

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

STARRED QUESTION NO:81

ANSWERED ON:28.11.2011

INDUSTRIAL GROWTH

Biswal Shri Hemanand ;Paranjpe Shri Anand Prakash

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

- (a) the details of the industrial growth rate/index of industrial production, sector-wise, during the current year as compared to the last year and their likely impact on the Gross Domestic Product (GDP) and the Indian economy;
- (b) the reasons for the continuous steep fall in the growth rate of industrial production during the last year;
- (c) whether the inflationary pressure and the recent unrest in the European countries have impacted the industrial growth;
- (d) if so, the details thereof; and
- (e) the concrete steps taken by the Government to arrest the downtrend in the industrial production?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

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

Statement

Statement referred to in reply to Lok Sabha Starred Question No. 81 to be answered on 28th November, 2011 regarding 'Industrial Growth'.

(a) The Industrial Growth of India measured in terms of the Index of Industrial Production (IIP- Base 2004-05), broad sector-wise and month-wise during 2010-11 and 2011-12 is as given in the Table-1 below:

Table-1:Sectoral Index of Industrial Production

Growth rates (%)

Mining Manufacturing Electricity Overall Industry

2010-11

Apr	9.2	14.4	6.5	13.1
May	7.9	8.9	6.1	8.5
June	6.9	7.9	3.5	7.4
July	8.7	10.8	3.7	9.9
Aug	5.9	4.7	1.0	4.5
Sept	4.3	6.9	1.8	6.1
Oct	6.1	12.4	8.8	11.3
Nov	6.9	6.5	4.6	6.4
Dec	5.9	8.7	6.0	8.2
Jan	1.7	8.1	10.5	7.5
Feb	1.2	7.5	6.8	6.7
Mar	0.4	11.0	7.2	9.4

2011-2012

Apr	1.6	5.7	6.4	5.3
May	1.8	6.3	10.3	6.1
June	-1.4	11.2	7.9	9.5

July	1.5	3.2	13.1	3.8
Aug	-4.1	4.0	9.5	3.6
Sep	-5.6	2.1	9.0	1.9

April-September

2010-11	7.2	8.9	3.8	8.2
2011-12	-1.0	5.4	9.4	5.0

Source : Central Statistical Office

Mining, Manufacturing and Electricity sectors together had a share of 20.0 per cent in the total Gross Domestic Product (GDP) during 2010-11. Moderation in the growth of these sectors, therefore, has an impact of GDP growth to the extent of their share in GDP.

(b) The reasons for moderation in industrial growth, among others include moderation in the rate of growth of consumption expenditure, under performance of the construction sector, hardening of interest rates resulting in increase in the cost of capital and global economic uncertainty.

(c)& (d) Global economic development also had their impact on industrial performance in India. There is no one to one correspondence of the current inflation and a moderation in industrial growth, the tight monetary policies pursued to contain inflation and to anchor inflationary expectations, however, impacted the industrial performance. It is not possible to assess as to what extent each of these factors individually contributed to a moderation in industrial growth.

(e) Government has already taken some confidence building measures. The major focus areas for improving the industrial climate are the creation of world class infrastructure; promotion and facilitation of industrial investment including the foreign direct investment; improvement in business environment; development of industry relevant skills; and regular meetings with industry associations to fast track implementation of industrial projects. Government has announced a National Manufacturing Policy with the objectives of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. The policy seeks to empower rural youth by imparting necessary skill sets to make them employable. The policy is based on the principle of industrial growth in partnership with the States. The Central Government will create the enabling policy framework, provide incentives for infrastructure development on a Public Private Partnership (PPP) basis through appropriate financing instruments, and State Governments will be encouraged to adopt the instrumentalities provided in the policy. The proposals in the policy are generally sector neutral, location neutral and technology neutral except incentivization of green technology. While the National Investment and Manufacturing Zones (NIMZs) are an important instrumentality, the proposals contained in the Policy apply to manufacturing industry throughout the country including wherever industry is able to organize itself into clusters and adopt a model of self-regulation as enunciated.