

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

LOK SABHA
UNSTARRED QUESTION NO.2136
TO BE ANSWERED ON 10.03.2015

Providing Thrust to Core Sectors

2136. SHRI C.R. PATIL:

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

- (a) whether the Government has received representations from Indian heavy engineering sector for giving thrust to indigenisation or make in India for core sector requirements and if so, the details thereof and the reaction of the Government thereto;
- (b) whether imports of heavy engineering goods are allowed at Zero duty under FTA when indigenous goods are available and if so, the details thereof;
- (c) whether the Government proposes to review import duties to create a level playing field for indian manufacturers; and
- (d) if so, the details thereof and the steps taken in this regard?

ANSWER

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

(a): Yes Madam. The Industry associations of machine tools, textile machinery, process plant equipment, construction machinery, plastic machinery, electrical equipment industry have been raising the issues for the level playing field against the lower rate of duty as well as zero duty on imported equipment on FTA affected due to specific notifications from the Government. This situation leads to under capacity utilization and resource crunch which could have been used for their plant modernization and technology purchase/R&D, etc. The industry associations represent their cause of concern to the Department along with their suggestions in their pre-budget memorandum which are examined and the same are forwarded to the Ministry of Finance for consideration.

(b): Ministry of Commerce has informed that “FTAs are arrangements between two or more countries or trading blocks that primarily agrees to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them. In order to protect the interest of the domestic industry and agriculture sector, these agreements provide for maintaining sensitive/ negative lists of items on which limited or no tariff concessions are granted under the FTA. In addition, in case of a surge in imports and injury to the domestic industry, a country is allowed to take recourse to the measures such as anti-dumping and safeguards. Every FTA has provisions for review and implementation. This is normally done at specified intervals and there is an institutional mechanism to undertake such a review. Regular outreach programmes are also run to make stakeholders including industry aware of the various provisions of FTAs.”

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FTAs with different countries cover different Heavy Engineering Goods under different ranges of duty. A number of FTAs between India and other countries allow import of such products at zero duty which are made in India. For example under the Agreement between India and Korea Injection Molding Machinery, Process Plant Equipments like heat exchangers, pressure vessel, cooling tower, storage tank etc.; bulldozer, excavator, shovel loader; oil well drilling machinery, combine harvester; textile machinery such as carding machine, combing machine, roving machine, spinning machine, weaving machinery, bleaching machine, dyeing machine, finishing machine, etc.; machine tools such as lathes, machining centre, grinding machine, forging hammers, hydraulic presses, etc. are some of the products imported on zero duty even though these are manufactured in India.

(c) and (d): Representations from Industry for review of import duty with a view to attain a level playing fields are examined and taken up with the Ministry of Commerce and/ or Ministry of Finance. This is an ongoing process.
