

Outlook

7.79 Slowdown in domestic and global demand have affected industrial growth adversely in the current year. There has been wide spread and significant deceleration of industrial growth in all the major sectors and end use specific groups. The industrial slowdown is also reflected in the considerable decline in sanctions and disbursement made by financial institutions and in the performance of core and infrastructure industries. On considering the continued global slowdown and adverse effects of the terrorist attacks in USA and subsequent heightened security concerns, there might be adverse impact on Indian IT industry and software exports. Future industrial outlook depends on how quickly the global slowdown is recovered and we are able to reverse both consumption and investment demand at home. Better agricultural performance associated with increase in rural incomes in the current year will have

some positive impact on industrial and overall growth.

7.80 In the background of trends which suggest an all round industrial slowdown, the endeavour should be that the Indian industry must continue to strive to be an efficient and competitive one and able to stand on its own in the face of rising domestic and foreign competition. In order to ensure this, Government on its part must resist any attempts to delay the process of liberalisation and deregulation and continue to deepen the reforms and remove all obstacles and bottlenecks for unleashing competitive forces in the industrial sector. This would entail removal of the remaining infrastructural constraints especially in power, transport and telecommunications; reducing bureaucratic controls in all spheres liberalising the labour and land market and removing other barriers to growth.