

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

UNSTARRED QUESTION NO:524
ANSWERED ON:23.11.2009
GROWTH CENTRE SCHEME
Swamygowda Shri N Cheluvarama Swamy

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

- (a) the overall contribution of Growth Centre Scheme to the development of infrastructural facilities for industries across the country;
- (b) the amount allocated and actually spent on growth centres and other financial institutions during the last three years, year-wise and State-wise;
- (c) the status of growth centres particularly in Tamil Nadu, as on date;
- (d) whether the Government proposes to review the Growth Centre Scheme;
- (e) if so, the details thereof; and
- (f) the extent to which these centres help industrialisation in the States?

Answer

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

(a) to (f): With a view to promote industrialization of backward areas in the country, the Growth Centre Scheme was announced in 1988, which came into operation in 1991. Under the Scheme, basic infrastructural facilities such as power, water, telecommunication and banking were to be created to attract industries. A total of 71 Growth Centres scattered all over the country had been sanctioned.

A sample survey conducted by the Planning commission and a detailed impact evaluation by National Productivity Council (NPC) revealed that though land was acquired in 60 Growth Centres, only 150 industrial sheds could be developed. A sizable proportion of allotted plots were not occupied by industrial units. In 20 Growth Centres, allotment of industrial plots or sheds had not taken place at all. Out of 2700 industrial units established in growth centres, only 1140 were found to be functional. About 40% of growth centres could not spend beyond 25% of the approved project cost.

Some of the reasons attributed to the failure of Growth Centre Scheme were: improper project feasibility report, legal and land acquisition problems, shortage of local skill, lack of local entrepreneurship, shortage of raw materials, lack of coordination between various Government agencies, inadequate planning and inappropriate strategy of programme implementation etc.

Therefore, in July, 2007 the Department of Industrial Policy & Promotion, in consultation with the Planning Commission, decided to discontinue the Growth Centre Scheme with effect from 31st March, 2009. However, as a sun set clause, the State Governments were requested to assess and submit the quantum of Central assistance required for making the Growth centres operational by March, 2009. No such plan was received from any of the State Government. However, in view of the sun set clause, Rs.2.81 crore to Niglok-Ngolung Growth Centre (Arunachal Pradesh), Rs.3.82 crore to Matia Growth Centre (Assam), Rs.7.35 crore to Chaygaon-Patgaon Growth Centre (Assam) and Rs.2.00 crore to Samlik-Marchak Growth Centre (Sikkim) was released during Financial Year 2008-09. Rs.11.03 crore in 2006-07 and Rs.15.98 crore in 2008-09 was released under Growth Centre Scheme. No Central assistance was released during Financial Year 2007-08.

In the impact evaluation of the Scheme conducted by NPC, out of three Growth Centres sanctioned for Tamil Nadu, Perundurai, (Erode) was categorized as 'highly successful, Gangaikodan (Tirunelveli) as 'to some extent successful' and Ormagadam (Kanchipuram) as 'not successful'. Full Central assistance has been released to Perundurai, (Erode) Growth Centre, whereas Rs.9.30 crore to Gangaikodan (Tirunelveli) and Rs.8.00 crore to Ormagadam (Kanchipuram) Growth Centres has been released. During last three years no Central assistance was released to these Growth Centres.