

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 1470
TO BE ANSWERED ON 28th JULY, 2021

SERVICE SECTOR ACTIVITIES

1470. SHRI RAVNEET SINGH BITTU:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the services sector activities in the country have contracted sharply in the recent months;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether there has also been a contraction in the manufacturing activity and firms have been regularly shedding headcount, with the fastest reduction rate recorded in June 2021 and if so, the details thereof;
- (d) whether the Government is taking any measures to improve the business activity in the country to boost manufacturing and services sector related activities in the country; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्रीमती अनुप्रिया पटेल)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SMT. ANUPRIYA PATEL)

(a)& (b): The services sector's Gross Value Added (GVA) showed a positive growth of 1.5 percent in the fourth quarter of 2020-21. The contraction of the services sector was largely due to the COVID-19 pandemic.

(c): As per the latest available quick estimates of Index of Industrial Production, during the month of May 2021, the index for the manufacturing sector was 113.5. Manufacturing sector recorded a growth of 34.5 percent in May, 2021 compared to May, 2020.

(d) & (e): Government is taking various measures to boost manufacturing and services sector related activities in the country. Some of them are enumerated below:

- Steps to boost manufacturing sector activities through initiatives such as Startup India, Business Reform Action Plan, Intellectual Property Rights (IPR) Policy and sectoral schemes/programmes.
- Simplification and progressive liberalization of Foreign Direct Investment (FDI) policy and procedures.

- Improving Ease of Doing Business (EoDB) in the country. This has led to improvement in the ranking as per World Bank's EoDB Report from 142 in 2014 to 63 in 2020.
- As part of the vision of becoming 'Aatmanirbhar' and for enhancing manufacturing capabilities, an outlay of Rs. 1.97 lakh crore has been announced in Union Budget 2021-22 for Production Linked Incentive (PLI) schemes for key sectors.
- Public Procurement (Preference to Make in India) Order has been revised on 16.09.2020 with the objective of maximizing usage of Made in India products in public procurement and to promote local manufacturing.
- The National Industrial Corridor Programme (NICP) has been conceived to promote world class manufacturing facilities and develop futuristic industrial cities.
- A new scheme, RoDTEP (Remission of Duties and Taxes on Exported Products), for reimbursement of currently un-refunded Central, State and Local Taxes and Duties incurred in the process of manufacture and distribution of exported products has been put into effect from 01.01.2021.
- Steps to improve business activity in services sector, such as Loan Guarantee Scheme for COVID affected sectors which includes health and tourism, free one-month tourist visa to 5 lakh tourists once visa issuance is restarted, and financial support to tourist guides and other stakeholders.
- Structural reforms such as higher Foreign Direct Investment limits in defence and space sector, creating level playing field for private sector for various space related services, simplification of the Other Service Provider (OSP) guidelines under telecom have been undertaken.
- '*Action Plan for Champion Sectors in Services*' to give focused attention to identified Champion Services Sectors to support sectoral initiatives of nodal Ministries/Departments identified for these sectors.
