

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

UNSTARRED QUESTION NO:4359  
ANSWERED ON:02.05.2012  
FOCUS AREA FOR INDUSTRIAL GROWTH  
Rajaram Shri Wakchaure Bhausahb

**Will the Minister of PLANNING be pleased to state:**

- (a) the details of the major focus areas for improving the industrial climate in the country identified during the Eleventh Five Year Plan;
- (b) the progress made in each of these during the Eleventh Five Year Plan;
- (c) whether this has on the whole helped in improving the industrial growth of the country; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE FOR PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (DR. ASHWANI KUMAR)

(a): The major focus areas for improving the industrial climate in the country identified are as follows:

- i. Improving availability and quality of infrastructure
- ii. Rationalization of tax structure (eliminating cascading of taxes and inverted duty structure)
- iii. Skill development
- iv. Labour flexibility
- v. Scarcity of raw materials
- vi. Fostering innovation
- vii. Eliminating entry/exit barriers

(b) : The progress made in focus areas during the Eleventh Five Year Plan is Annexed.

(c)& (d): The industrial growth reduced from 9.2% in 2007-08 to 4.1% in 2008-09 in the wake of global turmoil. The decline on growth was arrested with a number of policy measures and, as a result, healthy growth rate of 8.9% and 6.8% were achieved in 2009-10 and 2010- 11. The Compound Annual Growth Rate (CAGR) of industry in the Eleventh Five Year Plan is estimated to be 6.5%.

Annexure referred to reply of part (b) Lok Sabha Unstarred Question No. 4359

Annexure

i. Infrastructure:

The Eleventh Five Year Plan has projected an investment of Rs. 20,56,150 crore over the Plan period (2007-12) in infrastructure sectors (consisting of 10 sub-sectors). The Government, as part of the Mid-Term Appraisal of the Eleventh Five Year Plan has reviewed the progress made in infrastructure sectors. At that stage, the investment projection was revised to Rs. 20,54,205 crore as against the Plan projection of Rs. 20,56,150 crore.

In addition to common infrastructure required for growth of manufacturing sector, many Ministries/Departments have taken up initiatives to develop industrial parks/clusters to address the shortages of industrial infrastructure. Some of the main initiatives are as follows:

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to neutralize the weakness of fragmentation in the various sub-sectors of textiles value chain, and the non-availability of quality infrastructure. Under the SITP, 40 projects have been sanctioned with an estimated cost of Rs. 4183.36 crore.

Under the Scheme of infrastructure development for food processing industry, Mega Food Parks and Cold Chain have been provided a capital grant of Rs. 280.85 crore in 11th Plan. Out of 15 Mega Food Parks approved by 2010, two Parks are in advance stage of

completion. Fifteen additional Mega Food parks were approved in October, 2011.

Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) is a centrally sponsored plan scheme providing incentive-linked assistance to State Governments to create appropriate infrastructure for exports. 80% of the funds (state component) are earmarked for allocation to the states on the basis of the approved criteria and the balance 20% is the central component.

Micro & Small Enterprises – Cluster Development Programme (MSE-CDP) supports setting up of Common Facility Centres (CFC), creation/upgradation of industrial infrastructure in industrial estates/industrial areas and soft interventions. 18 CFCs have been set up since 2003 and 35 CFCs are under implementation. The GoI contribution for MSE-CDP during the Eleventh Plan has been Rs. 115.36 crore.

Industrial Infrastructure Upgradation Scheme (IIUS) scheme was launched in 2003 to augment quality infrastructure through public-private partnership approach in selected functional clusters/locations which have greater potential to become globally competitive. So far 38 projects with total cost of Rs.2526.46 crore involving central grant of Rs.1507 crore have been sanctioned under IIUS. Out of 38 sanctioned projects, 14 have been completed and the remaining projects are at various stages of implementation. The GoI contribution for IIUS during the Eleventh Plan has been Rs. 586.94 crore.

Biotechnology parks are created to facilitate innovation through the development of biotechnology industrial clusters. Government has provided assistance to eight biotechnology parks and incubation centers. Four parks are presentably functional and the other four are in different stage of implementation.

The concern about the stagnant and low share of the manufacturing sector in India's GDP necessitated a dedicated policy for the manufacturing sector with a view to accelerated development, inclusive growth and provision of gainful employment. Accordingly, the Government has announced a National Manufacturing Policy on October 25, 2011 that inter-alia envisages setting up of National Investment and Manufacturing Zones (NIMZs).

The Delhi – Mumbai Industrial Corridor Project (DMIC) is proposed to be developed on either side along the alignment of the 1483 km long Western Dedicated Rail Freight Corridor between Dadri (UP) and JNPT (Navi Mumbai). The Cabinet in its meeting held on 15th September, 2011 has approved the financial and institutional structure and financial assistance for the development of industrial cities in the DMIC. This inter alia includes creation of the "DMIC Project Implementation Fund" Rs.17,500 crore to the Fund/Trust over the next five years for the development of industrial cities.

#### ii. Rationalization of tax structure

A Group of State Finance Ministers has been constituted to work on the modalities for the introduction of GST. Apart from this, sector specific level playing issues were taken up and duty structures were rationalized to address the situation that developed on account of external factors in 2008.

#### iii. Skill development:

The Government has initiated a coordinated action for skill development in Eleventh Five Year Plan. The National Skill Development Policy (NSDP) formulated in 2009 has laid emphasis on improvement of skill training institutions and has set a target for providing skill training to 500 million persons by the year 2022. A three-tier institutional structure consisting of (i) PM's National Council

(ii) National Skill Development Coordination Board (NSDCB), (iii) National Skill Development Corporation (NSDC) was created in early 2008. Ministry of Labour & Employment (MoLE) has initiated a process of upgradation of all 1,896 ITIs. While 500 ITIs are upgraded to the level of Centre of Excellence, quality of vocational training are being improved in the remaining 1,396 ITIs to make these organizations demand driven. 'Skill Development Initiative' - a Centrally Sponsored Scheme on Skill Development is being also implemented for providing modular employable skills to school dropouts, existing workers and ITI graduates.

#### iv. Labour flexibility:

Review/amendment of labour laws is a continuous process in order to bring them in tune with the emerging needs of the economy. The lack of flexibility in some of the labour laws that focus on job protection inhibits employment. Though there is no change in position regarding relevant provisions in labour laws concerning labour flexibility, Government introduced in Parliament the Labour Laws (Exemption from Furnishing Returns and Maintaining of Registers by Certain Establishments) (Amendment) Bill, 2011. The Bill seeks to simplify the forms of various returns to be furnished and registers to be maintained by the employers and also to expand the coverage exemption.

#### v. Scarcity of raw materials:

The potential of the mineral sector in the country remains largely unrealized in absence of exploration activities on the scale needed and issues concerning sustainability of mineral development. The key initiative has been the introduction of Mines and Minerals (Development and Regulation) Bill, in Lok Sabha in December, 2011. The Bill aims to introduce better legislative environment for attracting investment and technology into the mining sector. Further, the Government has formulated Policy for acquisition of raw material assets abroad by Central Public Sector Enterprises (CPSEs).

#### vi. Fostering innovation:

The National Innovation Council has been constituted to prepare a roadmap for innovation in the country, and formulate and implement a model of inclusive innovation. The Council has released the first "Report to the People-2011" in November 2011. The initiatives of the Council inter-alia focuses on creating an eco-system for seeding innovations in regional industry with a focus on MSMEs, by facilitating the creation of Industry Innovation Clusters.

#### vii. Eliminating entry/exit barriers:

Improvement in the business regulatory environment has been one of the important focus area. With the notification of the Limited Liability Partnership Act 2008, the entrepreneurs can take the benefits of limited liability while allowing its members the flexibility for organizing their internal structure as a partnership. The Government decided to enact a new legislation governing Companies in view of changes in the national and international economic environment and expansion and growth of economy of our country. The Companies Bill, 2011 has been introduced in Lok Sabha. The new provisions related to exit of companies introduced through the Companies Bill, 2011 will facilitate the exit of companies in an efficient manner.