

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 3862
ANSWERED ON 12.08.2025

CHALLENGES FACED BY CAPITAL GOODS SECTOR

3862. SMT. PRATIMA MONDAL:

Will the Minister of HEAVY INDUSTRIES be pleased to state:

- (a) the manner in which the Government plan to address the challenges faced by the capital goods sector in terms of technology obsolescence, low capacity utilization and inadequate R&D investments;
- (b) the support extended to Bharat Heavy Electricals Limited (BHEL) to diversify its product portfolio and improve its financial performance in a competitive market environment; and
- (c) the manner in which the Government assess the effectiveness of budget allocations and flagship schemes in driving technological innovation, improving global competitiveness and fostering sustainable growth of heavy industries?

ANSWER
THE MINISTER OF STATE FOR HEAVY INDUSTRIES
(SHRI BHUPATHIRAJU SRINIVASA VARMA)

(a): In order to encourage the technology development, research, innovation and to augment the manufacturing infrastructure in the Capital Goods sector, Ministry of Heavy Industries (MHI) is implementing the Scheme for “Enhancement of Competitiveness in the Indian Capital Goods Sector- Phase II” with a financial outlay of Rs. 1207 crores, budgetary support of Rs.975 crore and industry contribution of Rs.232 crores. Under the Scheme, a total of 33 projects have been approved. These 33 projects include 9 Centres of Excellence (CoEs), 5 Common Engineering Facility Centres (CEFCs), 7 Testing and Certification Centres, 9 Industry Accelerators for Technology development and 3 projects for Creation of Qualification Packs (QPs) for skill level 6 and above.

(b): Bharat Heavy Electricals Limited (BHEL), under guidance and support from the Ministry of Heavy Industries (MHI), has strategized itself to reduce its reliance on thermal power sector by broadening its product offerings in new and emerging areas in the following sectors:

- (i) Coal Gasification:
 - Indigenously developed Pressurized Fluidized Bed Gasification (PFBG) technology
 - Formed JV with Coal India Limited (CIL) i.e. Bharat Coal Gasification and Chemicals Limited (BCGCL) to develop a Coal-to-Ammonium Nitrate Plant.
 - Through strategic policy advocacy of MHI, BCGCL’s Coal to Ammonium Nitrate Project identified by GoI for Viability Gap Funding (VGF) of INR 1,350 Crore.
- (ii) AUSC (Advanced Ultra Supercritical Technology):

BHEL in association with IGCAR & NTPC has developed an indigenous Advance Ultra Super Critical (AUSC) technology with the substantial investment of ~Rs. 900 crores by Ministry of Heavy Industries.
- (iii) Establishment of strategic equipment and Li-ion battery (integration & testing)

- (iv) Augmentation of Testing and Certification Facilities, namely “Test and Calibration Centre at BHEL Bhopal”; “Test Lab for SIL and HIL Testing Centre at BHEL, Hyderabad” and “Test Lab for pumps at BHEL Hyderabad” under the Scheme for “Enhancement of Competitiveness in the Indian Capital Goods Sector- Phase II”.
 - (v) Regular review, monitoring and guidance in identified diversification areas such as
 - Transportation - Vande Bharat trainsets, Signaling (Train Collision Avoidance System)
 - Defence – Upgraded SRGM, Air Defence Gun, Strategic Equipment.
- (c): Every project sanctioned under the Scheme for “Enhancement of Competitiveness in the Indian Capital Goods Sector” is screened by the Screening Committee and approved by the Apex Committee for its relevance and effectiveness in driving technological innovation and improving global competitiveness in the Capital Goods Sector. In addition, a Project Review and Monitoring Committee (PRMC) has also been constituted for each of the project sanctioned under the Scheme. The meetings of the PRMC are held periodically in order to review the progress of the project and effectiveness of the funds released by MHI for the project.
