

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
RAJYA SABHA**

**UNSTARRED QUESTION NO. 1178.
TO BE ANSWERED ON FRIDAY, THE 16TH DECEMBER, 2022.**

GROWTH RATE OF MANUFACTURING SECTOR

1178. SHRI RAGHAV CHADHA:

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether manufacturing sector has registered an average growth rate of less than 5 per cent during the last five years, if so, the reasons therefor;
- (b) the steps taken to review the growth of capital goods sector and industrial development of backward and remote areas of Punjab;
- (c) the reasons for foreign portfolio investment turning negative and its impact on Indian industries;
- (d) whether Government is taking steps to deal with non-tariff impediments being faced by Indian exporters, if so, the details thereof; and
- (e) the corrective steps taken by Government in this regard with particular focus on small and medium enterprises?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)**

- (a): The annual growth rate of manufacturing sector as per Index of Industrial Production (IIP), with base year 2011-12, for last five years, is as under:

Annual Sectoral Growth Rate (in %) (Base: 2011-12) from 2017-18 to 2022-23

Sector	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (Apr-Sep)
Manufacturing	4.6	3.9	-1.4	-9.6	11.8	6.8

The growth of manufacturing sector was adversely affected in 2019-20 and 2020-21 due to Covid-19 pandemic, which has shown positive growth in double digit in the FY 2021-22.

- (b): Industry is a state subject. However, various Central Ministries/Departments supplement the industrial development efforts of State/UT Governments through a wide range of schemes/ measures.

Central Government also review the growth of various sector including capital goods and industrial of backward region through time-to-time consultation with stakeholders and also take corrective steps through Appropriate Monetary & Fiscal Policy.

- (c): FPIs make their own independent investment and disinvestment decisions. SEBI has no specific information on the reasons for the amount invested/ disinvested by the FPIs, however, some of the common factors that influence FPIs' investment/ disinvestment may, inter-alia, include (i) Prevailing financial market conditions; (ii) Anticipated future returns out of the proposed investment; (iii) Taxation structure as prevailing in the concerned jurisdiction; (iv) Country rating of the concerned jurisdiction; (v) Risk taking ability of the concerned FPIs; (vi) Market infrastructure in the concerned jurisdiction; (vii) Liquidity and volatility in the markets of the concerned jurisdiction; (viii) Regulatory regime prevailing in the concerned jurisdiction; (ix) Financial, economic and monetary policy scenarios in its own jurisdiction and competitive markets; (x) Global outlook of the investors with respect to the concerned jurisdiction vis-à-vis other emerging/developed markets; (xi) Investment objective and mandate of the concerned FPI; and (xii) Other global macroeconomic and geopolitical factors.

A comparison of investments by Domestic Institutional Investors (DIIs) and FPIs during the Financial Years 2020-21 to FY 2022-23 (till Dec 09, 2022) is presented below in the table. Data suggests that even though FPIs have been seller in securities markets in India, however, there have been buy trades from DIIs which were more than the sell trades by FPIs and therefore no adverse impact was felt in the markets because of FPI selling.

Financial Year	Net Investment by DIIs (INR Crore)	Net Investment by FPIs (INR Crore)
2020-21	-1,34,054	2,67,100
2021-22	2,21,389	-1,22,241
2022-23 (upto 9 th Dec, 2022)	1,41,819	-18,448
Total	2,29,154	1,26,411

(Source: BSE Ltd., NSDL)

- (d) & (e): Government conducts regular consultations with exporters to understand the Non-tariff barriers especially in the nature of Sanitary and Phytosanitary measures & Technical Barriers to Trade being faced by Indian exporters in different countries. The concerns/difficulties raised by the exporters are taken up bilaterally and multilaterally with the concerned countries from time to time. Further, Government through various departments periodically undertakes mandating of new quality standards or revision of existing ones to achieve public interest objectives of health, safety, environment etc. on a non-discriminatory basis.
