

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:2044
ANSWERED ON:06.12.2006
BOOSTING GROWTH OF INDUSTRIES
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Will the Minister of PLANNING be pleased to state:

- (a) whether growth of the country has been slow due to slow growth of power, mining and manufacturing industries in the country;
- (b) if so, the reaction of the Government thereto;
- (c) the steps taken by the Government in order to boost the growth of these industries; and
- (d) the success achieved as a result thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a): The annual Growth Rates of Gross Domestic Product in mining, manufacturing and electricity sectors during 2000-01 to 2005-06 are given in the Table below.

Annual Growth Rates of Gross Domestic Product

(at 1999-2000 prices)

Sl.no.	Sectors	2000-01	2001-02	2002-03	2003-04	2004-05 (QE)	2005-06 (RE)
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1.	Mining and Quarrying	2.5	1.8	8.7	5.3	5.8	0.9
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2.	Manufacturing	7.7	2.5	6.8	7.1	8.1	9.0
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3.	Electricity, Gas and Water Supply	2.0	1.7	4.8	4.8	4.3	5.3
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4.	Gross Domestic Product (at market prices)	4.0	5.3	3.6	8.3	8.5	8.7
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Source: Central Statistical Organisation, QE: Quick Estimates, RE: Revised Estimates.

From a comparison of the above annual growth rates of mining & quarrying, manufacturing and power sectors, with the aggregate GDP growth rate during the past six years, it can not be inferred that the slow growth rate of these sectors is the only reason behind the slow growth of the economy.

(b): In view of (a) above, does not arise.

(c): The details of the steps taken by the Government in order to boost the growth of these industries are available in the Mid-Term Appraisal of the Tenth Five Year Plan

(2002-07), which is placed in the Parliament library. In the mining and quarrying sector, the government is taking various measures to enhance and accelerate production capacities by encouraging cost effective mineral exploration and development using state-of-the-art exploration technologies. Government is also implementing promotional exploration schemes to increase private investments in this sector. Infrastructure development by providing critical links in potential mining fields has also been another priority area of the government.

In the power sector, government has taken measures to raise the level of competition in each element of the electricity value chain by increased private sector participation. The enactment of Electricity Act has provided a framework for reforms in this sector. Government is also encouraging Central Public Sector Undertakings to take up new investments through joint ventures with State utilities and private sector.

The liberalisation of the manufacturing sector is substantially complete, and this sector is now operating under market conditions. This, along with steady rationalisation of the indirect tax regime, has created an environment for faster growth.

(d): In view of the long gestation period involved in realisation of increased investments over the years in the mining and power sectors, the success achieved from the steps taken by the Government can be measured only in the long run. The manufacturing sector has shown steady acceleration in its growth rate as given in the above Table, and in the first half of the current year (April-September, 2006-07), it has grown at 11.6% as per the latest quarterly estimates of CSO.