



# ENHANCEMENT OF COMPETITIVENESS IN THE INDIAN CAPITAL GOODS SECTOR

*Scheme by*  
**DEPARTMENT OF HEAVY INDUSTRY  
MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES  
GOVERNMENT OF INDIA**







# INDIAN CAPITAL GOODS SECTOR

Capital goods sector is termed as a strategic sector for the manufacturing sector and is crucial for the development of country's economy. It has a multiplier effect on overall growth of the economy as it facilitates growth of other user industries by providing critical inputs like machinery and other equipments necessary for manufacturing. Hence, development of domestic capabilities in the sector is essential from a national self-reliance, security and strategic perspective.

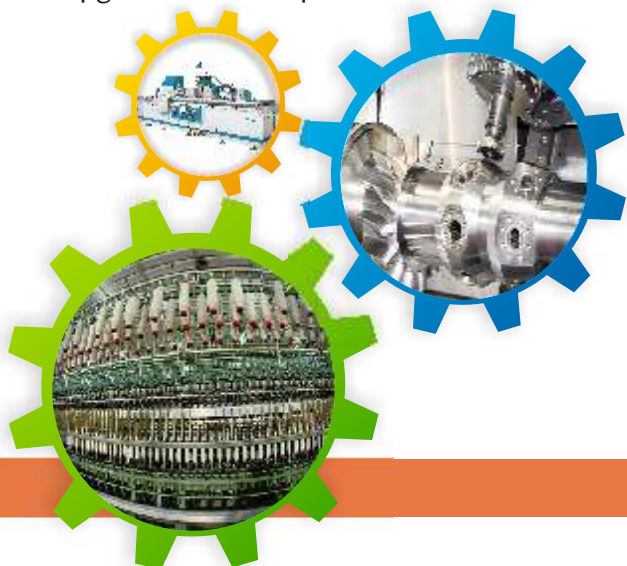
Indian capital goods industry contributes 12% to the total manufacturing activity (which is about 17-18% of the GDP as an average for 2011-13 according to latest statistics of revised base year) in our economy. The sector has on the one side large players like L&T, BHEL, etc and on the other side number of SME players that are part of the supply chain.

Capital goods sector comprises plant and machinery, equipment/accessories required for manufacture / production of any goods or for rendering services (either directly or indirectly) including those required for replacement, modernization, technological upgradation and expansion.

The sector consists of a number of different industrial machineries and equipment including earthmoving and construction machineries. Some of the prominent sub sectors of capital goods are as follow:

1. Machine Tools, tooling, dies and moulds
2. Textile & Jute machinery
3. Heavy electrical equipment including power generation, transmission and distribution equipment
4. Mining & construction equipment
5. Plastics processing machinery
6. Metallurgical machinery including steel plant equipment
7. Process plant equipment
8. Other industrial machineries & equipment

It also includes printing and packaging machinery and equipment, refrigeration equipment, equipment and instruments for testing, research and development, moulds, tools & dies, quality and pollution control instruments.







## ENHANCEMENT OF COMPETITIVENESS IN THE INDIAN CAPITAL GOODS SECTOR

Scheme by Department of Heavy Industry

The scheme has been launched to address the technological obsolescence, limited access to quality industrial infrastructure and common facilities. These are pre-requisites for “Make in India”. In the words of our Prime Minister “Make-In-India is a Lion's Step': Its Symbol is a Lion Made of Cogs. The Make in India logo is derived from the Ashoka Chakra. The lion in the logo stands for strength and power while the wheels are a sign of development and progress.”

The scheme has the following objectives:

1. To encourage technology development through joint participation with Academia, Industry R&D institute and Government and facilitate transfer/acquiring the critical technologies.
2. To create common physical infrastructure for enhancing the competitiveness of the local industry, enabling it to withstand the import penetration.

## SCOPE OF THE SCHEME

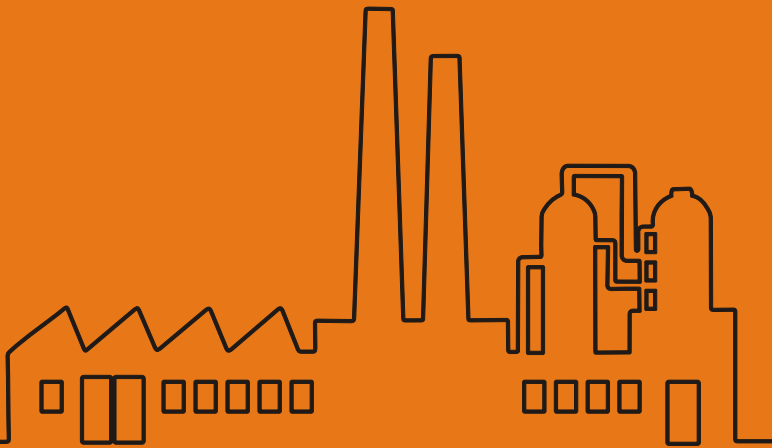
The Scheme aims to provide financial assistance to eligible existing academia/institutions and SPVs as well as individual units engaged in the manufacturing of capital goods as per the following instruments:

- i.) Technology development through Advanced Centres of Excellence by signing MoU between DHI & Academia/ Institute or SPV to be formed between Academia/Institute, Industry & DHI.
- ii.) Integrated Industrial Infrastructure Centre (IIIC) particularly for machine tool sector through SPV to be formed between industry association, institute, local industry, financial institute, State Govt. & DHI.
- iii.) Common Engineering Facility Centres (CEFC) to facilitate value added services in manufacturing through SPV to be formed between industry association, institute, local industry, financial institute, State Govt. & DHI.
- iv.) Establishing Test & Certification Centre for Earth Moving, Construction & Mining machinery through SPV created by DHI.
- v.) Technology Acquisition Fund Programme (TAFP) for technology acquisition or transfer for advanced machinery or its components; support to be given to capital goods manufacturing unit, individual or in consortium form.





## COMPONENT SPECIFIC GUIDELINES UNDER THE SCHEME



### ADVANCED CENTRES OF EXCELLENCE

#### Objective

This component will help in strengthening, incentivizing and motivating the application oriented research & development activities, bringing the capital goods sector closer to global level by creating Centres of Excellence for technology development.

#### Who Can Apply?

Eminent academia and R&D institutions in collaboration with industry consortium including Central and State PSUs.

#### Mode of Functioning

Eminent academia/institutes can set up Centre of Excellence in collaboration based on existing and /or new hardware with Indian capital goods manufacturers including Central / State PSUs, SMEs and other units in consortium by identifying application oriented technologies. The institute is required to sign MoU with implementing agency and DHI.

#### Eligible Technologies

Those identified in the 12th Five Year Plan indicated in the "Working Group on Capital Goods & Engineering Sector" and other technologies relating to capital goods sector such as NC/CNC controls, motion drive automation components, servo motors, sensors, linear guides, ball screws, advanced manufacturing technologies, etc.

#### Funding Pattern

One time grant-in-aid (not equity) not exceeding 80% of the project cost subject to maximum of Rs. 100 crore for each Centre of Excellence proposed to be set up at the institute. Balance will be required to be invested by the industry and other stakeholders. Finances will be released linked to milestones achieved as per the MoU.

### INTEGRATED INDUSTRIAL INFRASTRUCTURE FACILITIES FOR MACHINE TOOL INDUSTRY AND OTHER SUB-SECTORS OF THE CAPITAL GOODS SECTOR

#### Objective

To provide an ecosystem for manufacturing of machine tools in industrial cluster mode in order to cut down the logistic cost substantially and therefore making the sector cost effective having enhanced export capability and favourable for attracting more investment.

#### Who Can Apply?

Local industries, Industry Associations, Financial Institutions, Central / State Government, R&D Institution, Central / State PSUs etc. SPV will need to be formed for implementation.

#### Eligible Common Infrastructure Facilities

See the following link for details:

<http://dhi.nic.in/>

#### Funding Pattern

One time grant-in-aid (not equity) not exceeding 80% of the project cost subject to maximum of Rs. 125 crore. Balance will be required to be invested by the SPV. Finances will be released linked to milestones achieved as per the MoU







## COMMON ENGINEERING FACILITY CENTRES (CEFC) FOR SUB-SECTORS OF CAPITAL GOODS INDUSTRY

### Objective

Common engineering facility centre may be set up by the local industry and the industry association so that manufacturing services, hitherto, not available, will be accessible to capital good sector in the catchment area.

### Who Can Apply?

Special Purpose Vehicles (SPV) formed by the local industries, Industry Associations, Financial Institutions, Central/State Government, R&D Institution etc.

### Eligible Common Engineering Facilities

Design/ process/ product development / re-engineering/ RPD/ 3D printing facilities, industrial exhibition cum products displays centres, IT application & development centres, common machining facilities, training and skill infrastructure etc.

### Funding Pattern

Central Assistance will be by way of one time grant-in-aid (not equity) not exceeding 80% of the project cost subject to maximum of Rs. 48.96 crore for two Common Engineering Facility Centres (Rs. 30 crore maximum in one case). Balance will be required to be invested by the SPV.

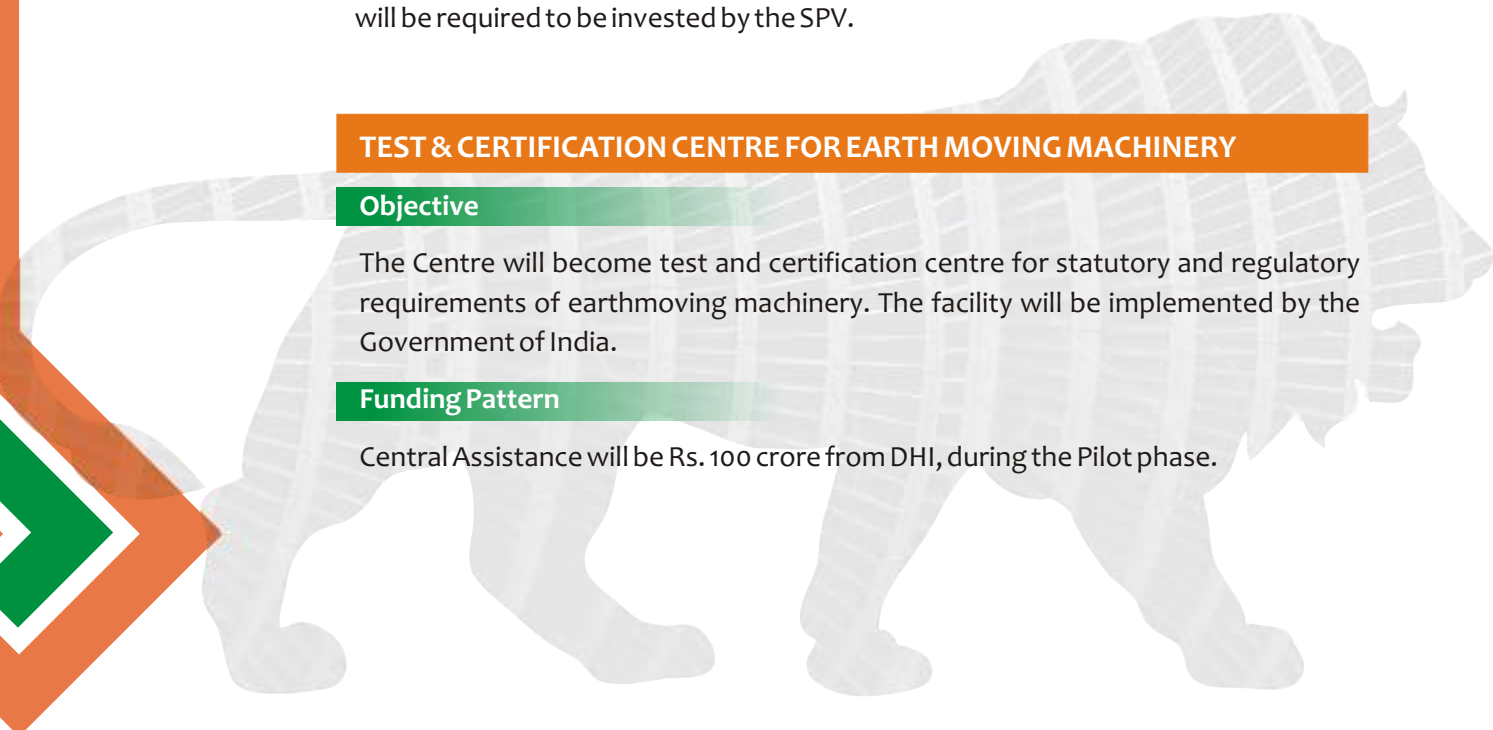
## TEST & CERTIFICATION CENTRE FOR EARTH MOVING MACHINERY

### Objective

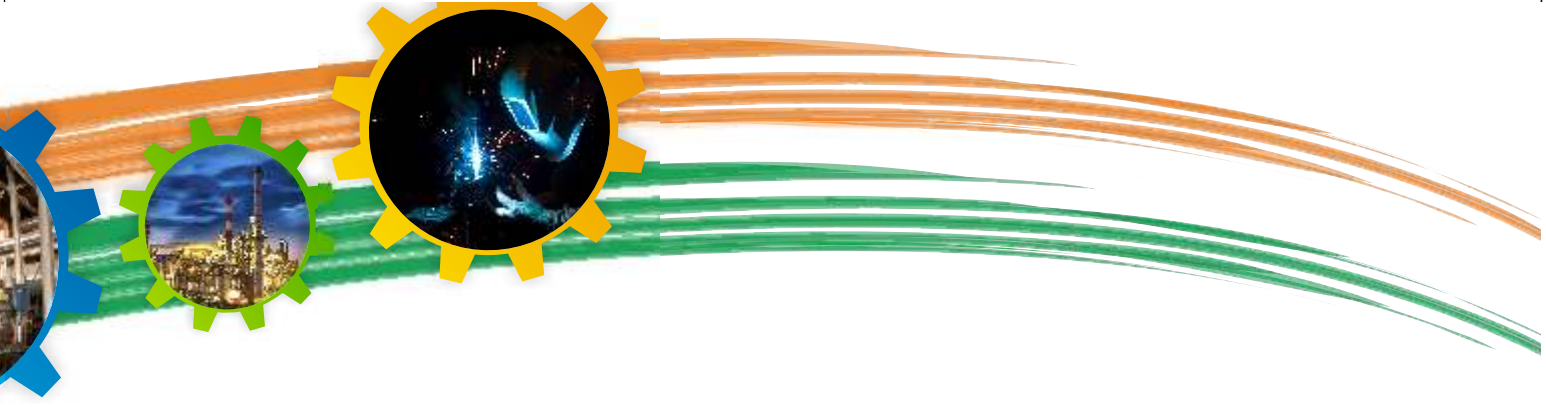
The Centre will become test and certification centre for statutory and regulatory requirements of earthmoving machinery. The facility will be implemented by the Government of India.

### Funding Pattern

Central Assistance will be Rs. 100 crore from DHI, during the Pilot phase.







## TECHNOLOGY ACQUISITION FUND PROGRAMME (TAFP)

### Objective

The fund will provide financial assistance to existing capital goods industrial units for acquiring / transferring and assimilating advanced technologies and also development of technologies through contract route, in-house route or through joint route of contract in order to achieve global standards and competitiveness.

### Eligibility

Financial support from TAFP will be available to Indian capital goods sector unit or their consortium.

### Scope

The TAFP will cover all industries dealing with machinery/machine components and categorized under capital goods sector. TAFP will give priority to projects that seek technologies by capital goods manufacturing units to cater to areas of national interest. It covers activities undertaken for selecting right technologies, outright purchase of technology, IPR, patent, rights, know how, designs, licensing, upgradation of R&D/testing facilities, hardware / software for technology upgradation, training of workers, contract research payments, etc. Technologies could be products or processes, raw material, components, systems or finished products etc.

### Funding Pattern

Central Assistance will be by way of one time grant upto 25% of the cost of Technology Acquisition of each technology. Maximum amount given shall not exceed Rs. 10 crore. The funding support will be through a Government R & D institution.

Note: The above given details of the Scheme are only the highlights. The applicant is requested to see the detailed guidelines of the scheme given on the link, <http://dhi.nic.in/>, before applying.

### For further details contact

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