

Minutes of the 1st Meeting of the reconstituted Development Council for Machine Tools Industry held on March 9, 2010 at 11.30 AM in Udyog Bhawan, New Delhi

The first Meeting of the reconstituted Development Council for Machine Tools Industry was held on 9th March, 2010 under the Chairmanship of Dr. Satyanarayana Dash, Secretary, Department of Heavy Industry. The list of participants is at **Annexure-I.**

2. Shri Harbhajan Singh, Joint Secretary, Department of Heavy Industry and Member-Secretary of the Council welcomed the participants and apprised them about the importance of a strong, well developed and modern Machine Tool Industry. He mentioned that the Indian Machine Tool Industry has a vast market but was facing number of constraints like non availability of appropriate technology, inadequate R&D investment, non availability of skilled manpower, competition from import of obsolete and cheap second hand machinery etc.

3. In his key note address, Dr. Satyanarayana Dash, Secretary (HI) and Chairman of the Council expressed happiness on the revival of the Development Council for Machine Tools Industry. While giving an overview, of the industry scenario, he apprised the members of the challenges lying ahead in the development of this sector. He mentioned that in the last meeting of promotion of machine tool industry held at NMCC in December, 2009, it was decided to set up a forum in the Department of Heavy Industry for interaction between machine tools manufacturers and users for preparation of action plan on all the issues pertaining to machine tool sector. He told that the Machine Tool Industry is the back bone of the engineering industry and need of the hour is to produce more efficient and reliable machines to meet the growing needs of the user industry. He drew attention of the participants to the down turn in the last year but expressed happiness on the improved IIP (CG) figure in the month of December, 2009 as compared to Decembers, 2008.

4. The Chairman drew attention of the meeting to the challenges especially in the area of research and development and stressed that the industry must identify the areas for R&D in the machine tool sector and then work together with academia and end users. He observed that that grey areas in the machine tools industry are technological up gradation, import of second hand machines, investment in R&D, availability of skilled manpower, inverted duty structure, exemption from payment of custom duty on strategic machine tools components, high rate of depreciation, lack of constitutional and financial support and suitable action plan to re structure HMT and HEC etc. The Chairman requested all the members of the Council to come up with suitable strategies to tackle these issues so that the sector develops in a substantial way. He also expressed surprise that no large industrial house of the country has ventured into the manufacture of machine tools. It was informed that, with the aim of providing much needed intervention in the enhancement of competitiveness in the capital goods sector, a scheme is under consideration to support 5 sectors including machine tools industry.

5. This was followed by a brief presentation by the Sh. V.C. Agrawal Industrial Adviser on the status of the industry including number of units, production of machine

tools, import & export statistics, policy provisions, challenges before the industry and initiatives taken by DHI.

6. Initiating the discussions, Sh. Lokeshwara Rao, President ITMMA, in response to the query of the Chairman, informed that large industrial houses did venture in this field but opted out due to non viability and returns on investment being low. He informed that foreign machine tools manufacturers get loans at the interest rate of 2% whereas it is 14% in India. He also told that this industry is considered high risk industry and is charged interest of 15% by Exim bank. He informed about the problems in getting 5 axis machines from Japan because it could be used for nuclear applications also. He suggested for setting up of Corpus funds of Rs. 500-1000 crores to give soft loans to the industry This fund could be 50% contributed by the government and 50% by the industry and managed by any reputed financial institution like EXIM Bank, IDBI etc. The President, IMTMA informed that the industry should adopt polytechnic and IIT institutes through introduction of advanced curriculum based on latest technology in their area for development of skilled man power and there has been example in Andhra Pradesh to this effect.

7. Sh. Mohanram Technical Adviser to IMTMA made a presentation regarding the status of the industry. It was told that by 2020 the industry would require investment of Rs. 15000 crores so that the production can be increased to Rs. 28000 crores from the present level of Rs.3000 crores.He also informed that at present India's market share in the production of machine tools is 0.8% only.

8. Detailed discussions were held on several issues including constrained faced by machine tools industry sector. An important issue on which participants raised concern was on the availability of skilled man power. There is scarcity of qualified and experienced sales engineers also in this field. Representatives from SIAM informed that studies have been made on gap on skilled man power in many areas and there is need for similar studies in this sector also. The information available with him was provided to IMTMA to make further progress.

9. A mentioned was made that there is a need to formulate machine tool mission like auto mission made in the field of automobile industry. A need was also felt for closer interaction of machine tool industry with the user industry. Major sectors of the users of the machine tool like Automobiles, Railways, Defence etc. may be identified and on the basis of projections of the requirement of machine tool industry by these sectors in next five to ten years, the industry can develop its strategy.

10. Another important aspect on which the participants raised concern and was discussed at length related to the import of second hand machine tool without any age restriction. A view was expressed that there is no harm in import of second hand machine tools which are of large capacity and not manufactured in India and are available at cheap rate in international market. The counter view was the second hand machines will not have the latest technology as available in the new machine and may not result in the accuracy and tolerance required by the product made out of the machine. When the effort is to move to zero % rejection it may be preferred to import new machines even though at a higher cost. It was decided that some sample study may be made of the

import of second hand machines where they have not served their residual life. To the query of non availability of very large size machines, representatives of HEC informed that they are manufacturing and supplying very large machines to the industry.

11. With regard to the availability of critical inputs to this sector, it was informed that CNC system which is an integral part of most of the machine tools are manufactured by only two companies in the world viz.M/s Siemens Germany and Fanuc Japan. India has to pay higher price on import of this item as our requirement is very low. It was concluded that as a long term strategy, an R&D project should be taken up in this field

12. The various issues deliberated in the meeting were summarized as follows:

- a. Creation of a corpus fund to provide soft loan to the industry
- b. Restricting the import of second hand machine tools.
- c. Identification of the gaps in availability of skilled man power.
- d. Programmes of Research & Development
- e. Preparation of a machine tool mission

13. It was decided that a sub committee of 5-6 members will be constituted to study the above issues and make recommendations to the Council within a month. Representatives of IMTMA agreed to give their nominations in this regard.

14. In his concluding remarks, The Chairman of the Development Council called upon the members to actively contribute to this sector development. The meeting concluded with a vote of thanks to the Chair.

ANNEXURE -I**List of participants attended the First Meeting of Development Council for Machine Tool Industry held on 09.03.2010 (Room No.172 - Koustubham) Udyog Bhavan New Delhi**

S. No.	Name & Designation
1.	Dr. Satyanarayan Dash, Secretary, Department of Heavy Industry – In Chair
2.	Shri Harbhajan Singh, Joint Secretary, DHI – Member Secretary
	Members/Representatives of Members:
3.	Mr. A. Komu, Addl. DGFT Director General of Foreign Trade(DGFT)
4.	Mr. Niranjan Naik, Addl. Industrial Adviser O/o Development Commissioner MSME
5.	Mr. Zubin Riaz, Under Secretary, Department of Revenue, Ministry of Finance
6.	Mr. P.R. Dalal, Executive Director EXIM Bank of India.
7.	Mr. P. Babin, Joint Director Central Manufacturing Technology Institute
8.	Mr. S.G. Roy, Director CII New Delhi
9.	Mr. Dilip Chenoy, Director General Society of Indian Automobiles Manufacturers (SIAM)
10.	Mr. Jitender Rana, Automotive Component Manufacturers Association of India
11.	Mr. M. Lokeshwara Rao, President, Indian Machine Tool Manufacturers Association (IMTMA)
12.	Mr. Vikram Sirur, Vice-President, Indian Machine Tools Manufacturers Association
13.	Mr. Srinivas G. Shirgurkar, Managing Director, Ace Designers Ltd.
14.	Mr. C.P. Rangachar, Managing Director, Yuken India Ltd.
15.	Mr. A.V. Kamat, CMD, HMT Ltd.
16.	Mr. V. Hemachandra Babu, Managing Director, HMT Machine Tools Ltd.
17.	Mr. Parakram G. Jadeja, Chairman & MD, Jyoti CNC Automation Pvt. Ltd.
18.	Dr. Ranjit Date, President & Jt. Managing Director, Precision Automation & Robotics India Ltd.
19.	Mr. G.K. Pillai, Chairman & MD, Heavy Engineering Corporation Ltd.
20.	Mr. Sanjay Desai, Sr. Dy. General Manager, Larsen & Toubro Ltd.
	Invitees and Other Participants:
20.	Mr. Satyam, Director, Central Manufacturing Technology Institute
21.	Mr. Mohanram, Sr. Director, Indian Machine Tools Manufacturers Association
22.	Mr. V. Anbu, Executive Director, Indian Machine Tools Manufacturers Association
23.	Mr. A.S. Pundle, Dy. Director, Indian Machine Tools Manufacturers Association
24.	Mr. Deepak Pandhi, Indian Machine Tools Manufacturers
25.	Ms. Subhag Naqvi, Automotive Component Manufacturers Associations of India
	Participants from Department of Heavy Industry
26.	Mr. V.C. Agrawal, Industrial Adviser
27.	Mr. N.L. Goswami, SrDO
28.	Mr. Mr. B.L. Kureel, Under Secretary

Action Points arising out of the 1st Meeting of the reconstituted Development Council for Machine Tools Industry held on March 9, 2010 at 11.30 AM in Udyog Bhawan, New Delhi

1. All the members of the Council to come up actively to this sector for the development with suitable strategies and proposals and prepare an action plan which would help in tackling challenges and issues such as non availability of advanced technology, identification of the areas for R&D together with inadequate investment, non availability of skilled manpower, competition from import of obsolete and cheap second hand machinery, how to increase in the market share globally, investment requirement of Rs. 15000 crores by 2020, etc. It was also decided to set up a forum in the Department of Heavy Industry for interaction between machine tools manufacturers and users on all the issues pertaining to machine tool sector.

(Action: All members and IMTMA)

2. Identify and submit concrete and in-built proposals in the area of R&D together with academia and end users for the technological upgradation of machine tools sector. Also to identify and develop strategy on the basis of projections of the requirement of machine tools in next five to ten years.

(Action: IMTMA, Academia and End Users like Automobiles, Railways, Defence).

3. IMTMA to submit the details of import of second hand machinery, inverted duty structure, exemption from payment of customs duty on strategic machine tools components, high rate of depreciation, lack of constitutional and financial support at the earliest.

(Action: IMTMA).

4. Submit a proposal for suitable action plan to re structure HMT and HEC.

(Action: IMTMA, HMT, HEC)

5. IMTMA to find out the reasons for no large industrial house of the country has ventured and willing to venture into the manufacture of machine tools.

(Action: IMTMA)

6. Government has already provided a much needed platform and scheme in the enhancement of competitiveness in the capital goods sector which includes machine tools sector also. With a view to prepare a scheme of machinery manufacturers on friendly and self sustainable basis, IMTMA to submit a comprehensive proposal for setting up Common Facility Centres, Capacity Building Support (business development services, market development support, skill development support), Development of Integrated Cluster Parks, Support to R&D projects, etc.

(Action: IMTMA)

7. For setting up of Corpus funds of Rs. 500-1000 crores to give soft loans to the industry a detailed proposal containing all relevant aspects may be submitted at the earliest.

(Action: IMTMA & EXIM Bank of India))

8. To find a solution to the problems in getting 5 axis machines from Japan because of nuclear applications, a write-up may be submitted at the earliest.

(Action: IMTMA)

9. For adopting action plan in the polytechnic and IIT institutes through introduction of advanced curriculum based on latest technology for development of skilled man power, a suitable proposal may be prepared by IMTMA. Also considering there is an acute shortage of qualified and experienced sales engineers in this field, IMTMA and SIAM to submit the detailed action plan by identifying skill gap analysis by 2020 as similar action taken in the past by auto industry.

(Action: IMTMA & SIAM)

10. Mr. Mohanram of IMTMA to submit the plan papers on formulation of machine tool mission.

(Action: Mr. Mohanram of IMTMA)

11. A comprehensive report to be submitted on import of second hand machine tool without any age restriction by undertaking sample study of such second hand machines, if any, where they have not served their residual life.

(Action: IMTMA, SIAM & End Users)

12. As CNC system which is an integral part of most of the machine tools are manufactured by only two companies in the world viz. M/s Siemens Germany and Fanuc Japan. India has to pay higher price on import of this system as the requirement is very low. It was concluded that as a long term strategy, an R&D project should be taken up in this field. A detailed plan paper to be submitted to solve the problem by IMTMA & HMT.

(Action: IMTMA, HMT)

13. IMTMA to suggest the names immediately for making sub committee of 5-6 members which will be constituted to study the above mentioned issues and make recommendations of all above issues to the Council within a month.

(Action: IMTMA)
