

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY

LOK SABHA
UNSTARRED QUESTION NO.1632
TO BE ANSWERED ON 08.03.2016

Assessment of Industrial Sector

1632. SHRI PASHUPATI NATH SINGH:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government has made any assessment for development and growth of the Capital Goods, auto and electrical equipment sectors in the country during the last three years and if so, the details thereof;
- (b) whether the Government has formulated any policy to encourage development and growth of the said sectors in the country; and
- (c) if so, the details thereof ?

ANSWER

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(SHRI ANANT G. GEETE)

(a): The capital goods sector has grown at a rate of 1.1% per annum over the last 3 years. The value of production, import & export of select sub sectors of capital goods during the year 2014-15 and 5 year Compounded Annual Growth Rate (CAGR) are indicated below:

(Rs. in crore)

Sub Sector of Capital Goods	Production(5 year CA GR)	Import(5 year CA GR)	Export(5 year CA GR)
Machine Tools	4,230 (11.2%)	5318 (1.9%)	281 (18.2%)
Textile Machinery	6,960 (10.4%)	7,814 (16%)	2,466 (34.7%)
Earthmoving & Machinery	17,000 (0.6%)	12,056 (16.4%)	7,385 (55.3%)
Heavy Electrical	1,36,953 (6.6%)	55,987 (6.4%)	35,418 (14%)
Plastic Machinery	2,950 (9.6%)	1,350 (10.7%)	680 (11.6%)
Process	18,900 (3.4%)	12,933 (120.9%)	7,684 (23.3%)
Dies, Moulds & Tools	14,647 (5.1%)	3,322 (-2.4%)	2,869 (-3.8%)
Metallurgical	1,260 (5.0%)	2,593 (-4.4%)	1,103 (20.1%)
Printing Machinery	14,453 (14.4%)	6,381 (12.2%)	1,255 (13.9%)
Food	12,180 (6.2%)	5,500 (5.5%)	2,080 (15.8%)
Total	229,533 (6.2%)	113,254 (9.8%)	61,221 (16.5%)

(Source: National Capital Good Policy 2016)

For Automobile Sector the Industry turnover for 2013- 14 and 2014- 15 (including both domestic sales and export figures) are Rs.3,55,442 crore and Rs.3,83,730 crore respectively. For Automobile component the Industry turnover for 2013- 14 and 2014- 15 are Rs. 2,11,700 crore and Rs.2,34,800 crore respectively.

(b): Yes, the Government has announced a National Policy for development and growth of the **Capital Goods Sector**.

For **Indian Electrical Equipment Industry** the Government has prepared Indian Electrical Equipment Industry Mission Plan 2012-2022 which was launched on 24.07.2013 seeking to steer, coordinate and synergize the efforts of all stake holders to accelerate and sustain the growth of the domestic electrical equipment industry.

For **Automobile Sector** the Government prepared Automotive Mission Plan (AMP) i.e. AMP 2006-16. This will be followed by AMP 2016-26.

(c): **National Policy on Capital Goods Sector**

The Government has launched an integrated capital goods policy for overall redressal of issues, challenges and also to take benefit of 'Make in India' opportunities. The Policy is formulated with the vision to increase the share of capital goods contribution from present 12% to 20% of total manufacturing activity by 2025. National Capital Goods Policy envisages striving for boosting the CG sector by providing for an enabling ecosystem for capital goods growth and ensuring sustained incentive for domestic manufacturers to manufacture competitive machinery to meet domestic as well as export market demand.

Key policy recommendations include strengthening the existing capital goods scheme launched by the Department in November, 2014 with components like Centre of Excellence for technology development, Common Engineering Facility Centre etc. by increasing its scope and budgetary allocation, launching of a Technology Development Fund, Creation of a 'Start up Centre for Capital Goods Sector, Mandatory Standardization, Upgrading development, testing and certification infrastructure, skill development, providing scheme for increasing enhancement through a cluster approach, to modernize the existing Capital Goods manufacturing units and to create an enabling scheme a pilot for Heavy Industry Export & Market Development Assistance Scheme. Details of the Policy is available in the website of the Department of Heavy Industry (dhi.nic.in)

Policy related to Electrical Equipment Sector:

The vision 2022 articulated in the **Indian Electrical Equipment Industry Mission Plan 2012-2022** for Electrical Equipment Sector is to make India the country of choice for production of electrical equipment and reach an output of USD 100 Billion by balancing exports and imports. The Mission Plan identifies five key areas for action (i) industry competitiveness; (ii) technology upgradation (iii) skills development (iv) exports and (v) conversion of latent demand.

Against each area of concern, detailed recommendations have been given for strategic and policy interventions by different stake holders, including the Government and the industry. Details of the Mission Plan 2012- 2022 is available in the website of the Department of Heavy Industry (dhi.nic.in)

Post launch of the Mission Plan two Inter-Ministerial Groups (IMG) have been set up to formulate a cogent and common approach to deal with the various recommended interventions under the key areas.

Policy and schemes related to Auto sector:

Automotive Mission Plan (AMP) 2006-16 had the vision for Indian automotive sector to emerge as the destination of choice in the world of design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion accounting for more than 10% GDP, and providing employment to 25 million people by 2016. During the operative period of AMP 2006-16, the country witnessed a substantive progress in the automotive sector with major global Original Equipment Manufacturers (OEM)s setting their manufacturing units in India and filling the market with a variety of vehicles. During the period investment exceeded Rs.1,60,000 crore in the automobile sector. India established as a global small car manufacturing hub. Details of the AMP 2006- 2016 is available in the website of the Department of Heavy Industry (dhi.nic.in)

AMP 2016-26: The Mission Plan – AMP 2016-26 has been formulated with a view to continue the endeavour envisaged in AMP 2006-16. The vision of AMP 2026 is that the Indian automotive industry will be among the top three in the world in engineering, manufacture and export of vehicles and components and will encompass safe, efficient and environment friendly conditions for affordable mobility of people and transportation of goods comparable with global standards. AMP 2026 envisages growth in auto sector in value exceeding 12% of India's GDP and generating an additional 65 million jobs.

The salient features of AMP 2026 are :

- (a) The Indian automotive industry to be a top job creator- 65 million additional jobs .
- (b) The Indian automotive industry to be the prime mover of manufacturing sector and “Make in India” Programme.
- (c) Automotive industry aims to increase exports of vehicles by 5 times and components by 7.5 times.
- (d) Specific interventions are envisaged to sustain and improve manufacturing competitiveness and to address challenges of environment and safety.

The AMP 2016-26 is ready to be launched shortly.
