

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

UNSTARRED QUESTION NO:1757

ANSWERED ON:30.11.2009

STIMULUS PACKAGE TO LABOUR INTENSIVE SECTORS

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

- (a) whether the Government has worked out another stimulus package for labour intensive sectors;
- (b) if so, the details thereof;
- (c) whether the Government has reviewed the impact of the previous stimulus package;
- (d) if so, the outcome thereof; and
- (e) the fiscal and non-fiscal measures taken by the Government to help the labour intensive sectors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (e) : The Government announced three stimulus packages on December 7, 2008, January 2, 2009 and February 16, 2009 (In the Interim Budget for 2009-10) to provide support to the industries impacted by economic slowdown. These industries include the labour intensive industries.

The measures to stimulate domestic demand inter-alia include reduction in ad valorem CENVAT duty, incentives to the housing sector with a view to give a boost to affordable housing, and sector specific initiatives. Further, a set of measures were announced for enhancing the flow of funds to the MSE sector.

The various measures to support exports include interest subvention of 2% for pre & post shipment export credit for identified labour intensive industries, additional allocation for export intensive schemes, additional funds towards providing guarantee by the Export Credit Guarantee Corporations (ECGC) and enhancements of duty draw back benefits on certain identified exportable items.

In addition, RBI has taken a number of steps to reduce the cost of credit and improve liquidity for the industry such as reduction of the Repo rates, reverse Repo rates, Cash reserve ratio etc.

The impact of various measures taken by the Government is visible in the improved performance of the industrial sector in the last two quarters as given below

Table: Growth rates of Index of Industrial Production

2008-09		2009-10			
April-June	July-Sept	Oct-Dec	Jan-Mar	April-June	July-Sept

5.3	4.7	0.8	0.5	3.9	9.1
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