

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

STARRED QUESTION NO:143

ANSWERED ON:07.03.2011

INDUSTRIAL OUTPUT

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Kashinath Shri Taware Suresh

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

- (a) whether the industrial output has fallen during the last twenty months;
- (b) if so, the reasons therefor, sector-wise;
- (c) the likely impact of such declining industrial output on economic growth and inflation;
- (d) whether the industrial growth rate has not been consistent in the recent past;
- (e) if so, the details thereof during the last three years, month-wise and the reasons therefor; and
- (f) the corrective steps to be taken by the Government to boost the industrial growth?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

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

Statement referred to in reply to parts (a) to (f) of the Lok Sabha Starred question No.143 for answer on 7th March, 2011 regarding "industrial output".

(a), (b), (d) and (e): The industrial growth, measured in terms of the Index of Industrial Production (IIP) continued to fluctuate in last three years. Overall growth decelerated to 3.2 percent in 2008-09 because of global economic meltdown. Timely intervention by government by way of appropriate monetary and fiscal policies resulted in a sharp recovery and overall industrial growth improved to 10.5 percent in 2009-10. In the current year so far, overall growth at 8.6 percent in April-December 2010 is aligned to the growth achieved in corresponding period of 2009.

Overall industrial growth remained moderate in September, November and December in the current year. Moderation in the IIP growth in September and December was on account of a negative growth in capital goods. Near stagnation of the production of consumer non durable goods also affected the overall industrial performance. Month wise sectoral growth of IIP is at Annexure.

(c): Industrial sector (covering mining, manufacturing and electricity) has a share of 20 percent in GDP. A moderation in industrial growth therefore affects GDP growth proportionate to its share in GDP. Though a slower industrial growth results in lower availability of industrial products, there is no direct correlation between a slower growth and inflation.

(f): The major focus areas for improving the industrial climate during the 11th Plan and in the Union Budgets have been the promotion and facilitation of industrial investment including the foreign direct investment; improvement in business environment; development of industrial and other infrastructure through public private initiatives; incentivizing research and development; and development of industry relevant skills.