

4. State Level Inter Institutional Committees exist under the Chairmanship of Secretary (Industries) of the State Govts. for revival of sick units.
5. RBI has advised its regional offices (Convenor of SLIICs) regarding setting up of the Sub-Committees of the Forum wherein the individual cases can be discussed.

#### **Industrial Growth**

42. SHRI C. RAMACHANDRAIAH: Will the Minister of INDUSTRY be pleased to state:

- (a) the projected industrial growth for the current fiscal year;
- (b) the actual industrial growth during the first six months of the year; and
- (c) the reasons for decline in the industrial growth?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) and (b) The overall industrial growth in terms of the Index of Industrial Production (Base 1993-94=100) was 3.6% during April-Sept., 1998 as compared to 6% during the comparable period of the previous year. No projection of industrial growth for the current fiscal year has been carried out. However, it is expected that the growth in industrial production would pick up during the second half of the financial year as a result of various measures taken by the Government to boost production.

(c) The slow down in industrial growth can be attributed to both the domestic and external factors. Domestic factors include weak demand on account of inadequate investment in infrastructure sectors, like power, ports and transport, and slow down in general investment mainly due to capital market conditions and partly due to corporate restructuring in some industries in order to become internationally competitive. On the external side, the export growth has been negative which has been aggravated by fall in world exports.

The demand has been slackening for basic goods like steel, cement, commercial vehicles, capital goods as well as consumer durables. This has resulted in cut back of production by the industries and build-up of inventories.

Export growth declined to (-) 3.28% during April-September, 1998 following significant declaration from 21.4% in 1995-96 to 4% in 1996-97 and 2.6% in 1997-98. As exports constitute 39.7% of total manufacturing output in the country, the decline in exports has adversely impacted industrial production.

#### **Amendment of the Patent Act, 1970**

43. SHRI P. PRABHAKAR REDDY: Will the Minister of INDUSTRY be pleased to state:

(a) whether his attention has been drawn to the observation of the Finance Minister made abroad that Government are committed to the obligations under World Trade Organisation (WTO) regarding Trade-related Intellectual Property Rights;

(b) if so, whether it is proposed to amend the Patent Act, 1970 shortly;

(c) whether a legislation for the purpose would be brought in the winter session of Parliament;

(d) if so, the details thereof; and

(e) whether adequate safeguards would be provided for protecting India's bio-diversity?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) to (e) In order to implement the obligations contained in TRIPs Agreement of WTO Agreement, India has time till January 01, 2000 and a further time till January 01, 2005 to introduce product patent protection to areas of technologies not protected so far.

However, in order to comply with the obligations which came into force from January 01, 1995 and also to comply with WTO rulings in the Indo-US Dispute on Patent Protection for Pharmaceutical and Agro-Chemical Products, Government is exploring different options and strategies for protection of public interest.

#### **Rate of industrial growth**

44. SHRI P. PRABHAKAR REDDY: Will the Minister of INDUSTRY be pleased to state:

(a) the rate of Industrial production in the country during April-September, 1998, as compared to the growth rate in the corresponding period of the last year;

(b) whether it is a fact that industrial growth has exhibited a very dismal performance despite the assertion by the Finance Minister made in the open meeting of FICCI held in New Delhi that industrial growth would look up "come September";

(c) if so, the reasons therefor; and

(d) what steps are proposed to be taken in this direction?

**THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT):** (a) The industrial growth during the current financial year 1998-99 for the period April-September is 3.6% as compared to 6.0% during corresponding period of the previous year.

(b) and (c) The slow down in industrial growth can be attributed to both the domestic and external factors. Domestic factors include weak demand on account of inadequate investment in infrastructure sectors, like power, ports and transport, and slow down in general investment mainly due to capital market conditions and partly due to corporate restructuring in some industries in order to become internationally competitive. On the external side, the export growth has been negative which has been aggravated by fall in world exports.

The demand has been slackening for basic goods like steel, cement, commercial vehicles, capital goods as well as consumer durables. This has resulted in cut back of production by the industries and build-up of inventories.

Export growth declined to (-) 3.28% during April-September, 1998, following significant declaration from 21.4% in 1995-96 to 4% in 1996-97 and just 2.6% in 1997-98. As exports constitute 39.7% of total manufacturing output in the country, the decline in exports has adversely impacted industrial production.

(d) In order to arrest the slowdown in industrial growth Government have taken various measures during the Budget 1998-99 and thereafter to stimulate and revive industrial growth. The package of measures announced in the Budget *inter alia*, included

(i) de-licensing of coal and lignite, and petroleum refining to attract larger inflow of capital (sugar was also subsequently delicensed).

(ii) increase in limit for aggregate investment by NRIs raised from 5% to 10%.

(iii) rationalisation of tariff structure by introducing 4% special additional duty of customs to remove disadvantages faced by the domestic industry.

(iv) Plan outlay for Energy, Transport and Communications stepped up by 35% to Rs. 61,146 crores in 1998-99 (BE) as against Rs. 45,252 crores in 1997-98(RE).

(v) Central and State Electricity Regulatory Commissions to be set up to rationalise power tariffs.

(vi) FEMA to be introduced and FERA to be repealed.

(vii) Urban Land Ceiling and Regulation Act (ULCRA) to be repealed, which would lead to a step up in construction activity and demand for materials such as cement, steel etc.

In order to give a further boost to industry Government has announced further measures, which include:

(i) Special package announced for revival of growth in exports.

(ii) The Government has recently allowed buy back of shares and inter-corporate loans to boost investment and revive the capital market.

(iii) To give an immediate boost to industrial activity, the busy season credit policy announced by RBI has avoided raising interest rates.

(iv) Counter guarantees given by Government to three major fast tract power projects are expected to lead to financial closure and thus create demand for basic and other goods.

(v) Six lane, 7000 km. highways at a cost Rs. 28,000 crores are to be taken up immediately.

(vi) Government has agreed to permit 40% foreign equity limit in the insurance sector. A Bill to this effect would be introduced in the coming session of the Parliament. The opening up of the insurance sector would provide long term finance for the infrastructure sector.

(vii) Government is conscious of the need for the revival of the industrial sector and has constituted Four Task Forces for Steel, Capital Goods, Commercial Vehicles and Cement to recommend policy interventions to address the problems faced by these sectors. The Task Forces have submitted their recommendations to the Government. The Government has already notified exemption of seven inputs used in steel manufacturing from the 5% special customs duty. The policy announcements relating to other sectors are expected shortly.

(viii) Government has constituted an Economic Advisory Council to the Prime Minister and the Council on Trade and Industry to the Prime Minister which would discuss policy measures on important economic issues.

It is expected that the slowdown in current year's growth would be arrested and the growth would pick up as a result of the various measures announced.

#### **Global entrepreneurs' conference**

45. SHRIMATI CHANDRESH KUMARI: Will the Minister of INDUSTRY be pleased to state:

(a) whether a two-day global entrepreneurs conference has been organised at New Delhi on 12th November, 1998;

(b) if so, the names of States and Union Territories and Foreign Countries which participated in the Conference with objectives;

(c) whether the entrepreneurs of Himachal Pradesh also participated in the said meet; and

(d) if so, their names, criteria for their selection with guidance offered by Himachal Pradesh Government with respect to investment in Himachal Pradesh?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) Yes, Sir.

(b) The following States/Union Territories participated in the conference: Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, Meghalaya and Pondicherry. No foreign country participated in the Conference. The main objective of the Conference was to put across the attractive

investment environment in India for Foreign Direct Investment, including Investment by Non-Resident Indians, Persons of Indian Origin and Overseas Corporate Bodies (Predominantly owned by the NRIs).

(c) and (d) No, Sir. However, Himachal Pradesh Government Representatives participated in the Conference and offered guidance to participants with respect to investment in Himachal Pradesh.

All State Govts./Union Territories administration/NRIs, foreign and Indian entrepreneurs were welcome to participate in the Conference, hence, there was no criteria or procedure for selection.

#### **Reform Process for PSUs**

46. SHRI K.M. KHAN: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government propose to undertake some bolder reforms process for Public Sector Units;

(b) if so, the objectives for the same with names of PSUs in Andhra Pradesh to be covered under these moves;

(c) whether these reforms will ensure more job security to workers of PSUs;

(d) if so, the details thereof; and

(e) if not, the reasons for ignoring this aspect?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI SUKHBIR SINGH BADAL): (a) to (e) Reforms in Public Sector Units are taken up with the requirements of the specific enterprise in view. Reforms of State Public Sector Enterprises are undertaken by the respective State Governments. Restructuring efforts in Public Enterprises are aimed at improving the profitability and viability of enterprises and workers' welfare and interests are of utmost concern of the Government.

#### **Disinvestment of PSUs**

47. SHRI VIJAY J. DARDA: Will the Minister of INDUSTRY be pleased to state:

(a) what is the action plan drawn out for outright sale/disinvestment of PSUs for the current year;