

Ministry of Heavy Industry and Public Enterprises

Press Note

Dated: September 15, 2014.

The Union Cabinet today approved a Scheme on Enhancement of competitiveness in the Indian Capital Goods Sector. The Scheme is first in the series of a number of such initiatives under the Prime Minister's vision of "Make in India" enunciated at the ramparts of the Red Fort on August 15 2014. The scheme will be up-scaled based on experience gained.

2. Capital Goods or popularly known as industrial machineries are main stay of manufacturing employment and economy of the country. Capital Goods sector seeds technologies in the manufacturing sector. The sector is strategic to "Make in India" initiatives to promote local manufacturing.

3. It is one of the oldest industries in the country. The size of the industry is about Rs 300,000 crore per annum of which more than Rs 1,85,000 crore are produced in India and about Rs 1,15,000 crore is imported. The Scheme seeks to indigenize large imports.

4. More than 80% units are in Small & Medium Enterprises. Because of their small size when compared globally, they have limited capabilities to develop newer technologies. Therefore, the Government intervention is a must. Technology is the Achilles Heel of the sector.

5. The scheme is an unique intervention of Government in this Sector. It is on pilot scale. The scheme seeks development of specified technologies. These technologies are mostly suffering from commercial embargo. The development is proposed with the help of IITs and other similar institutions. To reduce cost of conversion, common facilities like testing, development and industrial area are also proposed.

6. The Scheme with a proposed outlay of Rs.930.96 crore aims to increase competitiveness of the Indian Capital Goods Sector through development and acquisition of latest technologies, setting up infrastructural facilities like common engineering facility centers, sector specific integrated industrial facility centers and test & certification center. The Scheme envisages Government Budgetary Support of Rs.581.22 crore. The Scheme, on successful implementation is expected to boost development of indigenous technology and manufacturing, cost

competitiveness, reduction in import, augmenting in exports and employment generation.

7. The scheme has five components with Government support and Industry contribution. The first component is setting up of five Centres of Excellence (CoE) for Technology Development with the IITs Delhi, Mumbai, Madras & Kharagpur and CMTI, Bangalore. They will develop those technologies, which are not available for transfer or acquisition.

8. The second component relates to Setting up of one Integrated Industrial infrastructure Facilities (IIIF) mainly for machine tools sector. This will help reducing cost of conversion from raw material to finished products. Consequently, Indian machine tools sector should become globally more competitive.

9. The third component relates to setting up of two Common Engineering Facility Centres . One at Surat for Textile Machines and general engineering and second at a subsequent place.

10. A Test & Certification Centre for earth moving and construction machines safety and performance is also included in the scheme.

11. A small beginning is being made by setting up Technology Acquisition Fund Programme targeted to help SME.

12. The scheme is a first step in the larger journey of global competitiveness, particularly for our small scale sector, which is the back bone of manufacturing economy and a large employment provider over 1.5 million direct. They will be part of economy, which will derive maximum benefit out of it.

13. Series of such initiatives will help India to establish “Made in India “brand globally recognized.
