

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2411

ANSWERED ON:25.07.2014

GROWTH RATE

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Will the Minister of FINANCE be pleased to state:

- (a) the quarter-wise details of growth rate achieved with respect to service, manufacturing and agricultural sectors during each quarter of the year 2013-14 so far;
- (b) whether there is higher growth rate in respect of services sector in comparison to the manufacturing sector;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN)

(a): As per the estimates released by the Central Statistics Office on 30th May 2014, the quarter-wise growth rate achieved by agriculture, manufacturing and service sectors during each quarter of 2013-14 is given in the following table.

Quarter-wise Growth at Constant (2004-05) Prices (per cent)

Sector	2013-14			
	Q1	Q2	Q3	Q4
Agriculture, forestry & fishing	4.0	5.0	3.7	6.3
Manufacturing	-1.2	1.3	-1.5	-1.4
Services	7.2	6.3	7.2	6.4

Source: Central Statistics Office (CSO).

(b) and (c): The growth of manufacturing and services sector was (-) 0.7 per cent and 6.8 per cent respectively in 2013-14. In addition to the slowdown in fixed investment, several domestic and external factors such as higher rate of interest, infrastructure bottlenecks, inflationary pressures leading to rising input costs and slowdown in domestic and external demand for some sectors have together contributed to the contraction in manufacturing. The growth in services sector was driven mainly by the double-digit growth in the 'financing, insurance, real estate and business services' segment in 2013-14.

(d) The Government is aware of the slowdown in the economy and has outlined several measures in the Budget 2014-15 to improve growth of manufacturing sector that, inter-alia, include:

- (i) initiatives for skill development including in rural areas;
- (ii) extension of the ten-year tax holiday to undertakings that begin generation, distribution and transmission of power by 31.03.2017;
- (iii) measures to augment low cost long-term foreign borrowings by Indian companies;
- (iv) proposal for promotion of Foreign Direct Investment (FDI) in selected sectors;

(v) proposal for allowing manufacturing units to sell products through retail including E-commerce platforms without any additional approval;

(vi) proposal to set up National Industrial Corridor Authority to coordinate the development of the industrial corridors;

(vii) proposal to provide investment allowance at the rate of 15 per cent to a manufacturing company that invests more than Rs. 25 crore in any year in new plant and machinery;

(viii) reduction in excise duty on specified food processing and packaging machinery, etc. along with proposed rationalization of duties relating to different types of coal, scrap and diamond items; (ix) proposed reduction in the basic customs duty on specific items like specified industrial grade crude oils, fatty acids, crude glycerin, steel grade limestone, etc.