

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

UNSTARRED QUESTION NO:3870

ANSWERED ON:14.12.2009

IMPACT OF GLOBAL RECESSION ON DOMESTIC INDUSTRY

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

- (a) whether domestic industries have been affected due to global slowdown/ recession;
- (b) if so, the details thereof alongwith the number of industrial units closed down in the country specially in Gujarat due to global slowdown;
- (c) the details of industrial output, sector-wise including manufacturing and consumer durable industry during the last three years and the current year ; and
- (d) the steps taken by the Government to enhance industrial growth?

**Answer**

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

(a) & (b) :Yes Madam, the global slowdown has affected some of the export oriented industries in India, such as textiles, handicrafts, leather, and gems & jewellery, which led to moderation of industrial growth to 2.8 percent in 2008-09 as compared to 8.5 in 2007-08. No specific information is currently available on the number of industrial units closed in the country, including Gujarat, due to the global slowdown.

(c) : The details of sector-wise industrial output during the last three years and the current year are given below.

Index of Industrial Production  
(Growth in percent)

Year	Mining & Quarrying	Manufa- cturing	Electricity Durables industry	Consumer industry	Overall
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2006-07	5.4	12.5	7.2	9.2	11.6
2007-08	5.1	9.0	6.4	-1.0	8.5
2008-09	2.6	2.8	2.8	4.5	2.8
2009-10 (April-Sep)	8.2	6.3	6.8	18.9	6.5

Source : Central Statistical Organisation

(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.