

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

UNSTARRED QUESTION NO:615

ANSWERED ON:26.11.2012

SLOWDOWN IN INDUSTRIAL GROWTH

Haque Shri Sk. Saidul;J Helen Davidson;Mahendrasinh Shri Chauhan ;Rajaram Shri Wakchaure Bhausahab;Singh Shri Rajiv Ranjan (Lalan);Singh Shri Ravneet;Thamaraiselvan Shri R.;Yadav Shri Dinesh Chandra

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

- (a) whether there is slowdown in industrial production particularly in the manufacturing sector in the country;
- (b) if so, the details thereof and the reasons therefor along with sector-wise industrial production figure during the last three years and the current year;
- (c) whether the Government has assessed the data of joblessness due to slowdown in the manufacturing sector;
- (d) if so, the details thereof and the corrective steps taken by the Government in this regard;
- (e) whether the Index for Industrial Production has declined significantly due to inflation/devaluation of rupee and the recent global slowdown; and
- (f) if so, the details thereof along with the effective steps taken by the Government for industrial development in the country and recoup the growth rate?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(Dr. S. JAGATHRAKSHAKAN)

(a) & (b): Measured in terms of the Index of Industrial Production (IIP), there has been both moderation and decline in the industrial growth including manufacturing growth in recent years. During 2009-10 growth rate of manufacturing was 4.8 percent; it increased to 9.0 percent in 2010-11 but declined to 3.0 percent in 2011-12. During first half of the current year i.e. April – September 2012, manufacturing growth was -0.4 percent compared to 5.5 percent growth in the corresponding period of previous year.

The reasons for decline in the growth of manufacturing include global slowdown, moderation in domestic demand, hardening of interest rates etc.

Regarding sector-wise industrial production figure it may be mentioned that the production data used for compilation of IIP is collected from a pre-determined sample of factories. Hence, these production figures cannot be taken as sector-wise all-India absolute production figures.

The sector-wise details of industrial growth during the last three years and the current year are given in the table below:

Table: Industrial growth in terms of Index of Industrial Production

(In percent)					
Period	Mining & Quarrying	Manufacturing	Electricity	Overall	IIP
2009-10	7.9	4.8	6.1	5.3	
2010-11	5.2	9.0	5.5	8.2	
2011-12	-2.0	3.0	8.2	2.9	
2011-12 (Apr-Sept)	-1.6	5.5	9.4	5.1	
2012-13	0.0	-0.4	4.6	0.1	

Source: Central Statistics Office

(c)&(d): Labour Bureau, Ministry of Labour and Employment, has been conducting quarterly quick employment sample surveys since January 2009 in the selected labour intensive and export oriented sectors to assess the effect of economic slowdown on employment in India. As per these Surveys, overall estimated employment in eight selected sectors of the economy viz. Textiles, Leather, Metals, Automobiles, Gems & Jewellery, Transport, IT/BPO, Handloom/Powerloom has experienced a net addition of 27.38 lakh from the first survey for the quarter October, 2008 –December,2008 to the fifteenth survey for the quarter April 2012- June 2012.

(e): While one to one correlation cannot be established between decline in industrial production and inflation or depreciation of rupee or global slowdown, these factors have a bearing on the industrial growth of the country. Depreciation of rupee is likely to increase cost of production of those industries which depend on imported raw materials, capital goods etc. Inflationary pressure is likely to increase manufacturing cost and also reduce domestic demand. Global slowdown can have adverse impact on exports.

(f): Government has already taken confidence building measures for improving the industrial climate and manufacturing in the country. One of the measures taken by the Government is the announcement of the National Manufacturing Policy (NMP) with the objective of enhancing the share of manufacturing in GDP to 25 percent within a decade and creating 100 million jobs. The Policy also seeks to put in place measures to improve industrial infrastructure including setting up of National Investment and Manufacturing Zones (NIMZs), simplify business regulation and incentivize clean technology; skill development; and investment in Micro, Small and Medium Enterprises (MSME).

The Delhi Mumbai Industrial Corridor (DMIC)Project is under implementation to create a strong economic base with globally competitive environment and state-of-the-art infrastructure along the Delhi-Mumbai Dedicated Freight Corridor of the Railways.

Other measures include promotion and facilitation of industrial investment including promotion of Foreign Direct Investment (FDI) through consolidation of various press notes into a single document; gradual liberalization and rationalization of FDI Policy; regular meetings with industry associations and stakeholders to fast track implementation of industrial projects etc.