GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2735
ANSWERED ON:08.08.2003
INDUSTRIAL GROWTH
UMMAREDDY VENKATESWARLU

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

(a) whether industrial growth in the country has increased to 5% in the first two months of this financial year against 4.1% growth rate for the corresponding period last year ;

(b) whether this 5% growth rate is largely due to growth in consumer sector;

(c) if so , whether there has not been any growth in the durable goods sector ; and

(d) if so , the steps proposed to adopt policies which will spur growth in the durable and machinery sector of the economy?

Answer

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

(a) and (b): Yes, Sir. The 5% growth in the first two months of the current financial year is largely due to consumer and capital goods sectors.

(c): The consumer durables posted a growth of 2.7 percent in April-May 2003-04 compared to −1.7 percent in April-May 2002-03.

(d): The Government has taken the following initiatives which will spur growth in the durable and machinery sector of the economy:

- The Union budget 2003-04 has announced excise and custom duty reductions on several consumer and machinery items, which will bring down cost of production of these items and will improve their competitiveness. Significant excise cuts have been announced on passenger cars, ACs, colour TVs, capital goods for IT and telecom, textile machinery and power driven pumps. Custom duty on textile machinery, optical fibres and on capital goods for IT and telecom has also been reduced.

- Under Export Promotion Capital Goods Scheme (EPCG) following incentives for capital goods have been announced:

- The EPCG scheme allows import of capital goods for pre-production and post-production facilities;

- The scheme allows import of spares to facilitate upgradation of existing plant and machinery; dispensing with the existing condition of imposing an additional export obligation of 50% for products in the higher value chain;

- The scheme allows import of capital goods up to 10 years old;

- The consumer durables and machinery sectors will also benefit from the measures taken by the Government to improve operating environment and boost competitiveness of the industry. These measures primarily include measures to strengthen infrastructure, pursuance of soft interest rate policy by the Reserve Bank of India, rationalisation and reduction in duty rates in the area of indirect taxes to bring down cost of production and enhancing export competitiveness.