

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

UNSTARRED QUESTION NO:777

ANSWERED ON:27.02.2015

DECLINE IN INDUSTRIAL GROWTH

Adhikari Shri Suwendu;Mani Shri Jose K.;Roy Prof. Saugata;Venkatesh Babu Shri T.G.

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

- (a) whether the Industrial Growth/Index of Industrial Production (IIP) has declined in the country in the recent past;
- (b) if so, the details thereof indicating the performance of industrial sector including manufacturing, capital goods and consumer durables during each of the last three years and the current year along with the reasons for the said decline, sector-wise;
- (c) the performance of the States/UTs in respect of IIP indicating the name of States/UTs which are lagging behind in it during the said period;
- (d) the contribution and weightage of industrial sector including manufacturing, capital goods and consumer durables to the Gross Domestic Product (GDP) of the country along with the sector-wise target for industrial growth fixed during 12th Five Year Plan; and
- (e) whether the Government proposes Eco-Management and Audit Scheme to make Indian industry green and if so, the details thereof along with the other concrete measures taken/proposed to be taken by the Government to recoup the industrial production/growth and to achieve the target fixed in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

- (a): The industrial growth, measured in terms of Index of Industrial Production (IIP), has declined during the last three years from 2.9 % in 2011-12 to 1.1 % in 2012-13 and further to (-) 0.1 % in 2013-14. IIP has thereafter, recorded a positive growth of 2.1% (Provisional) during April-December in 2014-15.
- (b): As per the IIP, the year-wise and sector-wise details of performance of industrial sector including manufacturing, capital goods and consumer durables during the last three years and during the current financial year, are given in Table-1 at Annexure. The reasons for the decline in industrial growth in recent years are, inter-alia, moderation in domestic demand, inflationary pressures, increase in input costs and slowdown in economies of other parts of the world, etc.
- (c): The IIP is prepared by the Central Statistics Office (CSO) only at All India level. IIP for States/UTs is not centrally prepared.
- (d): As per National Accounts Statistics, the contribution of industry in Gross Value Added (GVA) was about 31.7 percent, and that of manufacturing was about 18.1 percent at the new base (i.e. 2011-12). Information on contribution of capital goods and consumer durables in GDP is not separately maintained. As per the 12th Five Year Plan document of the erstwhile Planning Commission, the average annual growth rate of industry is envisaged at 7.6 % during 12th Five Year Plan period i.e. 2012-13 to 2016-17. The sector-wise details of envisaged growth rates are given in Table-2 at Annexure.
- (e): According to the information available from the Ministry of Environment and Forests, the Environment Impact Assessment (EIA) Notification, 2006 provides a comprehensive framework on appraisal of the project /activity. The entire appraisal process of the project is aimed at securing the environmental entity and conservation thereof. EIA study and Environment Management Plans (EMPs) of the proposed projects specify the measures invariably to safeguard the conservation and limit the pollution level within the norms. The eco-management as specified in EIA Notification, 2006 and Coastal Regulation Zone (CRZ) Notification, 2011 is in place while according Environment Clearance to the projects.

Several initiatives have been taken recently to give the necessary thrust to the industrial sector which enhances job opportunities, through policy amendments, procedural simplifications as well as promotional measures. These include pruning the list of industries that can be considered as defence industries requiring industrial license, two extensions of two years each in the initial validity of three years of the industrial license permitted up to seven years, removal of stipulation of annual capacity in the industrial license, and deregulating the annual capacity for defence items for Industrial License. Certain instances of inverted duty structure affecting domestic industry have been addressed. The recent amendments in Foreign Direct Investment (FDI) policy include allowing FDI in Defence up to 49% and FDI in Railway infrastructure up to 100%, easing the norms for FDI in construction and exempting FDI in medical devices from sectoral restrictions of pharmaceuticals.

Improvement in 'Ease of Doing Business' in India through simplification and rationalization of the existing rules and use of information

technology to make governance more efficient and effective has been taken up. Integration of 14 Central Services through the e- Biz Platform has been already completed. The Government has launched a "Make in India" initiative with 25 thrust sectors to provide a major push to manufacturing in India. Information on the thrust sectors has been put up on 'Make in India's web portal (<http://www.makeinindia.com>) along with details of FDI Policy, National Manufacturing Policy, Intellectual Property Rights and the envisaged National Industrial Corridors including the Delhi Mumbai Industrial Corridor. An Investor Facilitation Cell, with back end support up to the State level has also been created in 'Invest India' to assist, guide, hand-hold and facilitate investors during the various phases of the business life cycle.