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Government of India
Ministry of HI & PE
Department of Heavy Industry

Website Link : <https://heavyindustries.gov.in/>

Udyog Bhavan, New Delhi
Dated 20th March, 2015

To

(As per list attached)

Subject: Minutes of the 1st Meeting of the Reconstituted Development Council for Machine Tools Industry held on 12th March, 2015 in the Department of Heavy Industry

Sir,

I am directed to forward herewith a copy of the Minutes of the 1st Meeting of the Reconstituted Development Council for Machine Tools Industry held on 12th March, 2015 in the Department of Heavy Industry for information.

2. Comment/ Input on the minutes, if any, may be sent to this Department at an early date. A soft copy of the same may kindly be sent to slakra@nic.in.

UK Mukherjee

(U. K. Mukherjee)
Under Secretary (HE & MT)

o/c

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File No.1(1)/2014-HE&MT/P-2973

Department of Heavy Industry
(HE&MT Section)

Approved minutes of the meeting of the Development Council for Machine Tools held on March 12, 2015 in DHI.

Development Council for Machine Tools was re-constituted by the Government of India on November 28, 2014. The first meeting of the re-constituted Development Council took place on March 12, 2015 in DHI. The meeting was chaired by Secretary (Heavy Industry) in his capacity of Chairman of the Council. List of participants is enclosed. Following is the gist of the major deliberations:-

Agenda No.I : 1.1 Shri Vishvajit Sahay, Joint Secretary, Department of Heavy Industry and Member Secretary to the Council welcomed the participants and said that the Council is meeting at a time when the country is witnessing transformation of the manufacturing sector.

1.2 Self-introductions followed.

1.3 Dr. Rajan Katoch, Secretary, Heavy Industry and Chairman of the Council in his opening remarks said that the Council is an important forum for dialogue. The present focus of the Government is on 'Make in India'. This calls for more active role of the Council to derive full benefits from the clarion call of 'Make in India'. The Council may meet at least once in six months. He invited concrete suggestions from the participants, which could be acted upon by the Department.

Agenda No.II : 2.1 Minutes of the last Development Council meeting held on June 14, 2013 were ratified. rd

Agenda No.III: 3.1 The Member Secretary presented Action Taken Report on the decisions taken in the last meeting of the Development Council. Indian Machine Tools Manufacturers' Association (IMTMA) was requested to present information on cost of conversion experienced by Indian SMEs compared with German SMEs. The Action Taken Report was noted.

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Agenda No. IV: 4.1 Indian Machine Tools Manufacturers' Association made a presentation (copy enclosed). The following issues were discussed in the presentation:-

- 4.2 The President, IMTMA informed that there was a slack in production of machine tools in January and February this year. However, since then, the production has picked up. Business sentiments are positive and investment cycle is perceived to be 6 to 7 months away. The cycle is expected to start with easing of the credit policy, flowing of Rs.70,000 crore of infrastructural spend in the economy as proposed in the recent budget and utilization of capacity on ground.
- 4.3 The notable feature is that CNC Metal Working Machine Tools have now become major part of the domestic production. Imports of metal working machine tools are likely to pick up with the investment cycle. The industry which peaked in 2010-11, is at the moment in down trough. However, in next two to three years, it might achieve the same peak again. New segments like medical implants, housing construction etc. are also offering more potential.
- 4.4 He also said that the main constraints to growth are limitations related to technology, capacity, competitiveness, Government tender terms, trade agreements, skills and optimum utilization of capacities in machine tools PSUs.
- 4.5 On technology, he pointed out that CNC controls, ball screws and guide-ways continue to be imported in absence of local production base and also because of technology denial regime. Indian production is limited to machine design, casting, fabrication and other mechanical engineering production processes. He vouched for parallel track of technology development at IITs. He also called for joint efforts with the Government to persuade overseas technology companies to set up manufacturing bases in India. High level dialogue between Government of India and others particularly, Governments of Germany and Japan was also proposed.
- 4.6 IMTMA pointed out that few global companies control production in India in number and technology level of

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machine tools through rationing and GPS based controls. They can even prevent working/shifting of a machine tool.

4.7 On creating capacities for production of state of art machine tools in India, he informed that dual use technology denial regime of the developed economies is aimed at preventing use of advanced technologies by India in defence and other strategic sectors. BFW narrated their experience of prevention of transfer of technology from one of their units in another country to India. Further, the President, IMTMA informed that Defence, aerospace, energy, ship-building and many other strategic sector users are Government entities. The manufacturing capacities to a limited extent are in PSUs. Machine building capacities for these sectors could not be developed indigenously. The reason is that the end product itself is imported. He called for a dialogue between users, PSU manufacturers and the Indian machine building industry at a platform provided by DHI to sort out the issue.

4.8 He also suggested positioning of India globally as a destination for customised engineering, design, development and manufacturing.

Agenda No.V: 5.1 Director, CMTI mentioned that feeder/core technologies will not be transferred by developed economies to India. He proposed 8 Centres of Excellence as national projects in mission mode for development of these technologies which suffer from technology denial regimes and/or commercial embargo. An estimated amount of Rs.1000 crore might be needed to set up Fraunhofer, Germany like facilities in India. Industry supported the need for R&D and technology development in these 8 centres. It was decided that CMTI may propose national manufacturing technology development projects by setting up the above 8 centres in mission mode as national manufacturing technology initiative for 'Make in India'. The proposal may be considered by the Government.

5.2 The President, IMTMA also called for large technology transfers being made conditional so that local development could take place as happened in the past with HMT.

5.3 President, IMTMA also called for national policy and mission plan for capital goods including machine tools so that the industry could grow unabatedly.

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Agenda No.VI: 6.1 President, IMTMA recognized the key support by the Department to the Industry under the scheme on "Enhancement of global competitiveness in the Capital Goods Sector".

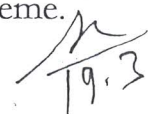
6.2 He called for DHI support to set up Machine Tool Park in Tumkur with the help of Government of Karnataka. Industry Secretary of Government of Karnataka informed that they are very keen to complete of the project as soon as possible. They sought DHI grants for creation of internal industrial infrastructural facilities at Tumkur Machine Tools Park.

6.3 AS&FA expressed concern that the Government money may not be used for subsidizing bigger units or expenditure on building restaurant, boundary walls etc. Then Secretary requested IMTMA to draw up a revised proposal strictly within the four walls of the scheme by keeping in view the observations of the Apex Committee Reports.

6.4 The President, IMTMA assured that the project will be recast in view of the observation. The money will be best spent in those components, which are acceptable to the Government and will benefit the small scale sector.

6.5 The Chairman desired that the proposal may be recast and submitted for the consideration of the Apex Committee.

6.6 The President, IMTMA outlined the importance of R&D and technology development and said that they are suffering from commercial embargo on technology transfer and de-facto control of their production as well as use of the machines by technology suppliers from abroad. In this connection, he appreciated DHI support for setting up of a Centre of Excellence at IIT Madras. Representative of IIT Madras outlined the status of the proposal and sought immediate assistance to hire space for the proposed centre at the adjoining Research Park. It was decided to continue to hold the dialogue to find out an amicable and well-structured proposal, which could be supported under the present DHI Capital Goods Scheme.


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6.7 Technology Acquisition Fund was also discussed. Industry outlined its experiences and difficulties faced when they acquired companies in Germany and in France. The reluctance for transfer of technology by personnel as well as the Government machineries was experienced. Negotiations are the only way out. It was suggested that a tripartite arrangement between machine tools manufacturers, their Indian users and overseas technology holders may be developed for technology acquisition. It was decided to continue dialogue and find out ways and means for technology acquisition. IMTMA volunteered to submit a concept paper.

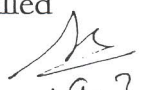
6.8 Suggestions were also invited from IMTMA to make Capital Goods Scheme component on 'Technology Acquisition' more useful to the Industry. Suggestion on other components are also welcome.

Agenda No.VII:7.1 President, IMTMA mentioned about a number of unfavourable tender conditions for purchases by defence and other PSUs. It was stated that on account of those domestic manufacturers are not at par with the foreign suppliers. He mentioned issues relating to payment through letter of credit, exchange rate variation and prior supply condition being the main deterrent.

7.2 Representative of Department of Defence Production informed that they have taken note of difficulties of domestic manufacturers while framing new purchase policy. In a month or two, they are likely to come up with the revised policy, which may address concerns of domestic manufacturers in the Defence Procurement Procedure (DPP). This policy will then be followed by all departmental undertakings such as OFB as well as PSUs.

Agenda No.VIII:8.1 President, IMTMA called for exclusion of machine tools from FTAs entered by India with developed economies. He said that at present FTAs with Japan & Korea have zero duty windows. AS &FA suggested that IMTMA paper on this may be substantiated with data and facts.

8.2 Thanking the Government for correction of Inverted Duty Structure in the recent budget on few machine tools, he called


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for extension of custom duty reduction on critical components to entire segments of machine tools. He was advised to make self-contained representation, which DHI can take up with Ministry of Finance.

Agenda No.IX: 9.1 Representative of EEPC India presented comparison between Indian and European export systems. He said that European system takes 30 days from enquiry to exports while in case of India the time taken is not definite. There are 25 documents to be filed even though electronic data interchange system exists. Re-engineering of exports documentation system is needed.

9.2 Industry proposed setting up India Exhibition Centres in five or six markets. The facilities may contain office cubicles, export development facility, exhibition facility and warehousing facility. This may be there for 5-6 years.

9.3 EEPC also proposed a rationalization of number of foreign trade policy incentives, financial and marketing initiatives issues in FTA and other impediments for exports.

9.4 It was suggested that an inter-ministerial standing committee may be set up to examine issues relating to exports with a view to rationalize exports from the sector.

Agenda No.X:10.1 Representative of IIT Mumbai outlined advances in additive manufacturing. He said that for small size of up to 250 gram of the product, powder route of 3D printing/additive manufacturing is viable. He displayed a number of products made through this technology route. He also displayed larger work pieces made with sandblast and end milling He also outlined various advantages in use of additive manufacturing.

10.2 Industry supported the initiative and said that with little investment, India can leapfrog into a global major manufacturing destination, using this new technology.

10.3 It was informed that DHI and IIT are working with FICCI to develop a policy and national framework for application of the technology. A design cum development cum common manufacturing facilities is also proposed as a national project in IIT Mumbai.

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10.4 The agenda was noted for further action.

Agenda No.XII:11.1 Representative of Capital Goods Skill Council presented progress of the work on skill development. He mentioned that 31 occupational standards in the Capital Goods Sector have been notified. He called for continuation of industry support for inputs on occupational standards to be formed, validation of occupational standards in pipeline; signing MoUs with Capital Goods Industry, acceptance of occupation standards by the industry, labour management information system, preferential employment, list of training providers and list of retired people with special expertise in skill development.

11.2 AS&FA enquired about the targets. It was informed that this year 50,000 are proposed to be trained in the CGSC affiliated training institutions.

Agenda No.XII:12.1 In his closing remarks, the Chairman thanked the participants for their useful contributions. He assured departmental support to take up issues with the Government. He also said that concrete proposals would also be looked into for support. He appreciated contributions of high quality dialogue process.

12.2 The meeting ended with Vote of Thanks to the Chair and the participants to the organizers.

(Sanjay Chavre)
Sr. Development Officer
19.03.2015

List of attendance (March 12, 2015 on Development Council for Machine Tools in DHI)

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