

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

STARRED QUESTION NO:176

ANSWERED ON:19.08.2013

. DECLINE IN MANUFACTURING SECTOR

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

- (a) whether the Government has conducted study/high level meeting/review to ascertain the reasons for the consistent decline in the manufacturing sector;
- (b) if so, the outcome thereof along with the discussion, if any, held with the industry in this regard and the follow-up action taken by the Government to improve the factory output in view of the depreciation of rupee/inflationary pressure;
- (c) the incentives likely to be offered to the industries in this regard;
- (d) whether the Government has noticed that employment opportunities in the manufacturing sector have declined during the last three years and if so, the details thereof along with corrective steps taken in this regard; and
- (e) whether the Indian rank in respect of the manufacturing sector as compared to the world has slipped as per the report of the United National Industrial Development Organization and if so, the details thereof along with growth rate of Indian manufacturing sector as compared to the other countries?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

(a)to(e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 176 FOR ANSWER ON 19TH AUGUST, 2013 REGARDING "DECLINE IN MANUFACTURING SECTOR".

(a)&(b): A meeting of the High Level Committee on Manufacturing was held on 9th July'2013 to discuss the growth strategy for steel industry and new competitiveness strategy for textiles industry and for formulating a long term approach for civilian aircraft manufacture, development of alternative fuel based transport-electric and hybrid, and advanced materials, alloys and composites. Short term and long term strategies for these areas were identified in this meeting.

The meeting of the Prime Minister's Council on Trade and Industry was also held on 29th July 2013, to discuss issues concerning the Indian economy, including some measures to correct the Current Account Deficit, measures to revive growth; impact of the depreciation of the Rupee on trade and industry; ways for accelerating skill development and development of industrial corridors.

Further, the first meeting of the Manufacturing Industry Promotion Board held on 23rd July, 2013, reviewed the status and performance of the manufacturing sector in general and of specific sectors like Heavy Engineering Equipment and Machine Tools industry, Heavy Electrical Engineering Industries, Auto Industries including commercial vehicles, Tractors and Earth Moving Equipment. This meeting also reviewed implementation of various elements of National Manufacturing Policy (NMP) and progress of implementation of National Investment and Manufacturing Zones (NIMZ).

(c): The Government is incentivising industries through a number of measures. These, inter-alia, include announcement of National Manufacturing Policy (NMP), 2011, simplification and rationalization of the Foreign Direct Investment (FDI) Policy, implementation of Delhi Mumbai Industrial Corridor (DMIC) project, and launch of the e-biz Mission Mode Project under the National e-Governance Plan. 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 Programmes etc. Recently, the Government has also set up a Project Monitoring Group to track stalled high investment projects in the infrastructure and industrial sectors.

Sectoral Ministries/Departments in the Government are also implementing various schemes and programmes and taking measures for boosting industrial growth of the respective sectors.

(d): As per the data provided by the National Sample Survey Office (NSSO) the per thousand distribution of usually employed persons in the manufacturing sector in 61st and 66th rounds was as given in the table below:

Table: Per thousand distribution of usually employed persons in manufacturing sector.

NSS Round	Rural	Rural	Urban	Urban
(Survey Period)	Male	Female	Male	Female
66th (2009-10)	70	75	218	279
61st (2004-05)	79	84	235	282

Source: NSSO.

(e): As per the Industrial Development Report, 2011 published by United Nations Industrial Development Organization (UNIDO), India has moved from 14th place to 9th place in the performance of manufacturing sector with a global Manufacturing Value Added (MVA) share of 1.8 % in 2010. While, as per the Competitiveness Industrial Performance (CIP) Index prepared by UNIDO, India's rank was 43rd out of 133 countries in 2010 compared to 42nd out of 118 countries in 2009.

The average annual real growth rate of MVA during 2010-12 for India and some other countries is given in the Table below:

Country	MVA Average Annual real Growth rate during 2010-12 (%)
Brazil	2.41
China	8.08
Japan	0.88
India	5.80
United Kingdom (UK)	0.51
United States of America (USA)	2.02
Indonesia	5.99
South Africa	2.94
Republic of Korea	2.83
World	2.26

#UNIDO Estimates. Source: UNIDO.