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

LOK SABHA
UNSTARRED QUESTION NO.1368
TO BE ANSWERED ON 28.07.2015

Capital Goods Scheme

1368. SHRI DHANANJAY MAHADIK:
ADV. M. UDHAYAKUMAR:
SHRI SATAV RAJEEV:
DR. HEENA VIJAYKUMAR GAVIT:
SHRIMATI SANTOSH AHLAWAT:
SHRIMATI VANAROJA R.:
SHRI T. RADHAKRISHNAN:
SHRI GAJANAN KIRTIKAR:
SHRIMATI SUPRIYA SULE:
KUNWAR HARIBANSH SINGH:
DR. SUNIL BALIRAM GAIKWAD:
SHRI MOHITE PATIL VIJAYSINH SHANKARRAO:
SHRI ASHOK SHANKARRAO CHAVAN:

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

(a) whether India has become one of the largest importers of Capital Goods in the world, if so, the details thereof and the reasons therefor;
(b) whether the Government has launched a 'Capital Goods Scheme' under the Make in India initiative to counter increasing imports of capital goods and develop new technology in the country, if so, the details thereof and the objectives of the scheme along with the funds allocated for the purpose;
(c) whether the Government proposes to set up a Technology Adoption Fund, if so, the details thereof and the funds allocated thereunder;
(d) whether any ceiling has been fixed for giving support for cost of technology and if so, the details thereof; and
(e) the number and types of industries that are likely to be benefited under Capital Goods Scheme in the country including in Maharashtra and Tamil Nadu?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI G.M. SIDDESHWARA)

(a): Madam, as per Ministry of Commerce & Industry import-export data bank, India has imported capital goods, accessories, components and engineering items (excluding automobile auto components) covered under Chapter 84, 85 and 98 of Customs Tariff Act, 1975 worth Rs.3,89,248 crore and Rs.4,19,343 crore during 2013- 14 and 2014- 15 respectively.

The primary reasons for large import of capital goods by India include lack of cutting edge technology products in the domestic capital goods industry and lack of level playing field for domestic manufacturers on the matter of imports vis a vis global companies.

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(b): Yes, Madam. Government has launched a Scheme on enhancement of competitiveness in the Indian Capital Goods Sector.

The Scheme has five components with government support and industry contribution. The Scheme envisages government budgetary support of Rs.581.22 crore and industry contribution of Rs.349.74 crore over a period of five years. The Scheme aims to make Indian capital goods industry globally competitive by supporting development and acquisition of latest technologies, setting up infrastructural facilities like common engineering facility centres, sector specific integrated industrial facility centre and test & certification centre. The Scheme, on successful implementation is expected to boost development of indigenous technology and manufacturing, cost competitiveness, reduction in import, augmentation of export and employment generation. Scheme components consist of infrastructural interventions as well as financial intervention to boost competitiveness of the domestic capital goods industry as under:

Infrastructural interventions:

- Setting up of Centers of Excellence (CoE) at institutions of eminence like Indian Institutes of Technologies/ Central Manufacturing Technology Institute for Technology Development in different sub sectors of Capital Goods. Government will fund up to 80% of the project cost subject to certain limit.
- Setting up of Integrated Industrial Infrastructure Facility (IIIF). Government will fund up to 80% of the project cost subject to certain limit.
- Setting up of common Engineering Facility Centers (CEFC). Government will fund up to 80% of the project cost subject to certain limit.
- Setting up of Test and Certification Centre with full Government support.

Financial intervention:

- Technology Acquisition Fund Programme for acquisition of technology. Government support will be limited to 25% of the cost of technology acquisition subject to certain limit.

(c): The Scheme on enhancement of competitiveness in the Indian Capital Goods Sector has a component namely, Technology Acquisition Fund Programme (TAFP) for acquisition/ transfer of technology. Financial assistance under TAFP will be extended only to specific projects and activities which involve technology assessment, acquisition and assimilation. Government shall have right to transfer the technology to other manufacturers, as per requirement, after two years of the approval of technology transfer under TAFP. A budgetary support of Rs.50 crore is envisaged for TAFP component under the Scheme over a period of five years.

(d): Government grant under TAFP will be limited to 25% of the cost of Technology acquisition of each technology and maximum amount to be given will not exceed Rupees Ten crore.

(e): Capital Goods Industry, which includes mother industries such as heavy engineering, heavy electrical etc., all across the country, is likely to be benefitted from the Scheme. Various proposals received from academic institutions, industry, industry associations etc., are being considered under this scheme.

As regards specific details for Maharashtra and Tamil Nadu, it is mentioned that as of now, a proposal for setting up of a Common Engineering Facility Centre in Chakan, Maharashtra has been approved subject to acquisition of the land by the concerned Special Purpose Vehicle from Maharashtra Industrial Development Corporation. Further, under this Schemesetting up of a centre of excellence for machine tool and production technology is also envisaged in Indian Institute of Technology, Madras.

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