

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

UNSTARRED QUESTION NO:791

ANSWERED ON:19.03.2012

INDUSTRIAL GROWTH

Chavan Shri Harischandra Deoram; Harsha Kumar Shri G.V.; Mani Shri Jose K.; Owaisi Shri Asaduddin; Ramasubbu Shri S.; Singh Shri Ganesh

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

- (a) whether the rate of industrial growth has been slowed down due to increase in fuel prices, interest rates and global economic meltdown;
- (b) if so, the details thereof alongwith the details of industrial growth during the last two years as compared to current year, sector-wise including manufacturing, core and infrastructure sector;
- (c) whether the Indian manufacturing sector is having a lower proportionate growth as compared to other countries manufacturing sector;
- (d) if so, whether the proposed new manufacturing policy is likely to spurt the growth of the manufacturing sector in the recent years and if so, the details thereof;
- (e) whether Indian rank has been slipped in respect of the manufacturing as per the report of the United Nations Industrial Development Organisation (UNIDO);
- (f) if so, the details thereof; and
- (g) the steps taken by the Government to augment the industrial growth targets for the next year?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): Industrial growth measured in terms of Index of Industrial Production (IIP), sector-wise for manufacturing, core and infrastructure, during last two years and current year is given in the Annexures I, II & III respectively. The industrial growth has increased from 5.3 percent in 2009-10 to 8.2 percent in 2010-11. In the current year, the growth has moderated to 4 percent during April-January 2011-12 compared to 8.3 percent in the corresponding period of previous year. While no one-to-one correspondence can be established, the factors that have accounted for volatility in the industrial growth include moderation in the rate of growth of consumption expenditure, underperformance of the construction sector, hardening of interest rates and global economic uncertainty etc.

(c): It appears that the global economic slowdown had its impact on the manufacturing growth of different countries including India. As per Industrial Development Report 2011 of United Nation Industrial Development Organisation (UNIDO) the share of manufacturing value added in GDP has declined in many countries including India between 2005 and 2009 as shown in table below :-

Economy Share of manufacturing value added in GDP(%)

2005 2009

India 14.13 13.74

Brazil 15.00 13.71

China 34.11 35.70

Russia 18.96 15.80

Malaysia 32.39 27.92

South Africa 16.39 15.59

Thailand 35.91 37.35

(Source : Industrial Development Report 2011, UNIDO)

(d): Government has announced the National Manufacturing Policy in November 2011 with the objective of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. The policy aims at bringing down compliance burden of industry through self-regulation and help industry to become globally competitive.

(e)& (f): As per the Industrial Development Report 2011 (UNIDO), India has moved from 14th place to 9th place in the performance of manufacturing sector with a global Manufacturing Value Added (MVA) share of 1.8 percent in 2010.

(g): Various steps have been taken by the government to boost industrial production which, inter-alia, include 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 related skills. The Government has also recently announced the National Manufacturing Policy as mentioned in reply to part (d) above to boost industrial production.