

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

UNSTARRED QUESTION NO:2840

ANSWERED ON:07.12.2009

DECLINE IN GROWTH RATE

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

- (a) the industrial growth rate during the last six months;
- (b) the names of the industrial sectors whose growth rate was more/ less than eight per cent during the last six months;
- (c) the names of the commodities and services whose growth rate was less than five percent;and
- (d) the steps taken by the Government to enhance the growth rate?

Answer

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

(a) & (b): The growth of industrial production measured in terms of Index of Industrial Production (IIP) and it's sector-wise break up for the last six months is given below:

Index of Industrial Production (Growth in percent)
Mining & Manufacturing Electricity Overall
Quarrying industry

April, 2009	3.4	0.4	7.1	1.1
May, 2009	3.4	1.8	3.3	2.1
June, 2009	14.2	8.0	8.0	8.3
July, 2009	9.0	7.4	4.2	7.2
August, 2009	11.0	11.0	10.6	11.0
September, 2009	8.6	9.3	7.9	9.1
(April-September) 2009-10	8.2	6.3	6.8	6.5

Source : Central Statistical Organisation

(c) : Industry groups registering less than 5 per cent growth during (April-September) 2009-10 are food products, beverage, tobacco & products, cotton textiles, jute and other vegetable fiber textiles, paper & paper products, leather & fur products, metal products & parts.

(d) : Government announced a number of incentives to support domestic industries and enhance industrial growth which interalia include an across-the-board cut in the ad valorem CENVAT rate .

For the promotion and development of Micro Small & Medium Enterprises and to enhance their competitiveness, measures taken by the Government, interalia, include extending the loan limit under Credit Guarantee Scheme; increasing the guarantee cover; grant of need based ad-hoc working capital demand loans, reduction in interest rates for borrowing by micro enterprises, enhanced refinance facility to SIDBI to lend to MSEs and higher allocation for Market Development Assistance scheme.

Further, several measures have been taken to support exporters such as interest subvention of 2% for pre and post shipment export credit for identified labour intensive industries, additional funds to ensure full refund of Terminal Excise duty/Central Sales Tax, additional allocation for export incentive schemes, Government back-up guarantee to Export Credit Guarantee Corporation (ECGC) to enable it to provide guarantees for exports to difficult markets/products and enhancement of duty drawback benefits on specific 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.