
SCHEME FOR
ENHANCEMENT OF **COMPETITIVENESS** OF
INDIAN CAPITAL GOODS SECTOR

1st REVIEW COMMITTEE MEETING

22 April 2015

Department of Heavy Industry

Ministry of Heavy Industries & Public Enterprises

DISCUSSION FRAMEWORK



I. SCHEME BACKGROUND

- Aims and Objectives
 - To address **Competitiveness** and **Quality** issues in the **Capital Goods Sector**
 - **4 strategies**, each a scheme component with specific end results
 - Centres of Excellence - **Advanced CoEs**
 - Integrated Industrial Infrastructure - **MT Parks**
 - Common facility centres - **CEF & T&C centres**
 - Technology development & acquisition - **TAF Program**
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I. SCHEME BACKGROUND

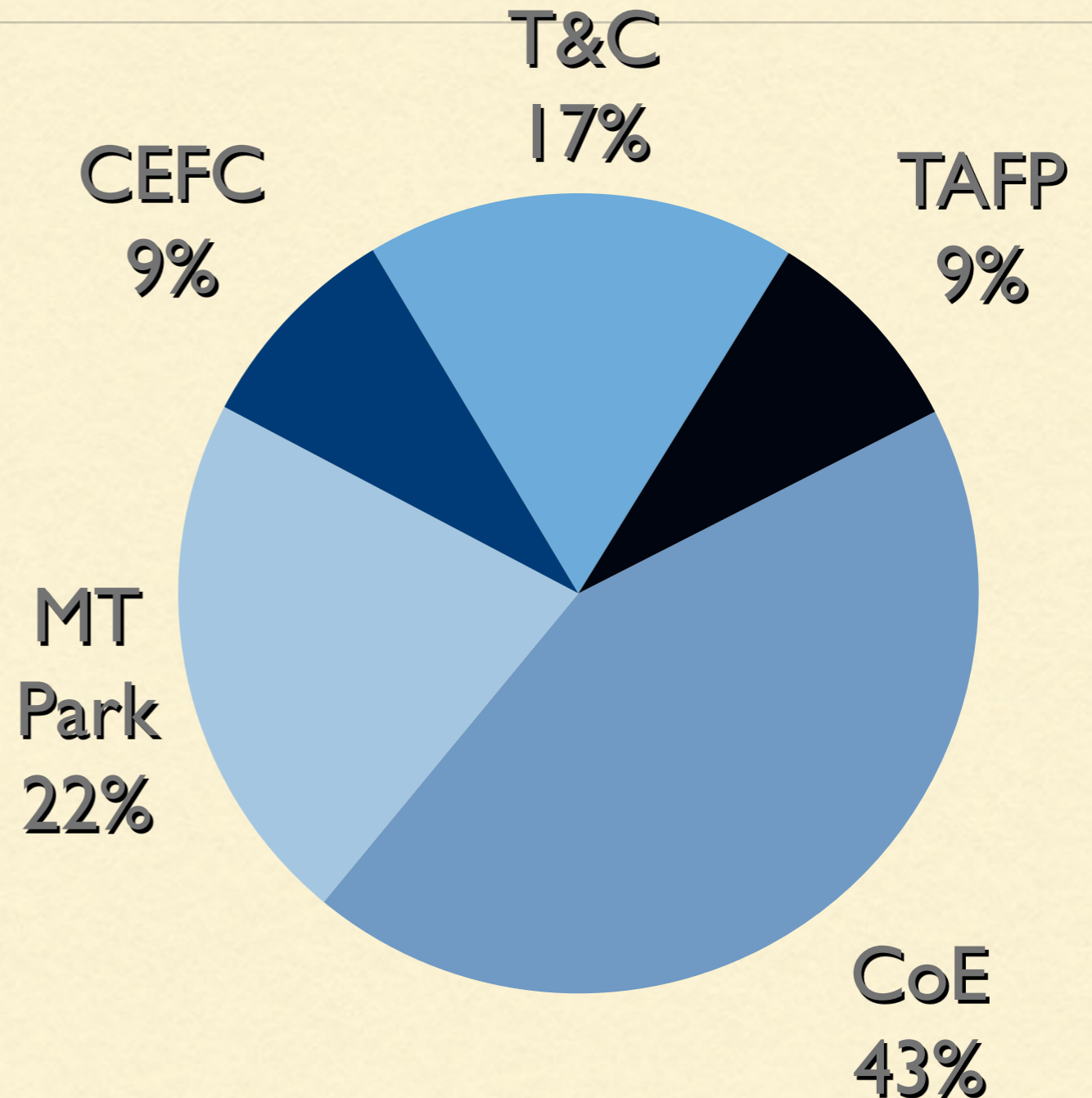
BUDGET ALLOCATIONS

<u>Component</u>	<u>Target (nos.)</u>	<u>Allocation</u>	<u>Industry Contribution</u>	<u>Sectoral Caps</u>	<u>Funding ratio</u>
1. Technology Development through CoE	5	Rs 250 crore	Rs 62.5 crore	Max Rs 100 crore per CoE	Govt 80% Industry 20%:No land building.
2. Industrial Infrastructure (Cluster Park)	1	Rs 125 crore	Rs 275 crore	Max Rs 125 crore	-do-
3. Common Engineering Facility Centres	2	Rs 48.96 crore	Rs12.26 crore	Max Rs 30 crore / Centre	- do -
4. Test & Certification Centre for Earthmoving Machinery	1	Rs 100 crore	-	Max Rs 100 crore	Govt 100%
5. Technology Acquisition Fund Programme	10	Rs 50 crore	-	Max Rs 10 crore	Govt 25%
6. Administrative expenses		Rs 7.26 crore	-		As per GO/ GFR
	Total	Rs 581.22 crore	Rs 349.76 crore		

I. SCHEME BACKGROUND

SPREAD OF DHI GRANT

- DHI grant spread across 4 scheme components
- Funding pattern 100%, 80/20 or 25/75, Ceilings for maximum grant
- Bouquet of Proposal Structures envisaged to appeal to Academia, Industry Clusters, Technology Companies
- Industry contribution varies across components



2. ROLE OF REVIEW COMMITTEE

- Screening Committee
 - Screening of Project Proposals received, Recommending to Apex C'tee
 - Apex Committee
 - Deciding on proposals, Co-opting experts where needed
 - Review Committee
 - Review of Scheme guidelines & Anomalies, Corrective Action
 - Enabling Progress of Scheme, Removing roadblocks encountered
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2. ROLE OF REVIEW COMMITTEE

COMPOSITION OF C'TEES

Screening Committee

Joint Secretary (HE&MT), DHI	-Chairman;
Economic Adviser, DHI	- Member;
Director, CMTI	- Member;
Director (IFW-DHI)	- Member;
Director (HEMT - DHI)	- Member;
Technology Experts (three)	- Member;
Industrial Adviser (HE&MT)	- Member Secretary.

Apex Committee

Secretary (Heavy Industry), DHI	- Chairman;
AS & FA, DHI	- Member;
Prominent Industrialists from CG Sector (4)	- Members;
Adviser (Industry), Planning Commission	- Member;
Representative of DIPP not below the rank of Joint Secretary	- Member;
Representative of MSME not below the rank of Joint Secretary	- Member;
Representative of DSIR not below the rank of Joint Secretary	- Member;
Representative of NMCC not below the rank of Joint Secretary	- Member;
Director General (Bureau of Indian Standards) Standards)	- Member;
Director General (Mines & Safety)	- Member;
Director General (CII)	- Member;
Director General (FICCI)	- Member;
Chairman (SBI)	- Member;
Chairman (SIDBI)	- Member;
Director, Central Manufacturing Technology Institute	- Member;

3. PROGRESS SO FAR

Projects Considered in the Apex Committee held on 11.12.2014

Institute / Industry Association	Project Title	Project cost (Rs cr)	Status
CMTI –TMMA	Centre of Excellence for development of shuttleless rapier looms of 450 RPM by 5 consortium members of TMMA	20.00	Approved
TAGMA – IL & FS	Common Engineering Facility Centre for Tools & Dies industry in Pune by TAGMA & IL&FS	51.91	Approved subject to land acquisition
PSG	Centre of Excellence for advanced Welding Technology in association with M/s L&T	34.50	Deferred
IIT –D	Centre of Excellence Fabrication project in association 2 specified technologies	67.90	To be considered by Screening Committee
IIT – B	Centre of Excellence for 7 specified Technologies	312.55	-do-
TMMA – Surat	Common Engineering Facility Centre for textile machinery industry in Surat by TMMA	38.75	-do-
IIT –M	Centre of Excellence for development of 15 specified technologies for Machine Tools & Production Technology	125.00	-do-
IMTMA	Machine Tool Park in Karnataka under Integrated Industrial Infrastructural Facility	322.00	-do-
ICEMA	Test & Certification Centre for Earthmoving Machinery industry by DHI	430.90	-do-
IIT –Kgp	Centre of Excellence for development of three technologies	163.70	-do-
	Total	1567.21	

3. PROGRESS SO FAR

EXPENDITURE FOR CURRENT FY

- Budget allocated for the current financial year
 - Rs. 25 crore
 - Projects applied 10 / Screened 2 / Deferred 1 / To be Screened 7
 - Approvals in current FY
 - Rs. 2.80 crore
 - Single MoU signed for shuttle-less looms projects of CMTI & TMMA
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3. PROGRESS SO FAR

STEPS TO INCREASE APPLICATION POOL

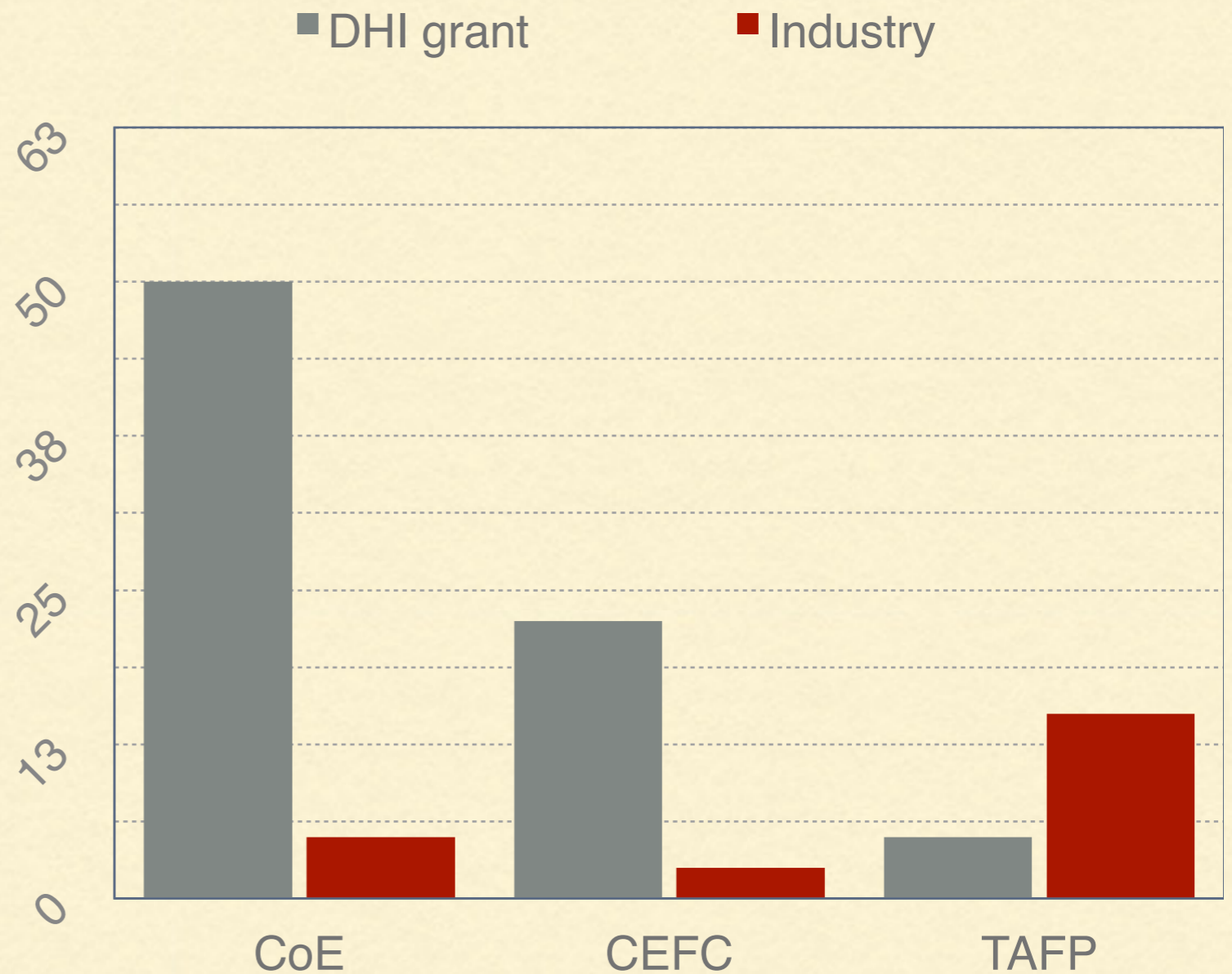
- Scheme Launch Advertisement
 - Website updates - Application Format & Scheme docs
 - Road Shows & Scheme Publicity
 - Engaging with Industry Representatives
 - Forming a Technology Scouting Mission
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3. PROGRESS SO FAR

CHALLENGES IN TAF PROGRAM

Envisaged Per Project Industry Contribution

- Advanced CoE (5)
 - (DHI 50 Cr + Institute 5 Cr)
- MT Park (1)
 - (DHI 125 Cr + Industry 275 Cr)
- CEF Centre (2)
 - (DHI 22.5 Cr + Industry 2.5 Cr)
- Test & Cert. Centre (1)
 - (DHI 100 Cr + Industry 10 Cr)
- TAF Program (10)
 - (DHI 5 Cr + Industry 15 Cr)



4. AGENDA & REVIEW ITEMS

Discussion Item 1: Expanding Scope of eligible Institutes

- ANOMALY: “IITs, CMTI and industry consortium” ONLY are presently eligible
 - PROPOSAL : “to expand eligibility to other institutes also”
 - Clause 6, 6.2 in original notification restricts institutes to only IITs
 - Propose to include others such as BITS Pilani, VIT Tamilnadu, PSG Coimbatore for specific technology projects approved by Apex Committee
 - Such institutes should be
 - willing to engage with **identified industry consortiums**
 - conveniently **located near industry** clusters
 - focused on specific outcomes in **application oriented projects**
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4. AGENDA & REVIEW ITEMS

Discussion Item 2:

Setup and Accept Recommendations of
Technology Scouting Missions for eligible projects

- ANOMALY: “Technology Gaps identified in 12th FYP report for Indian CG sector” ONLY eligible for TAF program assistance
 - PROPOSAL : “Provide for accepting the recommendations of technology scouting missions as eligible projects under TAF program”
 - Technology Scouting Missions (3 member, one each from Industry, Academia & DHI) to identify technology sources for tie-ups with grant recipients
 - NIL applicants under TAF program, should generate more by scouting
 - CG sector not evolved/ equipped to come up with technology gaps, justification
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4. AGENDA & REVIEW ITEMS

Discussion Item 3: Modifications in Prescribed Funding Pattern

- ANOMALY: “Funding patterns specified are 80/20 for CoE, 80/20 for MT Parks, 80/20 for CEF Centres, 100% for T&C centres, **25% of project cost for TAF program**”
 - PROPOSAL : “Provide for accepting proposals from SMEs, with flexibility in funding pattern of 80/20, for TAF program”
 - TAF program component provides for maximum per project grant of Rs 10 crore
 - This must be 25% of overall project cost, implying high industry contribution and high cost technologies, both of which is daunting for SMEs
 - Change in funding pattern **within overall ceiling** permits consideration of more number of projects overall, Includes SMEs
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4. AGENDA & REVIEW ITEMS

DISCUSSION ITEM 4: DEFINING IN KIND CONTRIBUTIONS

- **ANOMALY:** Industry contribution is not defined whether only cash or in kind or a combination of cash and kind. Sometimes , some project materials / equipment / manpower are such that they are required to be contributed by the industry for various reasons. There arises a need for industry contribution being in kind”

 - **PROPOSAL :** “It is proposed that in general industry contribution in cash will be the norm. However in those cases, where part of industry contribution has to be made in kind for compelling reasons beyond the control of the industry, the Apex Committee may take a decision on case to case basis in consultation with the Experts and the Technology development Institution.. An illustrative list is given in the next slide. , ”
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4. AGENDA & REVIEW ITEMS

S. No.	IN-KIND CONTRIBUTION HEAD	REMARKS
1.	<p>Materials contributed by the industry for the project, for instance :</p> <ul style="list-style-type: none">• Consumables for welding, lasers etc• Raw Materials for trials• Raw material like castings / forgings• Imported 2nd hand or new components required for the machine• Indigenous components- new or 2nd hand required for the machine• Sub-contract items/services• Manufacturing facility which is not available in the institute provided by the manufacturer	In case of 2 nd hand goods, certificate form the Chartered engineer about its residual value could be provided
2	Repairs and maintenance cost for the machine and components used in the machine	
3.	<p>Testing & Field Trials :</p> <ul style="list-style-type: none">• In-house testing• External testing• Field trial• Equipment required for testing	

4. AGENDA & REVIEW ITEMS

S. No.	IN-KIND CONTRIBUTION HEAD	REMARKS
4	Cost Related to Designing either through in-house design team or through Consultancy	
5	Admin expenses, travel cost related to the project; pre-operating expenses made by project proponents in terms of preparation of DPRs etc	proposed by industry, but not agreed
6	The operating cost incurred by the industry to run the center after five years should also be considered as part of industry contribution. After five years (after project completion) one would expect a revenue model and self-sustainability.	proposed by industry, but not agreed
7	Patenting, IPR management expenses related to the technology to be developed	
8	Cost related to awareness to be created for the technologies developed at the Centre, through workshops, audio/visual, brochure etc	proposed by industry, but not agreed
9	Manufacture : <ul style="list-style-type: none">• In-house manufacture• Sub-contract / special manufacture• Assembly	proposed by industry, but not agreed

4. AGENDA & REVIEW ITEMS

Discussion Item 5:

Include MoU as an additional Guide document for all projects

- ANOMALY: “Approval letter is the final legally binding doc for an approved project... MoU provided only in case of CoEs”
 - PROPOSAL : “Provide for MoU subsequent to Approval Letter with delineation of project objectives, roles, milestones and evaluation methods”
 - MoU to be self contained with roles, milestones & outcomes, helps to define project
 - Clause 13.9 & 13.10 don't provide for MoU to be signed by all parties subsequent to issue of Approval Letter for all Scheme components
 - MoU to serve as handholding for Project Management Agency to monitor
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CONCLUDING REMARKS

Thank you
