

Outlook

7.62 The expected overall annual growth of industry in the Tenth Plan period (2002-2007) at around 8.7 per cent is likely to be short of the targeted growth rate of 10 per cent for the Plan period. Given the recent performance, however, the Eleventh Plan (2007-2012) target of 10 per cent annual industrial growth appears eminently achievable. As the country enters into the first year of the Eleventh Plan, the sustained growth of the industrial sector is crucially dependent on removing the infrastructural impediments, especially, in the power sector.

7.63 Capacity additions through investment is critical for accelerating growth in industry.

The investment scenario looks quite optimistic, particularly with rising domestic savings rates and FDI inflows. Sustained economic growth, fiscal consolidation and an enabling policy environment will continue to provide incentive to capacity addition in industry and sustaining its high growth.

7.64 Adequate expansion of employment in the industrial sector, particularly in the organized segment, requires attention. The formation of appropriate skills through a wide variety of vocational training as well as optimal degree of flexibility of labour laws are important aspects in this regard. Progress on these fronts will determine how much progress is made in generating employment in the organized industry in the years to come.