

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

UNSTARRED QUESTION NO:2280

ANSWERED ON:11.03.2013

WEIGHT AGE OF INDUSTRIAL PRODUCTION

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

- (a) whether the industrial growth including manufacturing, capital goods and consumer durables has declined during the last three years and the current year;
- (b) if so, the details thereof and the reasons therefor, sector-wise along with their contribution and weightage to Gross Domestic product (GDP);
- (c) whether the decline in manufacturing sector has affected the small and medium enterprises in the country;
- (d) if so, the details thereof along with sector-wise break up and weightage and contribution of small and medium enterprises to GDP;
- (e) whether any study/review has been conducted to determine the causes of the shrinkage in industrial growth and loss of employment;
- (f) if so, the details thereof along with the steps taken by the Government in this regard; and
- (g) the concrete steps taken by the Government to recoup the industrial production?

Answer

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

(a) & (b): Measured in terms of Index of Industrial Production (IIP), and in terms of sectoral and use- based classification of goods, there has been moderation in the industrial growth during last three years i.e. 2009-10 to 2011-12 and current year i.e. 2012-13. The details may be seen in the table at Annexure-I. The reasons for the same are global economic slowdown and other factors like subdued domestic demand, hardening of interest rates, rising input costs, inflationary pressure, Eurozone crisis etc. Estimates of Industrial production in terms of either sectoral or use-based classification are not made and therefore information regarding contribution of each to the Gross Domestic Product (GDP) is not available. However, share of the Industrial (Manufacturing Sector. Registered/ Unregistered. in the Gross

(c) & (d): Ministry of Micro Small and Medium Enterprises (MSME) has informed that there has been an increase in the number of Entrepreneurs Memorandum filed by the micro, small & medium enterprises in various State/UT from 2,13,894 in 2009-10 to 2,37,263 in 2010-11 and further to 2,82,496 in 2011-12. So far during April-December, 2012-13 also the number of Entrepreneurs Memorandum filed has already reached 2,23,712 Sector-wise break up and weightage/contribution of Micro Small and Medium Enterprises to GDP is not available separately. However, based on the data of Gross Domestic Product (GDP) published by Central Statistics Office, Ministry of Statistics and Programme Implementation, the contribution of micro and small enterprises to GDP was estimated at 8.72% for the year 2008-09 (latest available).

(e) & (f): Although no separate Study has been done, the factors as indicated in reply to part (a) & (b) above are considered as responsible for the shrinkage in industrial growth. Regarding employment, however, Ministry of Labour and Employment has stated that as per their quarterly quick employment surveys conducted by the Labour Bureau, in the selected labour intensive and export oriented sectors namely- textiles (including apparels), leather, metals, gems & jewellery, automobiles, transport, IT/BPO, handloom/ powerloom, overall estimated employment in all selected sectors has shown a net increase of 27.38 lakh starting from the first survey of October - December, 2008 till the fifteenth survey of April-June, 2012.

(g) The Government is taking a number of steps to accelerate the industrial growth of the country. 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 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. Four other NIMZs outside the DMIC have been granted 'in-principle' approval -two in Andhra Pradesh and one each in Karnataka and Maharashtra. NMP also envisages skill development as a priority area.

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.

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