

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

STARRED QUESTION NO:355

ANSWERED ON:01.08.2014

. DECLINE IN MANUFACTURING SECTOR .

Nimmala Shri Kristappa;Singh Shri Bhola

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

- (a) whether the Government has taken note of consistent decline in manufacturing sector resulting in large scale unemployment;
- (b) if so, the details thereof including the reasons for decline in manufacturing sector along with the review undertaken by the Government in this regard and the outcome thereof;
- (c) whether India's ranking in the performance of manufacturing sector is also on the decline as per the report of the United Nations Industrial Development Organisation and if so, the details thereof; and
- (d) the remedial measures taken/ proposed to be taken by the Government including measures suggested by the Planning Commission to boost/improve manufacturing sector in the country?

Answer

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

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO.355 FOR ANSWER ON 01.08.2014 REGARDING 'DECLINE IN MANUFACTURING SECTOR'.

(a) & (b): As reflected in the National Account Statistics, after experiencing growth of 11.3% in 2009-10 and 7.4 % in 2011-12, the annual growth of the manufacturing sector declined to 1.1 % in 2012-13 and further to (-) 0.7 % in 2013-14. The latest National Sample Survey Office (NSSO) data for employment is available for 2011-12. As per the Twelfth Plan document of the Planning Commission, employment in manufacturing which had increased from 44.05 million in 1999-2000 to 55.77 million in 2004-05, had thereafter declined by 5 million to 50.74 million in 2009-10. However, as per the 68th (2011-12) round of the NSSO, which disseminate figures of sector wise employment in terms of ratios, out of thousand usually employed persons, 126 were employed in manufacturing.

The Government is closely monitoring and regularly reviewing the performance of the manufacturing sector. The reasons for the decline in growth of manufacturing sector in recent years, inter-alia, are moderation in domestic demand, inflationary pressures, increase in input costs and slowdown in economies of other parts of the world etc.

(c): As per the United Nations Industrial Development Organization's (UNIDO) Competitive Industrial Performance Report, 2012/13, India's Competitive Industrial Performance (CIP) ranking was 43rd in 2010 as compared to 42nd in 2009 which was reported in the UNIDO's Industrial Development Report, 2011.

(d): The Planning Commission in the 12th Five Year Plan document has made various recommendations about the measures that are necessary for meeting the targets of industrial growth envisaged in the Plan period. These, inter alia, include recommendations relating to policy, creation of new institutions and strengthening of existing institutions.

The Government has taken various measures to revive the manufacturing growth. The excise duty concession allowed in the interim budget for automobile sector, capital goods and consumer goods has been extended till December 2014. The Union Budget 2014-15 presented on 10th July, 2014 in the Parliament announced a series of measures to revive the industrial growth in the country which, inter alia, include increasing composite caps of foreign investment in Defence and Insurance sectors to 49 percent, easing norms of built up area and capital conditions for FDI for development of smart cities, capital investment of more than Rs 2 lakh crore by Public Sector Undertakings, incentives for Real Estate Investment Trusts and Infrastructure Investment Trusts to attract long term finance from foreign and domestic sources, correction of inverted duty structure in manufacturing products and conceptualization of a National Industrial Corridor Development Authority.

Further, the other important measures for industrial growth include implementation of Delhi Mumbai Industrial Corridor (DMIC) project, conceptualization of Amritsar Kolkata Industrial Corridor, Chennai-Bengaluru Industrial Corridor, Bengaluru Mumbai Economic Corridor and East Coast Economic Corridor, launching of the e-biz Mission Mode Project under the National e-Governance Plan, taking proactive steps for ease of doing business by taking stock of best practices across states and endorsing them to the State Governments, identifying and simplifying the approval procedures etc. for various activities related to industry, e.g. certification for

boilers, setting up of industries with dual use, and delicensing a large number of parts/components from the purview of industrial licensing.