

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2410
ANSWERED ON:07.12.2012
GROWTH IN CAPITAL GOODS SECTOR
Das Gupta Shri Gurudas

Will the Minister of FINANCE be pleased to state:

- (a) the year-wise target for the Twelfth Five Year Plan set with regard to growth of capital goods sector;
- (b) the growth actually obtained in April-September, 2012 along with reasons for short-fall if any; and
- (c) the corrective measures proposed to be taken to improve the situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a) The draft document for the Twelfth Five Year Plan has no specific targets for different sectors of manufacturing.
- (b) As per Use-based classification of the Index of Industrial Production (IIP), growth of capital goods sector during April-September, 2012-13 over the corresponding period of previous year was (-)13.7 per cent. The ongoing industrial slowdown is due to play of a combination of factors, such as, lower investment, global slowdown resulting in lower demand for exports, rising input costs, infrastructure bottlenecks etc.
- (c) Government has taken several confidence building measures for improving the industrial climate in the country. Government has approved the National Manufacturing Policy (NMP) with the objectives of enhancing the share of manufacturing in GDP and the creation of National Investment and Manufacturing Zones (NIMZs). Other measures include promotion and facilitation of industrial investment, better access to finance for manufacturing sector and fast tracking of large investment projects in the areas of power, petroleum and gas, roads, coal etc. In order to supplement domestic investment, Government has liberalized Foreign Direct Investment policy in sectors such as multi brand retail, aviation, power and broadcasting. Government has also liberalized External Commercial Borrowings (ECB) norms.