

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

STARRED QUESTION NO:81

ANSWERED ON:28.11.2014

. INDUSTRIAL GROWTH

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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 and if so, the details thereof during the last three years and the current year, sector and State/UT-wise;

(b) the reasons for the decline in industrial growth;

(c) whether the Manufacturing and Capital goods sectors have also contributed towards the said decline in IIP and if so, the details thereof; and

(d) the steps/measures taken/proposed to be taken by the Government to boost industrial growth and the results thereof?

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 LOK SABHA STARRED QUESTION NO. 81 FOR ANSWER ON FRIDAY, THE 28TH NOVEMBER, 2014 REGARDING 'INDUSTRIAL GROWTH'.

(a): The industrial performance measured in terms of Index of Industrial Production (IIP) reflects movements in production of manufacturing, mining and electricity over base of 2004-05. The annual growth of IIP has declined from 2.9 % in 2011-12 to 1.1 % in 2012-13 and to -0.1 % in 2013-14. However, the annual growth of IIP (provisional) has picked up in the first half of 2014-15 (April-September 2014-15) and recorded at 2.8 %. The sector-wise details of growth in IIP for last three years and during April-September, 2014-15 are given in the table below. States/UT wise information on industrial performance is not prepared by Central Statistics Office (CSO).

Sectors	Annual Growth (in %)	Cumulative growth (in %)
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	2011-12	2012-13	2013-14	April-September, 2014-15
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Sectoral Classification

Mining	-2.0	-2.3	-0.6	2.1
Manufacturing	3.0	1.3	-0.8	2.0
Electricity	8.2	4.0	6.1	10.4

Use-based Classification

Basic goods	5.5	2.5	2.1	8.0
Capital goods	-4.0	-6.0	-3.6	5.8
Intermediate goods	-0.6	1.6	3.1	2.3
Consumer goods	4.4	2.4	-2.8	-4.6
i) Consumer Durables	2.6	2.0	-12.2	-12.6

ii) Consumer 5.9 2.8 4.8 1.3
Non - Durables
Overall IIP 2.9 1.1 -0.1 2.8

Source: CSO.

(b): The reasons for the decline in growth of industrial sector in recent years, inter-alia, are moderation in domestic demand, build up of inflationary pressures in recent past, increase in input costs and slowdown in economies of other parts of the world, etc.

(c): In 'Sectoral' classification, Manufacturing comprises 75.53% of weight in IIP. In "Use Base" classification, capital goods comprise 8.83% of weight in IIP. These weights signify their relative importance in IIP, and increase and decrease in their growth have bearing on the overall growth of IIP accordingly. The growth of Manufacturing sector during last three fiscal years has declined continuously, eventually recording marginally negative growth in 2013-14, and the growth of capital goods has been negative during the same years. However, the growth of manufacturing sector and capital goods has registered modest recovery during the first half of current fiscal year.

(d): The Government is now making efforts to boost growth of industrial production in the country. For the creation of conducive business environment, the Government is constantly simplifying and rationalizing the processes and the procedures for boosting investor sentiment, simplifying the Foreign Direct Investment (FDI) policy and correcting the inverted duty structure. Some of the recent initiatives towards this end 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. The recent amendments in FDI policy include allowing FDI in Defence up to 49% and FDI in Railway infrastructure up to 100%.

Further, inter alia, the Government has launched the e-biz Mission Mode Project under the National e-Governance Plan, and is implementing the Delhi Mumbai Industrial Corridor (DMIC) project. In addition, the Government has conceptualized Amritsar Kolkata Industrial Corridor, Chennai-Bengaluru Industrial Corridor, Bengaluru Mumbai Economic Corridor and the Vizag-Chennai Industrial Corridor (as the first phase of an East Coast Economic Corridor), and setting up a National Industrial Corridor Development Authority for coordinating and overseeing progress of the various industrial corridors. The Union Budget 2014-15 has also announced a number of administrative and fiscal measures to revive the industrial growth in the country.

Recently, the Government has launched a "Make in India" programme with 25 thrust sectors to provide a major thrust and impetus to manufacturing in India.