

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

RAJYA SABHA
STARRED QUESTION NO.67
TO BE ANSWERED ON 08.02.2017

Unveiling of Capital Goods Policy

*67. SHRI C.M. RAMESH:

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

- (a) whether it is a fact that Government has recently unveiled Capital Goods Policy;
- (b) if so, the salient features of the Policy;
- (c) how the Policy gives fillip to manufacturing sector which is not performing in the recent past as expected; and
- (d) how many jobs, the Policy is likely to create in the coming five to ten years?

ANSWER

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

(a) to (d): A Statement is laid on the table of the House.

STATEMENT

Statement referred to in reply to parts (a) to (d) of Rajya Sabha Starred Question Number 67 for answer on 08.02.2017 asked by Shri C.M. Ramesh regarding Unveiling of Capital Goods Policy

- (a) Yes, Sir.
- (b) The policy has been formulated with a view to increase the share of capital goods contribution from 12% to 20% of total manufacturing activity by the year 2025. The policy aims to make India one of the top capital goods producing nations of the world by raising the total production and exports level significantly. The Policy also envisages improving technology depth of the Indian Capital Goods to reach advanced level.

Major recommendations of the National Capital Goods Policy are:

- (1) **Make in India initiative:** To integrate major capital goods sub-sectors like machine tools, textile machinery, earthmoving, construction and mining machinery, heavy electrical equipment, plastic machinery, process plant equipment, metallurgical machinery and dies, moulds & press tools, printing and packaging machinery and food processing machinery as priority sectors to be envisaged under 'Make in India' initiative.
- (2) To create an enabling scheme as a pilot for '**Heavy Industry Export & Market Development Assistance Scheme (HIEMDA)**' with a view to enhance the export of Indian made capital goods. This will also require developing a comprehensive branding plan for the CG sector with the support of India Brand Equity Foundation (IBEF) and other such organizations.
- (3) **Strengthen existing capital goods scheme:** The policy recommends increasing the budgetary allocation & scope of the present 'Scheme on Enhancement of Competitiveness of Capital Goods' by adding a set of components including technology, skills & capacity building, user promotional activities, green engineering and energy, advanced manufacturing and cluster development
- (4) **To launch a Technology Development Fund** under PPP model to fund technology acquisition, transfer of technology, purchase of IPRs, designs & drawings as well as for commercialization of such technologies of capital goods.
- (5) **To create a 'Start-up Center for Capital Goods Sector'** shared by DHI and CG industry/industry association in 80:20 ratio to provide an array of technical, business and financial support resources and services to promising start-ups in both the manufacturing and services space. These services should focus on Pre-incubation, Incubation and Post-Incubation phases of a start-up's growth to ensure that a robust foundation is established.
- (6) **Mandatory Standardization** which includes, inter alia, defining minimum acceptable standards for the industry and adoption of International Organization for Standardization (ISO) standards in the absence of other standards, to institute formal development program for promoting and framing Standards with Standards Developing Organizations (SDOs) including Bureau of Indian Standards (BIS), international standard bodies, test / research institutions and concerned industry/ industry associations.

- (7) **To upgrade development, testing and certification infrastructure** such as Central Power Research Institute (CPRI), and set up 10 more CMTI like institutes to meet the requirements of all sub-sectors of capital goods.
- (8) **Skill development:** To develop a comprehensive skill development plan/scheme with Capital Goods Skill Council and to upgrade existing training centres and set up 5 regional State-of-the-Art Greenfield Centres of Excellence for skill development of CG sector.
- (9) **Cluster approach:-**To provide schemes for enhancing competitiveness through a cluster approach, especially for CG manufacturing SMEs with thrust on critical components of competitiveness such as Quality management, Plant maintenance management, Energy management, Cost management, Human Resource management and prevention of corrosion.
- (10) **To modernize the existing CG manufacturing units**, especially SMEs by replacing the modern, computer controlled and energy efficient machineries across capital goods sub-sectors, based on capital subsidy to promote the manufacturing of quality product

Details of Policy are available on the web site of the Department of Heavy Industry at dhi.nic.in.

(c) Capital Goods is an important constituent of the manufacturing sector. Products of capital goods sector are equipment and machineries which are used to manufacture other goods and products in diverse sectors. Implementation of the Policy recommendation will result in increased production level and exports with improved technology depth in the domestic capital goods industry. Since capital goods is the 'mother industry', this will have a cascading effect on other sectors.

(d) The Policy envisages increase in direct employment from the present 1.4 million to 5 million and increase in indirect employment from the present 5 million to 25 million, with the implementation of interventions recommended in the policy.
