

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

STARRED QUESTION NO:132  
ANSWERED ON:13.07.2009  
SLUMP IN INDUSTRIAL GROWTH  
Satpathy Shri Tathagata;Sule Supriya

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

- (a) whether the industrial growth has slowed down during the last three years;
- (b) if so, the details thereof;
- (c) the steps taken/proposed to be taken to boost the industrial growth during the Eleventh Five Year Plan alongwith the proposed resource allocation ;
- (d) whether the frozen financial markets abroad adversely affected big Indian companies and the domestic credit squeeze dealt major blow to small enterprises in the country; and
- (e) if so, the steps taken by the Government in this regard?

**Answer**

THE MINISTER OF COMMERCE & INDUSTRY(SHRI ANAND SHARMA)

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

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.132 regarding Slump in Industrial Growth to be answered on 13.07.2009

(a) & (b): The industrial growth measured in terms of Index of Industrial Production (IIP) in the last three years :

Index of Industrial Production (Growth in Percent)

Year Overall

2006-07 11.6

2007-08 8.5

2008-09 2.6

(c): The Eleventh Five Year Plan envisages to maintain the dynamism shown by the industrial sector particularly manufacturing during 10th Five Year Plan and to impart additional impetus to generate 10% growth in the industrial sector and an even higher growth in manufacturing. The objective is to generate additional job opportunities to absorb surplus labour in the rural workforce as well as to generate employment for the new entrants. The outlay for the Eleventh Five Year Plan for the industrial sector is given at annexure.

(d) & (e): As the external sources of credit to the Indian companies with overseas operations were affected, the demand for domestic bank credit increased. Government/RBI responded by taking appropriate steps to ease liquidity and facilitate credit flows to the productive sectors in the economy. To enhance the liquidity in the system and for reducing the cost of credit to business and industry, RBI reduced repo, reverse repo and Cash Reserve Ratios.

Keeping in view the impact of global recession on MSMEs, several measures have been taken to support the MSMEs which, inter alia, include :

- i) extending the loan limit under Credit Guarantee Scheme from Rs. 50 lakh to Rs. 1 crore with a guarantee cover of 50 per cent;
- (ii) increasing the guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for credit facility up to Rs. 50 lakh;
- (iii) an advisory to Central Public Sector Enterprises to ensure prompt payment of bills of MSMEs;
- (iv) interest subvention of 2 per cent in pre and post-shipment export credit to small and medium enterprises (SME) sector;
- (v) refinance limit of Rs. 7000 crore to Small Industries Development Bank of India (SIDBI) for incremental on-lending to the micro and small enterprises (MSE) sector;
- (vi) grant of need based ad-hoc working capital demand loans up to 20 per cent of the existing fund-based limits; and
- (vii) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent.

In the Union Budget 2009-10 an additional refinance facility of Rs. 4000 crore has been provided to SIDBI to lend to MSEs by refinancing 50 percent of the incremental lending to MSEs during the current financial year. Further, the allocation for Market Development Assistance scheme which provides support to exporters in developing markets has been enhanced by 148 percent to Rs. 124 crore

#### Annexure

Annexure referred to in reply to part (c) of Lok Sabha Starred Question No.132 regarding Slump in Industrial Growth to be answered on 13.07.2009

#### The Eleventh Plan Outlay (Rs. Crore)

Sl. No.	Ministry/Department (at Current prices)	Outlay
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1	Steel	45607.08
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2	Fertilizer	20627.00
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3	Chemicals and Petrochemicals	2256.36
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4	Industrial Policy and Promotion	4183.00
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5	Heavy Industry	11301.67
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6	Public Enterprises	54.00
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7	Textiles	14000.00
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8	Consumer Affairs	1083.00
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9 Company Affairs(Corporate Affairs) 211.00

10 MSME 11,500.00

11 Food Processing 4031.00