industrial sector in comparison to other sectors in each state during each of the last three years upto October 2002, sector-wise;
- (c) whether mining, quarrying, electricity, gas and water supply and construction have shown most declining trend in the matter of investment; and
- (d) if so, the reasons for declining levels of real investment and its likely impact in achieving the desired growth in the industrial sector?

Answer

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

(a), (b) & (c) The distribution of investment in the industrial sector vis-À-vis other sectors of the economy in terms of gross capital formation by industry of use for the last three years is at Annex I.

The Central Statistical Organisation, Ministry of Statistics & Programme Implementation, does not maintain statewide information on gross investment by sectors.

Annex I shows that steady decline in investment over the last three years has taken place only in case of `construction` sector.

(d) The main reasons for decline in investment in the industrial sector are lack of aggregate demand; operation of investment and business cycles; adjustment lags of corporate restructuring; infrastructure constraints; lack of reforms in land and labour markets and economic slowdown in major trading partners of India like USA, Japan and European Union etc.

ANNEX-I

Annex referred to in reply to Lok Sabha Unstarred Question No. 867 for answer on 22.11.2002

Gross Capital Formation by Industry of use (at 1993-94 prices) (in Rs. Crore)

Sl No.	Sector/Industry	1998-99	99-2000	2000-01
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1	Mining & Quarrying	5447	5753	3626
2	Manufacturing	102210	109419	106446
3	Electricity, gas & water supply	25834	24148	25713
4	Construction	5691	3434	3088

Sub total for industrial sector (1+2+3+4) 139182 142754 138873

5	Agriculture, forestry & fishing	17470	19289	19451
6	Trade, hotels & restaurants	3406	13434	12802
7	Transport, storage & communication	24852	28659	35180
8	Financing, insurance, real estate, & business services	33020	33247	33763
9	Community, social & personal services	25767	30991	34848

Total 243697 268374 274917

Source: Central Statistical Organisation (CSO), Ministry of Statistics & Programme Implementation