

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

STARRED QUESTION NO:67

ANSWERED ON:05.12.2003

GROWTH OF INFRASTRUCTURE SECTOR

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

- (a) the target of growth rate of infrastructure industries set by the Government for the year 2003-2004;
- (b) the extent to which growth rate has been achieved till Oct., 2003;
- (c) the growth rate for the first half of this fiscal year as compared to the corresponding period of last year, industry-wise;
- (d) whether growth rate of some industries has declined during this fiscal year particularly in the months of July to October, 2003;
- (e) if so, the reasons therefor and up to what extent; and
- (f) the details of steps taken by the Government to give impetus to the lagging core sector industries to achieve the target growth rate in this fiscal year?

**Answer**

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY)

(a) to (f): A statement is laid on the Table of the House.

Statement referred to in reply to the Lok Sabha Starred Question No. 67 for answer on 5th December 2003.

(a) to (d): Department of Industrial Policy and Promotion compiles performance of six infrastructure industries, which include crude petroleum, petroleum refinery products, coal, electricity, cement and finished steel and account for a weight of 26.7 per cent in the Index of Industrial production (IIP). As per the information available with the Ministry of Statistics and Programme Implementation, the performance of these six infrastructure industries against the targets during the first half of the current financial year was as indicated in the Table I below. Table II provides month-wise growth in the six infrastructure industries.

Table I: Performance of Six Infrastructure Industries during April-September, 2003

Item Unit Target Production April-September Percentage Variation Over

2003-04 April-Sept 2003 2002 2003 Actual April-Sep.2002

Power Generation Billion Units (BU) 572.900 280.186 262.029 269.457 +2.8

Coal MT 345.05 155.60 151.15 157.51 +4.2

Finished Steel MT 37.055 18.395 16.551 17.84 +7.8

Cement MT 126.0 59.25 56.81 59.7 +5.1

Crude Oil MT 33.500 16.225 16.538 16.30 -1.4

Petroleum Refinery MT 116.760 57.369 55.537 58.917 +6.1

Note: MT refers to Million tonnes

Table II: Month-wise Growth in overall and six infrastructure Industries during 2003-04

(in per cent)

PERIOD	Crude Petroleum Refinery	Petroleum	Petroleum	Electricity	Coal	Finished Steel	Cement	Overall
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WEIGHT(%)	4.17	2.00	10.17	3.22	5.13	1.99	26.68	
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2003-04

April	-1.9	6.6	2.0	3.1	11.9	-2.9	3.9	
May	-5.3	-0.4	5.0	3.5	7.2	7.8	4.0	
June	1.0	4.8	4.8	4.5	4.6	9.5	4.7	
July	0.4	7.5	-1.9	2.7	7.7	3.4	2.6	
August	-2.8	7.1	0.9	3.5	9.4	5.7	3.8	
September	0.0	11.0	5.0	4.9	7.8	7.2	5.9	
October	2.7	0.1	1.6	-1.0	6.8	6.0	3.0	

(e) to (f): As per the information available from the Ministry of Statistics & Programme Implementation the shortfall among the six infrastructure industries pertains to Power and Steel against the targets set during the first six months of the current year. The shortfall from the target in case of power generation was due to lower thermal (3.1 per cent) and hydro (10.2 per cent) power production. In the case of steel the shortfall from target was due to lower production of Steel Authority of India Ltd, VSP and secondary producers by 0.5 per cent, 1.7 per cent and 5.5 per cent respectively.

The broad directions of policy in this area of infrastructure over the last decade have been reinforced by the specific initiatives announced in the Budget for 2003-04. It has provided a major thrust to infrastructure, principally roads, railways, airports, and seaports, through innovative funding mechanism. These initiatives are likely to have a favourable impact on the demand for a wide range of goods and services and construction materials like cement and steel in particular.

The passage of the Electricity Act, 2003, provides for a legal framework for a competitive market for electricity and marks an important milestone in regulatory reforms in the electricity sector. It is expected that there will be much more power trading and better utilisation of existing capacities in generation. Many states have embarked on structural reforms in distribution. Thermal generation has been delicensed and no Central Electricity Authority clearance is necessary any more for setting up a thermal generation plant. Captive generation has been freed from controls. The new law also ensures non-discriminatory open access for transmission of electricity generated from captive generating plants to end-use destinations, subject to availability of transmission capacity. Non-discriminatory open access in transmission has been introduced. Finally, generation and distribution of electricity in rural areas does not require any license from the Regulatory Commission. These are expected to reduce power theft, and improve cost recovery and have a favourable impact on the supply and availability of power.

With a view to improve the production of crude oil, Oil and natural Gas Corporation Ltd. Has undertaken Enhanced Oil recovery/Improved Oil Recovery Schemes in 15 oil fields at an estimated investment cost of Rs.10, 000 crore.