

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

UNSTARRED QUESTION NO:4457

ANSWERED ON:22.04.2013

. PRODUCTIVITY OF MANUFACTURING SECTOR

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

- (a) whether the Government has made any assessment for increasing the productivity of manufacturing sector per worker in the country;
- (b) if so, the details thereof along with the steps taken by the Government to achieve the productivity in the country at par with international average;
- (c) whether the Government has fixed any growth rate target of industrial production;
- (d) if so, the details thereof along with the target fixed/assessment made by the Government during the current year and steps taken to achieve the desired target in the recent past; sector-wise;
- (e) whether the growth rate of production in labour intensive industrial sectors under the labour promotion has increased during the last three years; and
- (f) if so, the details thereof, year-wise and the financial relief provided by the Government to this sector?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

(a) & (b): Planning Commission has made an assessment of labour productivity in the Twelfth Five Year Plan document on the basis of National Sample Survey Organisation (NSSO) Quinquennial Employment Surveys, 2009-10. The labour productivity growth rate has been assumed to be 6% p.a. under Scenario 1 (manufacturing sector growing as per its historical growth rate) and 5% p.a. under Scenario 2 (Growth rate as per manufacturing Plan).

Government of India has been taking a number of steps to increase labour productivity, especially through skill development. The 12th Plan has a target of skill development of 50 Million persons for the 12th Five Year Plan. The National Manufacturing Policy, 2011 has also skill development as a priority area.

(c) & (d): The 12th Five Year Plan has set the average annual growth rate target of 8.1% for industry, which comprise components of (a) mining and quarrying, (b) manufacturing, (c) electricity, gas and water supply and (d) construction.

Various steps have been taken by the Government to accelerate industrial growth. The measures taken recently include announcement of the National Manufacturing Policy (NMP), 2011 with objectives of, increasing the share of manufacturing in GDP to 25% and creating 100 million additional jobs over a decade. The policy, inter-alia, envisages setting up of National Investment and Manufacturing Zones (NIMZs), which are industrial townships, benchmarked to the best manufacturing hubs in the world.

So far besides four National Investment and Manufacturing Zones (NIMZs), which have been granted 'in-principle' approval – two in Andhra Pradesh and one each in Karnataka and Maharashtra, eight NIMZs have been announced along the Delhi Mumbai Industrial Corridor (DMIC) in the States of Gujarat, Maharashtra, Haryana, Uttar Pradesh, Rajasthan and Madhya Pradesh.

Over the years, the Government has also simplified and rationalised the Foreign Direct Investment (FDI) Policy, to attract FDI flow into the country.

The other important steps taken involve Delhi Mumbai Industrial Corridor (DMIC) project along the dedicated freight corridor, launching of the e-biz Mission Mode Project under the National e-Governance Plan, and creating a joint venture 'Invest India' in association with FICCI as a dedicated agency for promoting foreign investment in India. Besides, incentives are given for helping industries in difficult areas through Plan Schemes of Transport Subsidy, special package of incentives for Special Category States, North-East Industrial & Investment Promotion Policy, 2007 and specific programmes like Industrial Infrastructure Upgradation Scheme, Indian Leather Development Programme etc.

Sectoral Ministries/Departments in the Government are also implementing various schemes and programmes and taking measures for boosting industrial growth of the respective sectors, e.g. for modernisation and technology upgradation with emphasis on powerloom segment and development of handlooms, etc. for textiles, and Mega Food Parks Scheme for food processing.

In addition, the various measures announced in the Budget Proposals for 2013-14 highlight the Government's priorities for industrial growth.

(e) & (f): Measured in terms of the Index of Industrial Production (IIP) growth rates of select labour intensive industrial industries (as identified as labour intensive in the National Manufacturing Policy, 2011) during 2010-11, 2011-12 and 2012-13 are given below:

(Growth rate in percent)

Industry at 2 digit classification	2010-11	2011-12	2012-13 (Apr-Feb)
Food products and beverages	7.0	15.4	3.5
Textiles	6.7	-1.3	6.1
Wearing apparel; dressing and dyeing of fur	3.7	-8.5	3.3
Luggage, handbags, saddlery, harness & footwear; tanning and dressing of leather products	8.1	3.7	7.1

(Source: Central Statistics Office)

Incentives for industries, including for labour intensive industries are provided by the sectoral Ministries/Department under their respective programmes, as have been indicated in response to (c) and (d) above.