

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

UNSTARRED QUESTION NO:1084

ANSWERED ON:12.08.2013

. DECLINE IN MANUFACTURING SECTOR

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

- (a) whether the Government has assessed the impact of devaluation of rupee/high inflation and recent slow down in European countries/United States of America on industrial production/ manufacturing sector in the country;
- (b) if so, the details thereof along with the sectors which are badly affected and corrective steps taken by the Government to boost the industrial production in the country;
- (c) whether the manufacturing sectors particularly capital goods and consumer durables are badly affected due to shortage of power during the last three years and the current year;
- (d) if so, the details thereof along with the measures suggested by the Planning Commission to improve the condition of manufacturing and follow-up action taken by the Government in this regard; and
- (e) whether the industrial growth rate has been varying amongst States in the country and if so, the details thereof, state-wise during the last three years and the current year along with the names of the States which posted higher growth during the said period?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

(a) & (b): Industrial production/ manufacturing is adversely affected by a number of demand and supply factors including devaluation of rupee, inflation, rising input cost, decline in external demand, and global economic slowdown including in the European countries/ United States of America. Sectorally, industrial performance measured in terms of Index of Industrial Production (IIP) reflects the movements in production of Manufacturing, Mining and Electricity sectors over base of 2004-05. The growth rate of IIP has moderated to 1.1 % in 2012-13 from 2.9 % in 2011-12. During April-May, 2013 also the IIP grew at 0.1 % compared to 0.6 % during corresponding period of previous year. The sector-wise details are given in Table-1 at Annexure.

The Government has taken a number of measures to boost the industrial growth of the country. 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, 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. 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.

(c): The moderation in the growth of electricity to 4.0 % in 2012-13 from 8.2 % in 2011-12, inter alia, has a bearing on the growth of manufacturing including capital goods and consumer durables.

(d): The Planning Commission in the Twelfth Five Year Plan document has made various observations about the measures that are necessary for meeting the targets of industrial growth envisaged in the Plan period, on which the Departments and Ministries in the Government take action for activities in their respective domain and in accordance with the resources available.

(e): The details of the state-wise industrial growth rates for the last four years, as per National Accounts Statistics, is given in Table-2 at Annexure. The States of Bihar, Sikkim, Tamil Nadu, Tripura and Uttarakhand have generally shown a higher growth as compared to the all-India growth in the industrial sector during 2009-10 to 2012-13.