

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

RAJYA SABHA

**UNSTARRED QUESTION NO. 425.
TO BE ANSWERED ON FRIDAY, THE 09TH DECEMBER, 2022.**

SCHEMES TO INCENTIVIZE MANUFACTURING SECTOR

425. SHRI B. PARTHASARADHI REDDY:

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

- (a) whether Government is aware that the manufacturing sector has tremendous potential to generate enormous employment;
- (b) if so, the details of the schemes approved by Government to incentivize the manufacturing sector;
- (c) the funds allocated under the said schemes during the last three years, State-wise and year-wise; and
- (d) the growth of the manufacturing sector in the country during the last three years, year-wise, category wise and State-wise?

ANSWER

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

- (a) to (c):** Yes, Sir. Government of India has undertaken several schemes/initiatives to promote manufacturing sector. Some of them are indicated at **Annexure-I**.
- (d):** The annual growth rate of Manufacturing Sector as per Index of Industrial production (IIP), with base year 2011-12, for last three years, is as under:

Annual Sectoral Growth rate (in %) from 2019-20 to 2021-22

Sector	2019-20	2020-21	2021-22
Manufacturing	-1.4	-9.6	11.8

Source: National Statistical Office.

The growth of manufacturing sector was adversely affected due to COVID-19 pandemic, which has shown positive growth in double digits in the Financial Year 2021-2022.

Within manufacturing sector, annual growth rate for NIC 2-digit categories as per IIP for last three years is indicated at **Annexure II**.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE RAJYA SABHA UNSTARRED QUESTION NO. 425 FOR ANSWER ON 9TH DECEMBER, 2022.

Schemes undertaken by DPIIT to promote manufacturing sector

Government of India has undertaken various steps to promote manufacturing sector and to boost domestic and foreign investments in India. These include introduction of Goods and Services Tax, reduction in Corporate tax, interventions to improve ease of doing business, FDI policy reforms, measures for reduction in compliance burden, policy measures to boost domestic manufacturing through public procurement orders, Phased Manufacturing Programme (PMP), to name a few.

The series of measures taken by the Government to improve the economic situation and convert the disruption caused by COVID 19 into an opportunity for growth includes Atmanirbhar packages, introduction of Production Linked Incentive (PLI) Scheme in various Ministries, investment opportunities under National Infrastructure Pipeline (NIP) and National Monetisation Pipeline (NMP), India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS), soft launch of the National Single Window System (NSWS), etc. An institutional mechanism to fast-track investments has been put in place, in the form of Project Development Cells (PDCs) in all concerned Ministries/ Departments of Government of India.

Keeping in view India's vision of becoming 'Atmanirbhar' and to enhance India's Manufacturing capabilities and Exports, an outlay of INR 1.97 lakh crore (over US\$ 26 billion) has been announced in Union Budget 2021-22 for PLI schemes for 14 key sectors of manufacturing, starting from fiscal year (FY) 2021-22. With the announcement of PLI Schemes, significant creation of production, skills, employment, economic growth and exports is expected over the next five years and more.

The reforms taken by Government have resulted in increased Foreign Direct Investment (FDI) inflows in the country. FDI inflows in India stood at US \$ 45.15 billion in 2014-2015 and have continuously increased since then, and India registered its highest ever annual FDI inflow of US\$ 84.84 billion (provisional figures) in the financial year 2021-22.

As per Economic Survey 2021-22, inspite of Covid related disruptions there is trend of positive overall growth of Gross Value Addition (GVA) in manufacturing sector. The total employment in this sector has increased from 57 million in the year 2017-18 to 62.4 million in the year 2019-20.

Details of some of the major initiatives /schemes are as follows:

1. **Make in India initiative:** 'Make in India' is an initiative which was launched on 25th September 2014 to facilitate investment, foster innovation, build best in class infrastructure and make India a hub for manufacturing, design and innovation. It was one of the unique single, vocal for local initiative that promoted India's manufacturing domain to the world. 'Make in India' initiative is not the state/district/city/area specific initiative, rather it is being implemented all over the country.

2. **Industrial Corridor Development Programme:** In order to accelerate growth in manufacturing, Government of India (GoI) has adopted the strategy of developing Industrial Corridors in partnership with State Governments. The objective of this programme is to develop Greenfield Industrial regions/areas/nodes with sustainable infrastructure & make available Plug and Play Infrastructure at the plot level. As part of National Industrial Corridor Program, 11 Industrial Corridors are being developed in 4 phases.
3. **Ease of Doing Business:** The objective is to improve Ease of Doing Business and Ease of Living by Simplifying, Rationalizing, Digitizing and Decriminalizing Government to Business and Citizen Interfaces across Ministries/States/UTs. The key focus areas of the initiative are simplification of procedures, rationalization of legal provisions, digitization of government processes, and decriminalization of minor, technical or procedural defaults.
4. **National Single Window System:** The setting up of National Single Window System (NSWS) was announced in the Budget 2020-21 with the objective to provide “end to end” facilitation and support to investors, including pre-investment advisory, provide information related to land banks and facilitate clearances at Centre and State level. Envisioned as a one-stop shop for investor related approvals and services in the country, the National Single Window System (NSWS) was soft-launched on 22nd September, 2021 by Hon’ble Commerce & Industry Minister. Large number of States/UTs Single Window Systems have been linked with the NSWS Portal thereby providing access to approvals of these States/UTs to be applied through NSWS.
5. **PM Gati Shakti National Master Plan (NMP):** PM Gati Shakti National Master Plan (NMP), a GIS based platform with portals of various Ministries/Departments of Government, was launched in October, 2021. It is a transformative approach to facilitate data-based decisions related to integrated planning of multimodal infrastructure, thereby reducing logistics cost. Empowered Group of Secretaries (EGoS) and Network Planning Group (NPG) have been created as institutional arrangement. About 2000 data layers of various Central Ministries/Departments/State Governments have so far been uploaded on the NMP.

For enhanced capital expenditure by states for infrastructure development, the Ministry of Finance, Department of Expenditure through the “Scheme for Special Assistance to States for Capital Investment for 2022-23” on 6th April 2022 has made a additional provision of Rs. 1,00,000 crore for disbursement among the states as long term loans at a zero interest rate. Out of this, under Part II of the scheme Rs 5,000 crore are specifically provided for PM GatiShakti related expenditure.
6. **National Logistics Policy:** National Logistics Policy (NLP) was launched on 17th September 2022, that aims to lower the cost of logistics and lead it to par with other developed countries. It is a comprehensive effort to address cost inefficiency by laying down an overarching interdisciplinary, cross-sectoral, and multi-jurisdictional framework for developing entire logistics ecosystem. This would boost economic growth, provide employment opportunities, and make Indian products more competitive in the global market.
7. **Production Linked Incentive scheme:** Keeping in view India’s vision of becoming ‘Atmanirbhar’, Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced with an outlay of Rs. 1.97 lakh crore to enhance India’s Manufacturing capabilities and Exports. These schemes have potential for creation of high production, economic growth, exports and significant employment over the next five years and more.

8. **Indian Footwear and Leather Development Programme (IFLDP):** The Central Government has approved the Central Sector Scheme 'Indian Footwear and Leather Development Programme (IFLDP)' in January, 2022 with an allocation of Rs.1700 crore till 31.03.2026 or till further review, whichever is earlier. The expenditure of last three years made under previous scheme of Indian Footwear, Leather and Accessories Development Programme (IFLADP) is as under:

(Rs. in crore)

Year	2019-20	2020-21	2021-22
Expenditure under IFLADP	382.79	153.38	228.48

9. **North East Industrial and Investment Promotion Policy (NEIIPP), 2007:** North East Industrial and Investment Promotion Policy (NEIIPP), 2007 was notified for a period of 10 years from 1.4.2007 to 31.03.2017 with the purpose to boost industrialization of the region. The registered eligible units continue to receive benefits under grand-parenting of scheme. Funds allocated under the NEI Schemes during the last three years are as below:

Subsidy released under NEIIPP, 2007

(Rs. in Crore)

Name of the State/UT	2019-20	2020-21	2021-22	TOTAL
Arunachal Pradesh	4.60	0.99	16.75	22.34
Assam	396.75	168.98	139.40	705.13
Manipur	26.93	0	0	26.93
Meghalaya	61.16	20.91	9.33	91.40
Mizoram	0.17	2.11	1.17	3.45
Nagaland	1.82	0	0	1.82
Sikkim	86.81	2.23	10.39	99.43
Tripura	5.29	4.78	2.96	13.03
TOTAL	583.53	200.00	180.00	963.53

10. **North East Industrial Development Scheme (NEIDS), 2017:**

To promote industrialization in NE States and to boost employment and income generation, a new Scheme namely North East Industrial Development Scheme (NEIDS), 2017, came into force w.e.f. 01.04.2017 for a period of five years. The scheme covered manufacturing and service sector.

Subsidy released under NEIDS, 2017

(Rs. in crore)

Name of the State/UT	2019-20	2020-21	2021-22	TOTAL
Assam	1.00	15.00	30.00	46.00
TOTAL	1.00	15.00	30.00	46.00

11. Industrial schemes covering manufacturing & service sector in the UTs of J&K and Ladakh and State of Himachal Pradesh and Uttarakhand were launched. Scheme-wise

details of expenditure during the last three years are as under:

(Rs. in crore)

	Name of Scheme	2019-20	2020-21	2021-22	Total
a.	Special Package Scheme				
	J&K and Ladakh	79.91	42.16	28.17	150.24
	Himachal Pradesh	31.01	0.01	0	31.02
	Uttarakhand	21.04	2.79	0.16	23.99
b.	Industrial Development Scheme for J&K and Ladakh	-	-	43.41	43.41
c.	Industrial Development Scheme for Himachal Pradesh and Uttarakhand	-	-	131.90	131.90
		-	-		

Schemes undertaken by other Ministries/ Departments to promote manufacturing sector

12. Schemes to encourage domestic manufacturing of Pharmaceutical drugs including bulk drugs and medical devices are as follows;

- i. The Scheme for *Promotion of Bulk Drug Parks*, with a financial outlay of Rs. 3,000 crores and the tenure from FY 2020-2021 to FY 2024-25, provides for financial assistance to three States for establishing Bulk Drug Parks.
- ii. The scheme of *Strengthening of Pharmaceutical Industry (SPI)*, was launched with a financial outlay of Rs. 500 crores and the tenure from FY 2021-2022 to FY 2025-26, to provide infrastructure support for pharma MSMEs in clusters and to address the issues of technology upgradation of individual pharma MSMEs.
- iii. Under the scheme "*Promotion of Medical Devices Parks*", final approval for financial assistance of Rs. 100 crore each, has been given to the States of Uttar Pradesh, Tamil Nadu, Madhya Pradesh and Himachal Pradesh for establishment of common facilities in their Medical Device Parks.

13. Modified Programme for Semiconductors and Display Manufacturing Ecosystem:

In furtherance of the vision of Aatmanirbhar Bharat and positioning India as the global hub for Electronics System Design and Manufacturing, a comprehensive program for the development of semiconductors and display manufacturing ecosystem in India was approved by Government of India with an outlay of 76,000 crore (>10 billion USD). The Programme contained various schemes to attract investments in the field of semiconductors and display manufacturing.

- #### 14. FAME-India Scheme (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles):
- In order to promote manufacturing of electric and hybrid vehicle technology and to ensure sustainable growth of the same, FAME-India Scheme- Phase-I [Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India] was implemented from 1st April 2015 for a period of two years which was subsequently extended upto 31st March, 2019. Total outlay of Phase-I of the FAME-India Scheme has been enhanced from Rs. 795 Crore to Rs. 895 Crore.

The Phase-II of FAME-India scheme proposes to give a push to electric vehicles (EVs) in public transport and seeks to encourage adoption of EVs by way of market creation and demand aggregation.

15. **Udyami Bharat Scheme:** ‘Udyami Bharat’ is reflective of the continuous commitment of the government, right from day one, to work towards the empowerment of Micro Small and Medium Enterprises (MSMEs). The government has launched several initiatives from time to time like MUDRA Yojana, Emergency Credit Line Guarantee Scheme, Scheme of Fund for Regeneration of Traditional Industries (SFURTI) etc. to provide necessary and timely support to the MSME sector, which has helped benefit crores of people across the country. ‘Raising and Accelerating MSME Performance’ (RAMP) scheme with an outlay of around Rs 6000 crore, aims to scale up the implementation capacity and coverage of MSMEs in the States, with impact enhancement of existing MSME schemes.

16. **PM Mega Integrated Textile Region and Apparel (PM MITRA):**

In order to have world-class industrial infrastructure which would attract cutting age technology and boost FDI and local investment in the textiles sector, Ministry of Textiles issued notification to set up 7 Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total outlay of Rs. 4,445 crore. These parks will offer an opportunity to create an integrated textiles value chain right from spinning, weaving, processing/dyeing and printing to garment manufacturing at one location. PM MITRA scheme aspires to position India strongly on the Global textiles map.

ANNEXURE-II

**ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE RAJYA SABHA
UNSTARRED QUESTION NO. 425 FOR ANSWER ON 9TH DECEMBER, 2022.**

Annual Growth rate (in %) for NIC 2-digit category from 2019-20 to 2021-22

NIC 2008	Description	2019-20	2020-21	2021-22
10	Manufacture of food products	2.0	-2.7	5.9
11	Manufacture of beverages	-2.6	-25.8	11.5
12	Manufacture of tobacco products	1.3	-14.3	8.7
13	Manufacture of textiles	-2.5	-21.3	29.3
14	Manufacture of wearing apparel	0.3	-29.9	27.4
15	Manufacture of leather and related products	-1.8	-18.0	1.3
16	Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	8.3	-19.6	15.1
17	Manufacture of paper and paper products	-12.8	-23.3	17.7
18	Printing and reproduction of recorded media	-7.1	-28.0	12.4
19	Manufacture of coke and refined petroleum products	0.0	-12.2	8.9
20	Manufacture of chemicals and chemical products	-0.4	-2.1	4.3
21	Manufacture of pharmaceuticals, medicinal chemical and botanical products	-0.1	1.6	1.3
22	Manufacture of rubber and plastics products	-7.4	-3.7	8.0
23	Manufacture of other non-metallic mineral products	-1.9	-12.9	20.1
24	Manufacture of basic metals	11.0	-5.8	18.6
25	Manufacture of fabricated metal products, except machinery and equipment	-14.7	-13.7	10.9
26	Manufacture of computer, electronic and optical products	-10.5	-12.6	11.1
27	Manufacture of electrical equipment	-4.5	-12.3	12.2
28	Manufacture of machinery and equipment n.e.c.	-12.7	-14.1	11.0
29	Manufacture of motor vehicles, trailers and semi-trailers	-18.3	-19.1	18.4
30	Manufacture of other transport equipment	-6.2	-18.0	1.6
31	Manufacture of furniture	-7.2	-27.9	23.3
32	Other manufacturing	-12.5	-22.5	49.0

Source: National Statistical Office.
