REPORT NO.
316

PARLIAMENT OF INDIA
RAJYA SABHA

DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON INDUSTRY

THREE HUNDRED AND SIXTEENTH REPORT

ON

Demands for Grants (2022-23) Pertaining to the Ministry of Heavy Industries

(Presented to the Rajya Sabha on 21st March, 2022)
(Laid on the Table of Lok Sabha on 21st March, 2022)

Rajya Sabha Secretariat, New Delhi
March, 2022 / Phalguna, 1943 (Saka)

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* To be appended later.

COMPOSITION OF THE COMMITTEE

(Constituted w.e.f. 13th September, 2021)

RAJYA SABHA

1. **Dr. K. Keshava Rao** - ***Chairman***
2. Shri Hardwar Dubey
3. Shri Narain Dass Gupta
4. Shri Shwait Malik
5. Shrimati Ranee Narah
6. Shri Sanjay Seth
7. Shri Abdul Wahab
8. Dr. Amee Yajnik
9. *Shri Luizinho Joaquim Faleiro
10. # Shri Jose K. Mani

LOK SABHA

11. Shri Hanuman Beniwal
12. Ms. Mimi Chakraborty
13. Shri Bharatsinghji Shankarji Dabhi
14. Shri Hemant Godse
15. Dr. S. T. Hasan
16. Shri Ravi Kishan
17. Shri Mohanbhai Kalyanjibhai Kundariya
18. Shri Ravinder Kushawaha
19. Shrimati Poonamben Hematbhai Maadam
20. Shri Bidyut Baran Mahato
21. Shri Ramprit Mandal
22. Shri Vincent H. Pala
23. Shri Chirag Kumar Paswan
24. Shri T. R. V. S. Ramesh
25. Shri Y. S. Avinash Reddy
26. Ms. Jothimani S.
27. Shrimati Gomti Sai
28. Shri Sunil Soren
29. Shri Sunil Dattatray Tatkare
30. Shri Thirunavukkarasar S.U.
31. Shri Vijay Kumar (alias) Vijay Vasanth

SECRETARIAT

1. Shri Jagdish Kumar, Additional Secretary
2. Shri Arun Sharma, Joint Secretary
3. Shri Narendra Kumar, Additional Director
4. Smt. Sreeja. V, Deputy Secretary
5. Shri. Pratap Shenoy, Under Secretary
6. Miss Deepti Rana, Assistant Executive Officer

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* Nominated to the Committee w.e.f. 24.01.2022

Nominated to the Committee w.e.f. 11.03.2022

INTRODUCTION

I, the Chairman of the Department-related Parliamentary Standing Committee on Industry, having been authorized by the Committee, do hereby present this Three Hundred and Sixteenth Report on the Demands for Grants (2022-23) pertaining to the Ministry of Heavy Industries.

2. This report is based on the material supplied by the Ministry of Heavy Industries such as the detailed Demands for Grants, Annual Report, Answers to Questionnaires sent by the Secretariat and submissions made by the Secretary of the Ministry and its senior officers on 18th February, 2022 and the inputs provided by Society of Indian Automobile Manufactures (SIAM), Federation of Automobile Dealer Association (FADA) and Automotive Component Manufacturers Association (ACMA).

3. The Committee considered and adopted the Draft report at its meeting held on 16th March, 2022.

Dr. K. Keshava Rao
Chairman
Department -related Parliamentary
Standing Committee on Industry

New Delhi
16th March, 2022
Phalguna 25, 1943 (Saka)

ACRONYMS

2W	-	Two Wheeler
3W	-	Three Wheeler
ABS	-	Anti-Lock Braking System
ACC	-	Advanced Chemistry Cell
AE	-	Actual Expenditure
ARAI	-	Automotive Research Association of India
ATN	-	Action Taken Note
AYCL	-	Andrew Yule and Company Ltd.
B&R	-	Bridge and Roof Company Ltd.
BE	-	Budget Estimates
BHEL	-	Bharat Heavy Electricals Ltd
BPCL	-	Bharat Pumps and Compressors Ltd
BS	-	Bharat Stage
CCEA	-	Cabinet Committee on Economic Affairs
CCI	-	Cement Corporation of India Ltd
CEFC	-	Common Engineering Facilities Centre
CGD	-	Core Group of Secretaries on Disinvestment
CGS	-	Capital Goods Sector
CGTMSE	-	Credit Guarantee Trust for Micro and Small Enterprises
CMTI	-	Central Manufacturing Technology Institute
CNG	-	Compressed Natural Gas
CO2	-	Carbon Dioxide
CPSE	-	Central Public Sector Enterprises
CTU	-	City Transport Corporation
DCAAI	-	Development Council for Automotive and Allied Industries.
DFG	-	Demands for Grants
DIPAM	-	Department of Investment and Public Asset Management
ECLGS	-	Emergency Credit Line Guarantee Scheme
EPI	-	Engineering Projects (India)

EV	-	Electric Vehicle
FAME	-	Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles
FY	-	Financial Year
GDP	-	Gross Domestic Product
GST	-	Goods and Services Tax
GWH	-	Giga Watt Hour
HEC	-	Heavy Engineering Corporation
HMT	-	Hindustan Machine Tools Ltd.
HP	-	Horse Power
HSL	-	Hindustan Salts Ltd.
iCAT	-	International Centre for Automotive Technology
IEBR		Internal and Extra Budgetary Resources (IEBR)
IEC	-	Information, Education and Communication
IISC	-	Indian Institute of Science
IIT	-	Indian Institute of Technology
ILK	-	Instrumentation Ltd.
KWh	-	Kilo Watt Hour
LLP	-	Limited Liability Partnership
LNG	-	Liquefied Natural Gas
MoRTH	-	Ministry of Road, Transport and Highways
MSME	-	Micro, Small & Medium Enterprises
MSP	-	Minimum Support Price
NAB	-	National Automotive Board
NATRiP	-	National Automotive Testing and R & D Infrastructure Project
NIT	-	National Institute of Technology
OEM	-	Original Equipment Manufacturer
PLI	-	Production Linked Incentive
PMA	-	Premarket approval
PSU	-	Public Sector Undertaking
R&C	-	Richardson and Cruddas Ltd.
R&D	-	Research and Development

RE	-	Revised Estimates
REIL	-	Rajasthan Electronics and Instruments Limited
RMDP	-	Revival and Mill Development Plan
RoDTEP	-	Remission of Duties and Taxes on Exported Products
SIL	-	Scooter India Ltd.
SSL	-	Sambhar Salts Ltd.
STU	-	State Transport Corporation
UT	-	Union Territory

REPORT

The Heavy Industries in India is mainly dominated by Heavy Engineering, Machine Tools, Heavy Electrical and Automotive Industries. The Automotive Industry which contributes 6.4 % to India's GDP is one of the key drivers of the Indian economy. Further, 12% of the total manufacturing activities in India is contributed by the Capital Goods Sector comprising Heavy Engineering and Machine Tools Industry, which translates to 1.5% of GDP. These Sectors are therefore crucial for development of India's economy. However, the COVID-19 pandemic had a huge adverse impact on all sectors of the economy. The onset of the second wave of the pandemic and the continuing threat of Omicron has affected the already struggling India's journey to prosperity. The Union Budget 2022-23 is the second Budget amidst the challenges of the new variants of Covid-19, changing geo-political relations and the uncertainties in the global economy. Budget 2022 is hailed as a growth-oriented Budget focused on building long term strength using investment as the growth lever while maintaining policy stability and inclusivity. A host of measures have been announced in the Budget for various Sectors which aims at boosting growth amidst high and rising inflation and continuing Covid. The main focus of the Budget this year are PM Gati Shakti, Inclusive Development, Productivity Enhancement, Energy Transition, Climate Action, Financing of Investments etc. PM Gati Shakti project aims to take India's logistics, infrastructure, sustainability and green mobility initiatives forward. The decision to expand Capex target by 35.4% from Rs. 5.54 lakh crore to Rs. 7.50 lakh crore is expected to propel the economic growth of the country.

2. The Department-related Parliamentary Standing Committee on Industry considered and examined the Demands for Grants (2022-23) of the Ministry of Heavy Industries in its meeting held on 18th February, 2022.

Ministry of Heavy Industry (MHI)

3. The Ministry of Heavy Industries promotes the development and growth of three Sectors i.e. Capital Goods(Heavy Engineering Equipment and Machine Tools Industry), Automobile and Heavy Electrical Equipment Sectors in the country and administers 24 Central Public Sector Enterprises (CPSEs) and 4 Autonomous Organizations. The CPSEs under the Ministry are engaged in manufacturing, consultancy and contracting services. These CPSEs manufacture a wide range of products viz. Boilers, Gas/Steam/Hydro Turbines, Industrial Machinery, Turbo Generators and Consumer Products such as Tea and Salt. The Ministry also supports the development of a range of Intermediate Engineering Industry such as Castings, Forgings, Diesel Engines, Industrial Gears and Gear-Boxes.

4. The Ministry maintains a constant dialogue with various Industry Associations in the Capital Goods, Automobile and Heavy Electrical Equipment Sector and encourages initiatives for the growth of industry in these areas. The Ministry also assists the industries in achieving their growth plans through policy support, and other interventions such as advocating rationalization of tariff, promoting technological collaboration, research & development activities etc.

Vision and Mission of MHI

5. According to the Annual Report 2021-22 of the Ministry of Heavy Industries, the following is their Vision & Mission:

Vision

"To have globally competitive, green & technology-driven heavy industry manufacturing sector, including automotive and capital good sectors, which propels growth and job creation"

Mission

"To facilitate Auto, Heavy Electrical & Capital Goods Sectors to be globally competitive, growth oriented and profitable and to provide all necessary support to CPSEs to improve their overall performance".

An overview of the Demands for Grants (2022-23)

6. A statement showing the year wise Budget Estimates (BE), Revised Estimates(RE) and Actual Expenditure (AE) relating to the Ministry of Heavy Industries is given below:

(Rs. in crore)

Year	**Budget Estimates**			**Revised Estimates**			**Actual Expenditure**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
2017-18	984.99	1615.01	2600.00	801.28	305.98	1107.26	758.88	345.74	**1104.62**
2018-19	739.24	386.49	1125.73	572.45	463.89	1036.34	571.15	463.87	**1035.02**
2019-20	980.74	386.26	1367.00	956.53	352.08	1308.61	922.17	352.05	**1274.22**
2020-21	930.35	559.63	1489.98	588.44	311.56	900.00	584.99	311.56	**896.55**
2021-22	927.85	67.42	995.27	1053.95	127.05	1181.00	877.99*	74.67*	**952.66***
2022-23	3213.79	92.21	3306.00	-	-	-	-	-	**-**

(Actual Expenditure up to 31.01.2022)*

Source: - MHI

7. From the statement, it can be seen that the BE allocation of Rs. 3306 crores for the year 2022-23 is the highest ever in the past several years. The allocation is more than three

times the BE of 2021-22 i.e Rs. 995.27crore. The Committee is pleased to note the significantly enhanced fund allocation to the Ministry and hopes that the funds may prove sufficient in the effective implementation of the projects/schemes/ initiatives and will provide an impetus to the three sectors *viz.* Automotive , Heavy Electrical Equipment and Heavy Engineering Equipment & Machine Tools Industry.

8. In the budget speech, the Finance Minister has laid special emphasis on capital expenditure, so as to sustain the near-term recovery from the pandemic while simultaneously paving the way for long term infrastructure building and restructuring of the economy. However, the Committee notes that the measly allocation of Rs. 92.21 crore has been earmarked in BE 2022-23 for Capital Expenditure, out of which the major portion of allocation is for investment in NEPA Ltd. (Rs.44.29 cr.), loans to SIL (Rs.24.12 cr.) and loans to NATRiP/NAB (Rs.23.62 cr.).

9. The Committee further notes that the Ministry has been able to utilize 99.62 percentage of the reduced revised allocation of Rs. 900 crore for the financial year 2020-21. As regards the present financial year 2021-22, MHI could utilize Rs. 952.66 crore out of the RE allocation of Rs 1181 crore upto 31.01.2022, which is ony 80% of the RE, with little time left for utilizing the remaining 20%. The Committee recommends that the Ministry of Heavy Industries which oversees important CPSEs, Heavy Electrical Equipments and Auto Sector etc. should ensure that the entire RE is fully utilized in the remaining period of the financial year and should henceforth rationalize the expenditure spreading all through the year to avoid uneven spending.

10. Scheme-Wise Projection and Budget Allocation for the financial year 2022-23 is as under:*(*Rs. *In Crores)*

	Schemes/Items	**BE 2022-23 Proposed**	**BE 2022-23 (Based on MoF ceiling)**
1	**Secretariat Economic Services (Salary)**	43.29 (24.15)	32.93 (23.41)
2	**Development of Automobile Industry**		
i	Loans to National Automotive Testing and R&D Infrastructure Project (NATRIP/ NAB)	67.84	23.62
ii	FAME India	2908.28	2908.28
iii	Grants to Development Council for Automobile & Allied Industries (DCAAI)	5.00	5.00
iv	Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry	3.00	3.00
v	Production Linked Incentive for scheme 'National Programme on Advanced	3.00	3.00

	Chemistry Cell (ACC) Battery Storage'		
	Total- Development of Automobile Industry	**2987.12**	**2942.90**
3.	Development of Capital Goods Sector		
i	Scheme for Enhancement of Competitiveness in Capital Goods Sector	498.25	200.00
ii	Industry associations and PSU for undertaking promotional activities	0.50	0.25
	Total- Development of Capital Goods Sector	**498.75**	**200.25**
4.	**Other Central Sector Expenditure**		
	Grants to Central Manufacturing Technology Institute (CMTI)	24.00	24.00
5.	**Support to Central Public Sector Enterprises**		
i	Grants to Hindustan Salts Limited (HSL)	2.00	2.00
ii	Grants to BPCL	55.32	35.32
iii	Investment in NEPA Ltd.	44.29	44.29
iv	Loans to NEPA Ltd.	0.01	0.01
v	Loans to SIL	24.12	24.12
vi	Others	1.37	0.18
	Grand Total	**3680.27**	**3306.00**

Source: - MHI

11. The Committee observes that for the Financial Year 2022-23, M/o Heavy Industries has been able to get a BE allocation of Rs 3306 crore from M/o Finance, against the actual projection of Rs 3680.27 crore, which is about 90 % of the actual projection. As such, there is a shortfall of Rs. 374.27 crore in the BE allocation for 2022-23. The Committee also observes that the budgetary allocation for capital expenditure is quite inadequate and may pose a hindrance for infrastructure building. Therefore, the Committee recommends that it should be augmented at the RE stage which will induce demand for services and manufactured products from heavy industries along with creation of better infrastructure. The Committee is, however, pleased to note that important schemes of the Ministry such as FAME, PLI etc. have been allocated the entire funds, as projected, so that the said schemes can be implemented successfully. The Ministry may further address the issue of curtailment of funds by taking up the matter with the M/o Finance for enhanced allocation, as per requirement, at RE stage.

Overview of the Automotive Industry

12. The automobile industry is one of the key drivers of the Indian economy. There is a presence of almost every global auto manufacturer in the country. India is the largest manufacturer of 2W, 3W and 4^{th} largest manufacturers of passenger cars in the world. Indian Tractor Industry is the largest in the world (excluding sub 20 HP belt driven tractors used in China), accounting for one third of the global production. Indian Tractors were exported to US and other countries like Malaysia, Turkey, etc. The industry produced about 22 million vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in financial year 2020-21 and about 16 million vehicles have been produced during the April 2021 to December 2021.

13. The Indian auto component industry, with a well evolved manufacturing ecosystem, produces a wide variety of products including engine parts, drive transmission and steering parts, body and chassis, suspension and braking parts, equipment and electrical parts, besides others to service the dynamic automobile industry. As informed by the MHI during the examination of Demands for Grants 2022-23, the auto component industry provides direct employment to 85 lakh people and indirect employment to 2.9 crore people. Further, the automotive industry contributes 6.4% to India's GDP and 35% to manufacturing GDP.

Ministry's Initiatives in Automobile Sector

- Development Council for Automotive and Allied Industries(DCAAI)
- FAME India Scheme
- Production Linked Incentive Scheme on Advanced Chemistry Cell(ACC) Battery Storage
- Production Linked Incentive Scheme for Automobile and Auto Components

The Development Council for Automotive and Allied Industries (DCAAI)

14. DCAAI is constituted to focus upon the issues relating to the growth of the Automotive Sector. It provides an opportunity to identify key areas of concern for which appropriate policy modulation and other identified areas of action can be taken up by various Ministries/Departments of the Government of India. The funds allocated under DCAAI to the Ministry are utilised for supporting R&D and study projects received from Industries in collaboration with IITs/NITs, ARAI and such like Institutions through Expression of Interest (EoI) issued by the Ministry.

15. The year-wise allocation & Expenditure for the previous year, the current year as well as fund allocation for 2022-23 for DCAAI is shown in the table below:-

(Rs.in Crores)

Year	BE	RE	AE
2019-20	25	8.80	8.80
2020-21	15	13.51	13.51
2021-22	15	22	17*
2022-23	28.62	-	-

*(*Up to 10.02.2022)*

Source: - MHI

16. As per the written submission of MHI, the Committee notes that fund allocated for DCAAI under BE for 2021-22 i.e Rs. 15 crores was enhanced to Rs. 22 crores at the RE stage. However, it is observed that the utilization of the funds upto 10.02.2022 has fallen short and is only 77% of the allotted fund of Rs. 22 crores. It is unlikely that the entire balance of 23% fund will be utilized in the remaining one and a half month. The Committee therefore recommends that MHI should adopt a rationalised approach for distribution of expenditure uniformally throughout the year to avoid under-utilization of funds which would undermine the targets set to support R&D and study projects under DCAAI.

17. Further, the Ministry is silent on the identified areas of action for supporting R&D and study projects taken up by the Ministry under DCAAI Scheme. The Committee would like to be apprised of the R&D activities/projects undertaken by the Ministry and progress made in this regard. The Committee is pleased to note that BE allocation of Rs. 28.62 crores for the year 2022-23 is the highest ever in the past several years and expects the full utilization of the allocated funds thereby providing fillip to R&D activities and reap benefits of technological advancement.

Faster Adoption & Manufacturing of (Hybrid &) Electric Vehicles in India (FAME – India) Scheme Phase-II

18. The Ministry of Heavy Industries notified Phase-II of the Scheme on 8th March 2019 for a period of 5 years, commencing from 1st April 2019, with an outlay of Rs. 10,000 crore. This scheme has 3 components, namely - a) Demand Incentives, b) Charging Infrastructures, c) Administrative Expenditure, including Publicity and IEC activities. In this phase of the scheme, more emphasis is given on electrification of public transportation, that includes

shared transport. Demand Incentives on operational expenditure model for electric buses will be delivered through State/city Transport Corporation (STUs). In 3W and 4W segments, incentives will be applicable mainly to vehicles used for public transport or registered for commercial purposes. In the e-2Ws segment, focus will be on private vehicles. The Scheme aims to create demand by way of supporting 7090 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars and 10 lakh e-2 Wheelers.

Achievement under FAME India Phase-II

- 50 OEMs have registered their 103 EV Models for availing benefit of demand incentives under Phase-II of FAME Scheme. 220117 EVs have availed benefits of demand incentives. The status of OEMs/Models/Sales under FAME II as on 11th February, 2022 is as follows:

Category of eVehicle	Number of models approved under FAME II	Number of OEMs, Registered under FAME II	Vehicles sold
e2W	31	15	206708
e3W	58	33	36060
e4W	7	2	2209
TOTAL	96	50	244977

Source: - MHI

- Sanctioned 6315 e-buses to 65 cities/ STUs/CTUs/ State Govt. entities for intracity and intercity operations across 26 states/ UT under the Scheme. These buses will run about 4 billion Kilometer distance during their contract period and are expected to save cumulatively about 1.2 billion litres of fuel , which will result in avoidance of 2.6 million tonnes of CO_2 emission.

- Sanctioned 2877 Electric Vehicle Charging Stations amounting in 68 cities across 25 States/UT under FAME India Scheme Phase-II.

19. The status of Fund Allocation and utilization for the Scheme are shown in the following table:

(Rs.*in Crores)*

Year	BE	RE	AE
2019-20	500.00	500.00	500.00

2020-21	692.94	318.36	318.36
2021-22	756.66	800	653.48*
2022-23	2908.28	-	-

** (Upto 31.01.2022)*

Source: - MHI

20. The Ministry informed the Committee that in order to incentivize increased demand of e-2W, deployment of e-buses as well as charging stations as sanctioned under the scheme, BE allocation for 2022-23 has been steeply enhanced to Rs.2908.28 crore in BE 2022-23. The phase-II of FAME India Scheme focuses on supporting electrification of public & shared transportation and aims to support, through subsidies, approx. 7000 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars and 10 lakh e-2 Wheelers. The Committee notes various components and proposed incentives envisaged by the Ministry under the scheme and appreciates the three fold enhancement in the allocation of funds in BE 2022-23.

21. The financial and physical progress made under FAME II scheme as on 4th Feb 2022 is as follows:

Physical Progress		
Vehicle Segments	**Targets**	**Achievements (%)**
e-2W	10,00,000	1,97,852 (19.8%)
e-3W	5,00,000	35,229 (7%)
e-4W	55,000	2,119 (2.6%)
e-buses	7,090	3,648 (51%)
	15,62,090	**59,751 (15.3%)**

Financial Progress (Rs. in crores)	
Financial Outlay	**Achievements (%)**
10,000	1,471.84 (14.71%)

Source: - MHI

22. The Committee understands that (FAME – India) Scheme Phase-II was notified by MHI on 8th March 2019 for a period of 5 years, commencing from 1st April 2019, with an outlay of Rs. 10,000 crore. However, from FY 2019-20 till present, MHI has been allocated only a sum of Rs. 4526.64 crore which is less than 50% of the total outlay

of Rs. 10,000 crores earmarked for the FAME II Scheme. The scheme is of critical importance for the nation, especially in the present scenario of global uncertainties leading to huge fluctuations in the crude oil prices and therefore, needs to be adequately funded. The Committee recommends that since the flagship FAME II scheme is extended only until 31st March,2024 with merely one financial year remaining for the completion of Phase II, the Ministry should strive for optimum distribution of funds for the remaining period and therefore seek additional allocation in the RE 2022-23 for supporting the ambitious project of encouraging faster adoption of Electric and Hybrid vehicles thereby addressing the issues of environmental pollution and fuel security and avoiding last minute rush for spending. The Committee further desires that Phase II of FAME scheme be extended beyond March 31, 2024 so that the targets set under the Scheme can be achieved, along with an announcement for new incentives like tax rebates and cut on duties on Electric Vehicles which would accelerate Electric mobility.

23. The Committee further notes that the actual Expenditure under FAME II Scheme for the FY 2019-20 and 2020-21 has been satisfactory with full utilization of the allocated funds. However, Committee observes that for the BE 2021-22 which was upscaled to Rs.800 crores at RE stage, MHI has utilized only Rs. 653.48 crores upto 31.01.2022, a balance of Rs. 146.52 crores is pending unspent which needs to be utilized in the remaining period of FY 2021-22 . The Committee expresses concerns over this poor usage of funds and urges the Ministry to make earnest efforts to ensure optimal utilisation of the unspent funds during the remaining part of the Financial Year 2021-22.

24. The Committee expresses concern at such a lacklustre progress in both physical and financial targets set under the FAME II Scheme. The Committee reiterates its observation that the under utilisation of the funds hampers the achievements of the physical and financial targets set under the scheme. India being a potentially big consumer market for EVs which are environment friendly, provide fast acceleration and lower maintenance and fuelling costs, the Ministry must plan a roadmap to reap this opportunity for proliferation of production, sales and incentivisation of EVs. The Committee also hopes that the Ministry, with the help of its periodic reviews of the financial and physical performance of FAME II Scheme, will strive hard to achieve the targets set.

25. The Government has promoted clean technology and EV into public transport space in the Budget 2022-23. A policy on Green Mobility, Special Mobility Zones has been announced to promote charging infrastructure, energy storage systems, R&D for clean energy and green mobility. The Committee notes that these measures would provide encouragement to the cleaner propulsion technologies, improve air quality and reduce consumption of conventional fossil fuels and help promote adoption of electric vehicle. The Committee recommends that there is a need to encourage multiple clean technologies, along with electric vehicles, alternate clean vehicles including CNG vehicles, LNG vehicles, Hybrid Electric vehicles, Ethanol vehicles etc. With respect to adoption of electric vehicles into public transport, state transport agencies should be encouraged to adopt these vehicles through financial assistance and concessions need to be given to companies wanting to enter into the domain of Clean technology.

26. The Committee was informed by Automobile Associations that three major hurdles that manufacturers have been facing in the consumer acceptance of EVs are high upfront price, lack of confidence in new technology and concerns relating to charging. With Government support to alleviate these issues, more and more manufacturers are investing into EV Research & Development and setting-up local supply chain for mass production. The Committee is of the view that the manufacturers would need the support from Government on a longer term i.e until the EV market becomes self-sustainable, more affordable and within the reach of common man. The Committee therefore, is of the view that the Ministry needs to promote electric mobility colossaly by working towards technological solutions through R&D efforts with industry, research and development agencies.

27. In the Budget 2022-23, the Government proposed Battery Swapping policy to provide impetus to Auto component manufacturers, creating an environment-friendly public transportation service and move a step forward towards rapid electrification. It is said that Battery Swapping policy would assist the nation to emerge as a forerunner of green mobility solutions in the world and address range anxiety issue within consumer. MHI has informed the Committee that this policy would create urban fossil fuel-free zones, create sustainable and innovative business models for battery and energy as a service, improving the efficiency in the EV and incentivize creation of a vibrant start-up eco system. However, the Auto Associations have shared their concerns regarding the Inter-Operability standards being

considered for formulation for the Two-Wheeler Industry. The details of the policy are yet to be released.

28. The Committee notes that introducing the new battery swapping policy and recognizing battery or energy as a service will help to develop EV infrastructure and increase the use of EVs in public transportation. It would motivate businesses engaged in delivery and ride aggregation businesses to incorporate EVs into their fleet and would create new avenues for companies to venture into the business of battery swapping. Additionally, creating special clean zones will further accelerate the adoption of EVs and spread awareness amongst the citizens thereby benefitting the whole segment, i.e E2W, E3W, E-cars, and buses. The Committee hopes that this policy will address the last-mile connectivity issue for both passenger and commercial vehicles, encourage fresh investments for indigenous battery makers and provide impetus to the entire EV Ecosystem including manufacturers and charging infrastructure players. The Committee further desires that the blueprint of the scheme be worked out expeditiously and implemented soon by the MHI to act as game-changer in catalysing the migration to EVs and instilling confidence in the potential passenger EV buyers. Also, the Committee is of the view that Rs. 195 bn of additional allocation for PLI for manufacturing high efficiency solar modules would create new-age infrastructure for green energy and EV ecology over the next decade.

29. The Committee was informed by Automobile Associations that the lack of local supply chains for parts and components used for manufacturing EVs and EV batteries creates barriers for local manufacturing. The Committee would like to urge the Ministry to encourage indigenous technologies in Electric Mobility that are suited for India from both strategic and economic standpoint and take favourable action thereon. The "AatmaNirbhar Bharat" initiative for self-reliance and sustainability, ARAI and NAB/ NATRIP centres should be directed to work towards enabling localization and local innovation for the Automotive Industry which will have direct impact on reduction of imports and increase self-reliance and thereby increase employment avenues.

30. The Ministry has informed the Committee about the evaluation of Phase-I of FAME Scheme done by an independent consultant. After analysing the main findings of

the outcome report, the Committee is dismayed to note that the overall outcomes of key parameters of Fuel saving and CO2 reduction are significantly below the target for FAME. The Committee recommends that subsidy structure provided under FAME scheme needs to be revised based on the power train technology to incentivize cleaner technologies and to establish parity across technologies.

31. The auto associations have informed the Committee that there has been a long-term structural slowdown in Auto Industry. The growth in this decade from 2010 to 2020 has been the lowest compared to the previous two decades. The impact of this is widespread across all vehicle segments namely Passenger Vehicles, Commercial Vehicles, Two-wheelers and Three-wheelers. The details of category-wise production of vehicles are given below:-

Automobile Production **(In numbers)**

Category	**2018-19**	**2019-20**	**2020-21**	**2021-22 (April to December)**
Passenger Vehicles	4,028,471	3,424,564	3,062,221	2,574,790
Commercial Vehicles	1,112,405	756,725	624,939	532,825
Three Wheelers	1,268,833	1,132,982	611,171	554142
Two Wheelers	24,499,777	21,032,927	18,349,941	13,253,252
Quadricycle	5,388	6,095	3,836	3,844
Grand Total	**30,914,874**	**26,353,293**	**22,652,108**	**16,918,853**

Source: SIAM

Automobile Domestic Sales **(In numbers)**

Category	**2018-19**	**2019-20**	**2020-21**	**2021-22 (April to December)**
Passenger Vehicles	3,377,389	2,773,519	2,711,457	2,148,838
Commercial Vehicles	10,07,311	717,593	568,559	466763
Three Wheelers	7,01,005	637,065	216197	177,777
Two Wheelers	21,179,847	17,416,432	15,119,387	10,115,915
Quadricycle	627	942	-12	64
Grand Total	**26,266,179**	**21,545,551**	**18,615,588**	**12,909,357**

Source: SIAM

32. The Committee notes that there is a sharp decline in the domestic automobile production and sales since FY 2018-19. The Indian Auto Industry has faced a significant slowdown because of Covid-19, global semiconductor shortage, changing global economy, Government regulations, market dynamics and unbridled commodity price increase. The Committee appreciates the several new provisions and increased investments announced by the Government to get the auto industry back on track. Measures such as increase in capital expenditure, focus on infrastructure across the board etc are expected to provide the much-needed impetus for the commercial vehicle sector, especially the M&HCV segment, which has witnessed sharp demand contraction over the past 2 years.

33. As informed by the auto associations, the positive aspects of the Budget for the Auto Sector include the following:

(i) Opening Defence R&D to the private sector

(ii) Allocation of Rs.20,000 crore for road infrastructure

(iii) 35% increased Capex outlay

(iv) National Highway network to be expanded by 25,000 Kms in 2022-23

(v) 'PM Gati Shakti Master Plan' at a cost of Rs. 2000 cr focusing on building world-class infrastructure and improved connectivity for commuters

(vi) PLI Scheme for Advanced Chemistry Cell (ACC) Battery Storage manufacturing

(vii) 2.3 lakh crore direct payment as MSP to farmers

(viii) 100 Gati Shakti cargo terminals in the next 3 years

34. A draft notification has been proposed by MoRTH for making six airbags mandatory for all cars in India. The Committee has been informed by the Automobile Associations that:

- With the recently implemented advanced crash norms, India is at par with Europe in terms of regulations for vehicle safety. This is despite the per capita income in India being 20 times lower than that in Europe.
- Nowhere in the world are 6 air bags mandatory.

- There is no reliable official data in India to determine the benefits of 6 airbags. However, there are sufficient global studies which suggest that air bags can be counterproductive, more fatal, can lead to more injuries if seat belts are not worn. And there are sufficient data / studies which suggest that seat belt enforcement in India specially on the rear seats is negligible.
- The cost to consumers because of the said notification would be nearly about Rs 22,000 per car, and on a sale volume of 3.5 million cars per year, it would mean a total of Rs. 77 billion (Rs 7,700 crores) a year. And currently significant portion of the Airbags are imported.
- The average cost of cars and import content has been steadily and steeply going up in the last 3-4 years due to various mandated regulatory interventions such as Offset Crash, Side Crash, Pedestrian Protection, ABS, Seat Belt Reminders, Speed Alerts, Reverse Parking Assist, BS6 etc
- As in Europe, there should be a consumer-oriented approach to provide Star-rating of New Cars based on cars safety. Installation of side and curtain airbags and many other advanced safety assist technologies have been included in the protocols which will reflect in the star ratings of the cars. This star rating program can run in conjunction with the regulatory framework to aid the vehicle customers in making informed buying decisions.
- A lead time of 12 to 18 months from the date of final notification, would be required to ramp-up production capability to meet the requirement of additional airbags for New Models.

35. The Committee appreciates the positive step taken by MoRTH to make Indian vehicles safer for the drivers as well as co-passengers and hopes that it would help in reducing the number of road accident fatalities. The Committee also takes note of the submission made by Auto Associations that introduction and implementation of sudden and frequent changes in regulations in such a short time severely impacts the growth of auto sector and the manufacturing sector and is of the view that considering the challenges faced by OEMs, sufficient timeframe should be provided to the Auto manufacturers for implementation of mandatory additional airbags requirement.

36. The Committee recommends that a medium and long term transparent and visible regulatory road map with staggered timeline of regulations should be made available to industry so that they can plan their investments, technologies and product development in a planned & efficient manner and cost escalation caused due to fulfilling regulatory guidelines for automobiles can be stabilised. Further to bring down the cost of technology, the Committee recommends that emphasis should be laid on faster localisation of manufacturing of Automobile components which shall also be supported by increased volumes as the installation rates and vehicle volumes would grow over time.

Production Linked Incentive Scheme:

37. The following two new Production Linked Incentive (PLI) Schemes to be implemented by MHI from 2022-23 has been approved:-

PLI Scheme for Automobiles and Auto Components:

38. The Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry in India for Enhancing India's Manufacturing Capabilities for Advanced Automotive Products with a total financial outlay of Rs. 25,938 crores for 5 years have been notified on 23 September 2021. It proposes financial incentives to boost domestic manufacturing of advanced automotive technology products and attract investments in the automotive manufacturing value chain. This Scheme will facilitate the automobile industry to move up the value chain into higher value-added products. The PLI Scheme is expected to create incremental production of Rs 2,31,500 Crores over next 5 years and would deepen localisation levels of Tier 2 / Tier 3 suppliers, thereby generating employment in the MSME Sector.

39. The Committee was informed by MHI that a total of 115 applications were submitted out of which 20 have been approved under "Champion OEM Incentive Scheme". The incentives under this Scheme are applicable from FY 2022-23 to FY 2026-27 and the incentive disbursement will be from FY 2023-24 to FY 2027-28. The Committee hopes that the Scheme will reduce import dependence and support the Atmanirbhar Bharat initiative by overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of advanced automotive technology products. However, the Committee observes that an amount of Rs. 3.50 Cr. in RE 2021-22 has been sought for the payment of project monitoring agency of PLI Scheme for

automobile and auto components but no fund has been utilized till date. The Committee, therefore, recommends that the Ministry should ensure utilising the funds made available for the PLI scheme before the end of FY 2021-22, for the purpose envisaged.

Production Linked Incentive (PLI) Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage

40. The MHI notified on 12 June, 2021 Production Linked Incentive **(PLI)** Scheme for setting up manufacturing facilities for Advanced Chemistry Cell (ACC), Battery Storage in India, with a total manufacturing capacity of 50 Giga Watt Hour (GWH) and with a financial outlay of Rs. 18,100 crore for 5 years. The Scheme aims to enhance India's Manufacturing Capabilities and Exports — for manufacture of Advance Chemistry Cell (ACC) in India and envisages incentivizing large domestic and international players in establishing a competitive ACC battery set-up in the country by attracting large-scale investment of Rs. 45,000 crore.

41. ACCs are the new generation of advanced storage technologies that can store electric energy either as electrochemical or as chemical energy and convert it back to electric energy as and when required. Major battery consuming sectors such as consumer electronics, electric vehicles, advanced electricity grids, solar rooftop etc. are expected to achieve robust growth in the coming years. Under the PLI Scheme for ACC, the production-linked subsidy is based on applicable subsidy per KWh and percentage of value addition achieved on actual sale for manufacturers who set up production units with a capacity of at least 5 GWH up to a maximum of 20 GWH. The distribution of the financial outlay for this scheme is as below:

FY	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**Total**
Subsidy (Rs. Cr)	Setting up of Facilities Manufacturing	Setting up of Facilities Manufacturing	2700	3800	4500	4300	2800	18100

Source: - MHI

42. The Committee was apprised by the Ministry that 10 domestic/international manufacturers submitted their proposals for ~130GWhr - as per technical bids which opened on 15th January 2022. The Committee hopes that the PLI Scheme for Advanced Chemistry Cell would boost domestic manufacturing of batteries, cells and develop

battery manufacturing ecosystem for both demand and supply. The Committee notes that the amount of Rs. 50 Lakhs which was sought for payment to consultants/PMA in RE 2021-22 has not utilised till date. The Committee strongly recommends that the Ministry should strive to fully utilize the allocated fund in the remaining two months of FY 2021-22 so that the ambitious PLI scheme can be implemented seamlessly and effectively as per the set targets.

Capital Goods Sector

43. The Heavy Engineering and Machine Tool sector is a part of the Capital Goods sector. The sector comprises of plant and machinery, equipment/ accessories required for manufacture/ production, either directly or indirectly, of goods or rendering services required for replacement, modernization, technological upgradation and expansion. As presented before the Committee, Capital Goods Sector(CGS) contributes 12% to manufacturing output, 1.5% of GDP, with production of Rs. 1.68 lakh crore, imports of Rs. 58,336 crores and exports of Rs. 63,839 crores.

44. MHI apprised the Committee that to revive the growth rate in Capital Goods Sector, web based open manufacturing technology innovation platforms have been developed. Six Technology Platforms have been developed by IIT Madras, Central Manufacturing Technology Institute (CMTI), International Centre for Automotive Technology (iCAT), Automotive Research Association of India(ARAI), BHEL and HMT in association with IISc, Bangalore. These platforms will focus on development of technologies for the globally competitive manufacturing in India. These platforms will facilitate industry , start-ups, domain experts/professionals, R&D institutions and academia to provide technology solutions, suggestions, expert opinions etc. on issues involving manufacturing technologies. Further, it will facilitate exchange of knowledge with respect to research &development and other technological aspects. Over 60,000 students, experts, institutes, industries and labs have already registered on these platforms.

45. The statistics in respect of production, imports and exports of sub-sectors of the Capital Goods Sector for the last three years is given in **Annexure-I**

46. The Projection and Budget allocation for the Financial year 2022-23 in respect of Capital Goods Sector is as under:-

Development of Capital Goods Sector	BE 2022-23 (Proposed) In crores	BE 2022-23 (Based on MoF Ceiling) In crores
Scheme for Enhancement of Competitiveness in Capital Goods Sector	498.25	200.00
Industry Associations and PSU for undertaking promotional activities	0.50	0.25
Total- Development of Capital Goods Sector	**498.75**	**200.25**

Source: - MHI

47. The Committee is deeply concerned to note that the MHI has been allocated a meagre amount of Rs 200.25 crore for Development of Capital Goods Sector, one of the important sectors, against the projection of 498.75 crore, which is less than 50% of the actual amount demanded by the Ministry. The Committee is of the view that the Capital Goods sector is of the strategic and economic importance due to its capability to boost growth in the manufacturing sector and the overall economy and emphasis should be laid on building a globally competitive, self-reliant and sustainable Capital Goods Sector. The Committee therefore feels that there is an urgent need for creating an ecosystem for export promotion, investment, technology, automation and driving new sustainable solutions which is crucial for accelerating India's growth trajectory and harnessing the full potential. The Committee strongly believes that Capital Goods industry is one of the key pillars of the Production-Linked Incentives (PLIs) to boost manufacturing sector growth by leveraging the emerging opportunities and further boosting growth in the Indian economy. Since the BE 2022-23 allocations are less than even half of the projected amount of Rs. 498.75 crore for the Development Capital Goods Sector, the Committee is of the view that to cater to the needs of the entire Capital Goods industry across the country, the BE allocation of Rs 200.25 crore would not be adequate. The Committee, therefore, recommends that MHI should address the issue of huge curtailment of funds for Development of Capital Goods Sector and seek enhanced allocation at RE stage so as to promote the growth and development of the Capital Goods Sector.

Scheme for Enhancement of competiveness in the Indian Capital Goods Sector

48. The MHI has notified the Phase 2 of the 'Enhancement of Competitiveness in the Indian Capital Goods Sector' on 25th January 2022. The Scheme has a financial outlay of Rs.1207 crores with budgetary support of Rs.975 crore and industry contribution of Rs.232

crore. The objective of Phase II of the Scheme is to expand and enlarge the impact created by Phase I of the Capital Goods Scheme, thereby providing greater impetus through creation of a strong and globally competitive capital goods sector that contributes at least 25% to the manufacturing sector.

49. There are six components under the Scheme for Enhancement of Capital Goods Sector Phase II, namely:

(i) Identification of Technologies through Technology Innovation Portals;

(ii) Setting up of four New Advanced Centers of Excellence and augmentation of Existing Centers of Excellence;

(iii) Promotion of skilling in Capital Goods Sector- Creation of Qualification packages for skill levels 6 and above;

(iv) Setting up of four Common Engineering Facility Centers (CEFCs) and augmentation of existing CEFCs;

(v) Augmentation of Existing Testing and Certification Centers;

(vi) Setting up of ten Industry Accelerators for Technology Development

50. The year-wise allocation and expenditure for the previous financial years, current financial year and fund allocation for financial year 2022-23 of the "Scheme for enhancement of competitiveness in Indian Capital Goods Sector" is shown in the table below:

(Rs. in Crore)

Financial Year	**BE**	**RE**	**Actual Expenditure**
2019-20	110.00	102.30	102.16184
2020-21	173.11	55.52	54.2197
2021-22	97.59	29	16.87*
2022-23	200	-	-

(till 31st January, 2022)

Source: - MHI

51. The Committee observes that the RE for the Scheme for enhancement of competitiveness in Indian Capital Goods Sector for FY 2021-22 has been slashed to less than one-third of the allocated BE. Despite having a reduced allocation, the MHI has been able to utilize only 58% *i.e.*, Rs. 16.87 crores upto 31.01.2022 out of the RE of Rs. 29 crores. From the written submission of the Ministry regarding the reason for reduction in RE 2021-22, the Committee understands that most of the projects of the

Scheme are R&D based and are set up in the premises of academic institutions/ research institutes that were closed down due to the pandemic situation in the country to stop the spread of COVID 19. This hindered the progress of various projects sanctioned under the Capital Goods Scheme leading to reduced demand for funds in the FY 2020-21 and consequent reduction in the RE 2021-22. Since the COVID situation has improved, the Committee desires that the Ministry should strive to fully utilize the entire RE allocation in the remaining period of the financial year 2021-22, so that the targets set under Scheme does not suffer for lack of sufficient fund.

52. The Committee further notes that for the Financial Year 2022-23, MHI has got a steep hike in BE allocation of Rs 200 crore for the "Scheme for enhancement of competitiveness in Indian Capital Goods Sector" as several new projects are likely to be initiated under various components of the Scheme in the Financial year 2022-23. The Committee hopes that MHI would take all out efforts for optimum utilisation of the budget allocation so that the new projects can be supported successfully.

53. As informed by the Ministry, the progress made under the Scheme are as follows:

i. National centres, **"SAMARTH (Smart & Advanced Manufacturing and Rapid Transformation Hub) Udyog"** are helping to create an ecosystem where the manufacturing industry, particularly the small and medium sector, can visit and become aware of these new technologies, besides getting hand-holding and skill development support for adoption of these technologies. Besides, these centres are assessing the readiness of the Industry to adopt Industry 4.0.

ii. Further to address the technology gaps and to create an ecosystem for innovation and research & development, six web-based open manufacturing technology innovation platforms have been developed. These are bringing India's technical resources and the concerned Industry on to one network. These Technology Platforms are facilitating Industry to work with India's young and talented engineers and the experts to solve technology problems facing manufacturing by crowd source innovative solutions so as to facilitate start-ups and angel funding of these innovations.

iii. The MHI Industry 4.0 Centres have organized 74 awareness events so far under the Azadi ka AmritMahotsav, wherein industries have been benefited by knowledge about smart manufacturing/Industry 4.0, its benefits and ways to adopt the same.

iv. 25 new indigenous technologies have been successfully developed in the fields of machine tools, textile machinery, earth moving machinery, nano and sensor technologies, through Industry-Academia cooperation.

54. The Committee was informed by the Ministry that an expert committee was constituted for the third-Party Evaluation of the Scheme for enhancement of competitiveness in Indian Capital Goods Sector. The Committee is in agreement with the findings that the present Scheme has paved the way towards fulfilling the technological and infrastructural requirements of the Capital Goods sector in a limited way. Therefore, the Committee is of the view that the present Scheme needs to be up-scaled. The Committee further recommends that the Ministry may examine the different projects which can be taken up under this Scheme and come up with revised projections and request the Ministry of Finance to grant additional funds under this Scheme at the R.E. 2022-23 stage.

Industry Association & PSUs for Undertaking promotional activities

55. The funds under this Head of Account are used for undertaking promotional activities. These are being provided for Industry 4.0 promotion and creating awareness of the benefits of such smart manufacturing. These funds are also utilized for inviting investment and creating awareness for technology related aspects for the Capital Goods Sector through Road Shows, Workshop, Seminars, Fairs, *etc*. The funds utilized under the Head depend upon the proposals received from the Industry Associations/PSUs for the above purposes and which are considered fit by MHI to provide financial support.

56. The year-wise allocation & Expenditure for the FY 2019-20, FY 2020-21 ,FY 2021-22 and FY 2022-23 for undertaking promotional activities are shown in table below.

(Rs. *in Crores)*

Year	BE	RE	AE
2019-20	0.50	0.50	0.20
2020-21	0.20	0.05	0.05
2021-22	0.50	0.05	0.00*
2022-23	0.25	-	-

*(*Up to 31.01.2021)*

Source: - MHI

57. The Committee expresses its concern that the entire allocated fund of Rs. 0.05 crore for development of Industry Associations and PSUs for undertaking promotional activities is unutilised and desires that the Ministry should take urgent timely action to promptly utilise the available funds for the purpose envisaged. Since the COVID situation has now improved, the Committee recommends that MHI should proactively fund various awareness/ promotional events for the Capital Goods Sector, highlight the capabilities/ achievements of Indian Manufacturing industries through all stakeholders during the FY 2022-23. The Committee further recommends that the performance of the Capital Goods Sector should be assessed from time to time at various levels of the Ministry by interacting with Industrial Associations whereby the apprehensions and issues relating to the Industry raised through the Industry Associations may be deliberated and addressed.

Central Manufacturing Technology Institute (CMTI)

58. Central Manufacturing Technology Institute, a premier R&D organization in the manufacturing technology, established in the year 1962, is an autonomous body. The institute is assisting Indian Industries to achieve excellence in technology and stimulate economic growth. The Institute is active in metal working technology, evolving solutions to national strategic initiatives and is a one-stop destination for end-to-end solutions in manufacturing technology deployment. The Institute is guided by a Governing Council consisting of representatives from industries in the manufacturing sector, machine tool manufacturers, Government nominees and other stakeholders.

59. The year-wise allocation & Expenditure for the FY 2019-20, FY 2020-21, FY 2021-22 & FY 2022-23 is given in the following table:-

(Rs. in Crores)

Year	BE	RE	AE
2019-20	19.00	19.00	19.00
2020-21	6.00	18.00	18.00
2021-22	15.00	15.00	15.00*
2022-23	24.00	-	-

*(*upto 31.01.2022)*

Source: - MHI

60. The Committee finds the overall fund utilisation by the autonomous institutions during the years 2019-20, 2020-21 and 2021-22 to be satisfactory which has been to the tune of 100% which points towards a good track record of utilizing the fund optimally for the R&D activities of CMTI. The Committee was informed by the Ministry that Covid pandemic has badly affected CMTI, including the conduct of training courses as well as onsite lab services thereby significantly reducing their revenue generation from services and training. The Committee, therefore, recommends that in view of the prevailing situation in CMTI, MHI should convince the M/o Finance for enhanced allocation at RE stage, so that the R&D Programme for developing high tech core manufacturing technologies are not affected.

CPSEs

61. CPSEs have immensely contributed towards steady and sustained growth of the Indian Economy, by income generation, capital formation, employment generation, building infrastructure, creating strong Industrial base, ensuring regional development, meeting social obligation, export promotion and import substitution, earning foreign exchange, contribution to Central Exchequer *etc.* Ranging from heavy electrical engineering equipment, the CPSEs, cater to diverse sectors of the economy including civil construction, heavy machinery, precision tools, consultancy, tea plantation *etc.*

62. There are 24 Central Public Sector Enterprises (CPSEs) under the administrative control of the Ministry of Heavy Industries (MHI), out of which 15 CPSEs are operational and 1 is under revival. Remaining 8 CPSEs are under closure. Besides these, there are 17 CPSEs under liquidation, which are within the purview of the Official Liquidator/Insolvency Professional.

63. The list of CPSEs and their status is given as under:

S.No.	Name of CPSEs	Status of CPSEs
1.	Andrew Yule and Company Ltd. (AYCL)	---
2.	Bharat Heavy Electricals Ltd. (BHEL)	MAHARATNA
3.	Braithwaite, Burn and Jessop Construction Ltd.	---
4.	Bridge and Roof Company Ltd.(B&R)	MINIRATNA-I
5.	Cement Corporation of India Ltd. (CCI)	---
6.	Engineering Projects (India) Ltd. (EPI)	MINIRATNA-II
7.	Heavy Engineering Corporation Ltd. (HEC)	---

8.	Hindustan Salts Ltd. (HSL)	---
9.	H.M.T. International Ltd.	MINIRATNA-II
10.	H.M.T. Ltd.	---
11.	H.M.T. Machine Tools Ltd.	---
12.	N.E.P.A. Ltd. (NEPA)	---
13.	Rajasthan Electronics and Instruments Ltd. (REIL)	MINIRATNA-II
14.	Richardson and Cruddas Ltd. (R&C)	---
15.	Sambhar Salts Ltd. (SSL)	---
16.	Instrumentation Ltd. (ILK)	---

Source: - MHI

64. The total investment (Gross Block) in the 16 operating CPSEs out of 24 under administrative oversight of the Ministry was Rs. 9,182.42 crore as on 31.03.2021 **(Annexure-II)**

65. CPSE-wise details of production and turnover status of CPSEs under MHI during 2020-21 and 2021-22 (April to December) is furnished in the table below:

(Rs. In crores)

S.No.	Name of CPSEs	Turnover/sales		Profit/(Loss) Before Tax	
		2020-21	2021-22 (April to December)	2020-21	2021-22 (April to December)
1.	Andrew Yule and Company Ltd. (AYCL)	330.51	275.01	14.70	5.75
2.	Bharat Heavy Electricals Ltd. (BHEL)	17308	8014*	-3612	-681*
3.	Braithwaite, Burn and Jessop Construction Ltd.	70.53	60.3	15.07	0.79
4.	Bridge and Roof Company Ltd.(B&R)	2698.81	1796.14	12.65	2.31
5.	Cement Corporation of India Ltd. (CCI)	414.59	283.35	13.15	10.26
6.	Engineering Projects (India) Ltd. (EPI)	805.62	463.2	-43.69	-48.98
7.	Heavy Engineering Corporation Ltd. (HEC)	213.42	79.52	-175.78	-187.35
8.	Hindustan Salts Ltd. (HSL)	12.37	12.33	5.8	4.04
9.	HMT. International Ltd.	19.83	6.9	1.20	-1.47
10.	HMT. Ltd.	23.46	7.31	31.58	14.4
11.	HMT. Machine Tools Ltd.	166.19	79.75	-132.79	-117.93
12.	Nepa Lt.	12.49	9.12	-53.9	-116.15
13.	Rajasthan Electronics and Instruments Ltd. (REIL)	147.44	111.86	-19.04	-10.88
14.	Richardson and Cruddas Ltd. (R&C)	20.91	13.14	18.42	14.8
15.	Sambhar Salts Ltd. (SSL)	24.99	24.75	5.34	4.87
16.	Instrumentation Ltd. (ILK)	69.02	40.49	17.02	5.79

Source: - MHI

66. Out of the 16 operating CPSEs, 10 are making profit and the remaining 6 are incurring losses. The details of the 10 profit making and 6 loss making CPSEs are given below:

(in Rs. crores)

Profit Making CPSEs

Sl. No.	Name of CPSE	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)
1	AYCL	10.51	-21.25	14.70
2	BBJ	1.60	2.28	15.07
3	R&C	23.78	24.06	18.41
4	B&R	51.42	50.92	12.66
5	HMT (Hldg. Co.)	17.25	248.18	27.49
6	HMT (International)	1.51	2.71	0.97
7	CCI	6.35	-50.94	13.16
8	HSL	1.26	-1.85	5.80
9	SSL	-10.83	-2.59	5.35
10	IL	101.14	35.58	13.84
	Sub-Total of Profit making CPSEs	**203.99**	**287.10**	**127.45**

Loss making CPSEs (in Rs. crores)

1	BHEL	2,048.00	-662.00	-3612.00
2	HEC	-93.67	-405.37	-175.78
3	HMT (Machine Tools)	-63.83	-98.72	-132.79
4	NEPA	-77.78	-71.25	-53.26
5	EPIL	-29.62	7.94	-43.69
6.	REIL	14.36	-27.56	-19.04
	Sub-Total of Loss making CPSEs	**1,797.46**	**-1,256.96**	**-4,036.56**
	GRAND TOTAL	**2,001.45**	**-969.86**	**-3,909.11**

Source: - MHI

67. The Committee observes that the number of CPSEs under the administrative control of MHI i.e., 22 CPSEs in 2019-20 has dwindled to 16 as on date, out of which 10

are profit making, 6 are making losses and 8 CPSE are under closure. The Committee recommends that MHI should undertake a thorough appraisal of each loss making CPSEs and explore all possibilities to revive or restructure the CPSEs with a view to bring about a turnaround in its performance .The Committee is aware that the realm of CPSEs has recently under gone major changes, especially, since the Government has decided to restrict itself only to a few selected priority areas of business. Even the CPSEs that are profitable, but not belonging to specified areas of business, are being disinvested. In this scenario, the Committee is of the considered opinion that the CPSEs that would remain in operation, after hiving off of the earlier said non-priority companies, would need clear guidance regarding efficient functioning and other inputs required to sustain themselves successfully.

Bridge & Roof Ltd. (B&R)

68. The Committee also observes that in its earlier report on DFG (306th), the Committee had desired that the outstanding dues of Bridge & Roof Ltd. of Rs. 74.25 crores towards MSMEs for the goods and services received from them be released promptly. However, the Ministry in their ATN Report informed the Committee that that Bridge & Roof Ltd still has a total pending disputed claims of Rs 35.99 crore which are yet to be paid to the MSMEs. The Committee therefore, reiterates its earlier recommendation that MHI should direct the PSU concerned to expeditiously settle the outstanding dues of the MSMEs.

Bharat Heavy Electricals Ltd., (BHEL)

69. BHEL has been making continued efforts by adopting multipronged and case-to-case approach to tap business opportunities in the export markets, which act as supplement to efforts made in the domestic market, and are together aimed at getting business for the company. Dedicated R&D efforts of BHEL has resulted in development of new / improved products, processes and systems in various business areas.

70. The details of IEBR of BHEL during the period 2020-21 and 2021-21 is given below:

BHEL	FY 2020-21			FY 2021-22		
	Budget Estimate (BE)	Revised Estimate (RE)	Actual	Budget Estimate (BE)	Revised Estimate (RE)	Actual
CAPEX (Rs. Crore)	372	180	188	252	226	116*

***** during the period April 2021 to January 2022

Source: - MHI

71. The Committee notes that BHEL, a Maharatna Company, has utilised only 51% of the allocated RE 2021-22 IEBR of Rs. 226 crores which means that the CPSE has to spend Rs. 110 crore in the remaining two months of the Financial Year 2021-22. The Committee apprehends significant underutilization of the budgetary funds available with the CPSE. Poor utilization of the funds would lead to idling of funds which should have been avoided. The Committee would like the Ministry to take stock of the reasons which caused the slow pace of utilization of funds and take corrective measures to ensure optimum utilization of the allocated funds, during the Financial Year 2021-22.The Committee desires that BHEL should take initiatives to diversify in the areas related to power, emission, transportation, transmission, defence, Oil & Rigs etc. and focus on Capital Investment projects/ schemes, modernisation & rationalisation of facilities .

72. The Committee further notes that BHEL is aligning its business initiatives with National Goals in emerging technology areas *viz* Coal to Methanol and Hydrogen economy. Keeping in view the importance of emerging technology, BHEL should prepare a blueprint of its requirements vis-à-vis the emerging technology and seek additional funds at RE stage from the M/o Finance.

73. From the written submission made by MHI in response to a query regarding achievements made by CPSEs under MHI, through their own R&D activities, the Committee understands that BHEL tops the list of CPSEs under MHI with R&D expenditure of 3859 crore, during the last 5 years. BHEL has been granted 82 patents out of the 759 patents filed during this period which is commendable. The Committee appreciates the achievements of BHEL in R&D which would enable BHEL to improve the competitiveness of their products, expand its product offerings and also provide technological edge for long term benefit of the company.

NEPA

74. The Ministry has informed that the proposal regarding sanctioning of the additional funds amounting to Rs. 110.04 crores to Nepa Ltd in September, 2021 has been approved to meet the revised cost estimates of the Revival and Mill Development Plan (RMDP), payment

of pending salary/wage and statutory dues and for funding VRS of the employees. Accordingly, the budgetary allocation was enhanced to Rs. 78.41 crore in RE 2021-22 and Balance fund of Rs. 44.29 crore meant for implementation of VRS have been allocated in BE 2022-23.

75. The Committee is aware that Revival and Mill Development Plan (RMDP) of NEPA Ltd was approved by the Government in 2018 which was slated to be completed in December, 2019 with a total financial package of Rs 469.41 crore. However, it is yet to be implemented, despite the MHI constituting a monitoring Committee to regularly review the progress of its implementation. The Ministry has now informed the Committee that the implementation of the RMDP of NEPA Ltd. is presently in final stages and post completion of RMDP, the CCEA has mandated for the strategic disinvestment of entire Government of India (GoI) shareholding in NEPA Ltd. The Committee therefore recommends that the MHI should expedite completion of the RMDP of NEPA by fast track monitoring as it has already missed multiple deadlines, in order to boost production and enhance employment. The Committee further directs the Ministry to furnish the details of the compliance report in this regard.

Heavy Engineering Corporation Ltd.(HEC)

76. DIPAM on 19.04.2021 has conveyed that based on a meeting held in NITI Aayog, it was noted that Heavy Engineering Corporation Ltd. (HEC) is unable to keep up with global technological trends and it was recommended that Heavy Engineering Corporation may be closed. Further, the Core Group of Secretaries on Disinvestment (CGD) in its meeting held on 24.06.2021 to consider the recommendations of NITI Aayog, recommended that MHI may place the proposal for closure of HEC Ltd. before the Cabinet for approval, following the extant procedure. The Committee is informed that the matter is under active consideration in the Ministry.

77. The Committee expresses its concern towards the heavy losses and deterioration condition of the Heavy Engineering Corporation Ltd. (HEC). The Committee observes that if the proposal for closure of HEC Ltd. is approved, the number of CPSEs under the administrative control of MHI would dwindle to 15. The Committee is concerned about the large rate of attrition of CPSEs under MHI. The Committee recommends that

MHI should undertake a detailed appraisal of HEC and take all remedial measures to revive the HEC with a view to prevent its closure.

78. The Committee desires that a report may be furnished to the Committee updating about the status and action taken by the Ministry with regard to the following CPSEs which have been considered/approved for closure/disinvestment/ transfer/merger and long pending for final settlement/closing:

(i) Bharat Pumps & Compressors Ltd.,

(ii) Scooters India Limted

(iii) HMT Watches Ltd. (subsidiary of HMT Ltd.)

(iv) HMT Chinar Watches Ltd. (subsidiary of HMT Ltd.)

(v) HMT Bearings Limited (subsidiary of HMT Ltd.)

(vi) Hindustan Cables Ltd.

(vii) Tungabhadra Steel Products Ltd.

(viii) National Bicycle Corporation of India Limited

(ix) Kota unit of Instrumentation Limited

Procurement from MSMEs

79. In the Budget 2022-23, the MSME sector in manufacturing space got a boost with rolling out of RAMP (Raising & Accelerating MSME Performance) which proposes to improve credit and market access of MSMEs and the extension of the ECLGS (Emergency Credit Line Guarantee Scheme) and its cover, revamping and infusion of funds into the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme.The Committee notes the component manufacturers and the dealerships of auto OEMs are mostly MSMEs and have been severely impacted due to credit crunch. The Committe is of the opinion that since MSMEs are major players in local auto parts manufacturing, the RAMP program would help address the issues related to delays in payment and access to credit. Further, the Committee recommends that the RAMP program should be so structured so as to improve market access, access to credit, strengthen institutions and governance at the Central and State levels and support the ongoing programmes of the Government, focusing on competitive aspect of MSMEs.

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RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE AT A GLANCE

1. **The Committee further notes that the Ministry has been able to utilize 99.62 percentage of the reduced revised allocation of Rs. 900 crore for the financial year 2020-21. As regards the present financial year 2021-22, MHI could utilize Rs. 952.66 crore out of the RE allocation of Rs 1181 crore upto 31.01.2022, which is ony 80% of the RE, with little time left for utilizing the remaining 20%. The Committee recommends that the Ministry of Heavy Industries which oversees important CPSEs, Heavy Electrical Equipments and Auto Sector etc. should ensure that the entire RE is fully utilized in the remaining period of the financial year and should henceforth rationalize the expenditure spreading all through the year to avoid uneven spending.**

(Para No. 9)

2. The Committee observes that for the Financial Year 2022-23, M/o Heavy Industries has been able to get a BE allocation of Rs 3306 crore from M/o Finance, against the actual projection of Rs 3680.27 crore, which is about 90 % of the actual projection. As such, there is a shortfall of Rs. 374.27 crore in the BE allocation for 2022-23. The Committee also observes that the budgetary allocation for capital expenditure is quite inadequate and may pose a hindrance for infrastructure building. Therefore, the Committee recommends that it should be augmented at the RE stage which will induce demand for services and manufactured products from heavy industries along with creation of better infrastructure. The Committee is, however, pleased to note that important schemes of the Ministry such as FAME, PLI etc. have been allocated the entire funds, as projected, so that the said schemes can be implemented successfully. The Ministry may further address the issue of curtailment of funds by taking up the matter with the M/o Finance for enhanced allocation, as per requirement, at RE stage.

(Para No. 11)

3. As per the written submission of MHI, the Committee notes that fund allocated for DCAAI under BE for 2021-22 i.e Rs. 15 crores was enhanced to Rs. 22 crores at the RE stage. However, it is observed that the utilization of the funds upto 10.02.2022 has fallen short and is only 77% of the allotted fund of Rs. 22 crores. It is unlikely that the entire balance of 23% fund will be utilized in the remaining one and a half month. The Committee therefore recommends that MHI should adopt a rationalised approach for distribution of expenditure uniformally throughout the year to avoid under-utilization

of funds which would undermine the targets set to support R&D and study projects under DCAAI.

(Para No.16)

4. Further, the Ministry is silent on the identified areas of action for supporting R&D and study projects taken up by the Ministry under DCAAI Scheme. The Committee would like to be apprised of the R&D activities/projects undertaken by the Ministry and progress made in this regard. The Committee is pleased to note that BE allocation of Rs. 28.62 crores for the year 2022-23 is the highest ever in the past several years and expects the full utilization of the allocated funds thereby providing fillip to R&D activities and reap benefits of technological advancement.

(Para No.17)

5. The Committee understands that (FAME – India) Scheme Phase-II was notified by MHI on 8th March 2019 for a period of 5 years, commencing from 1st April 2019, with an outlay of Rs. 10,000 crore. However, from FY 2019-20 till present, MHI has been allocated only a sum of Rs. 4526.64 crore which is less than 50% of the total outlay of Rs. 10,000 crores earmarked for the FAME II Scheme. The scheme is of critical importance for the nation, especially in the present scenario of global uncertainties leading to huge fluctuations in the crude oil prices and therefore, needs to be adequately funded. The Committee recommends that since the flagship FAME II scheme is extended only until 31st March,2024 with merely one financial year remaining for the completion of Phase II, the Ministry should strive for optimum distribution of funds for the remaining period and therefore seek additional allocation in the RE 2022-23 for supporting the ambitious project of encouraging faster adoption of Electric and Hybrid vehicles thereby addressing the issues of environmental pollution and fuel security and avoiding last minute rush for spending. The Committee further desires that Phase II of FAME scheme be extended beyond March 31, 2024 so that the targets set under the Scheme can be achieved, along with an announcement for new incentives like tax rebates and cut on duties on Electric Vehicles which would accelerate Electric mobility.

(Para No.22)

6. The Committee further notes that the actual Expenditure under FAME II Scheme for the FY 2019-20 and 2020-21 has been satisfactory with full utilization of the allocated funds. However, Committee observes that for the BE 2021-22 which was upscaled to Rs.800 crores at RE stage, MHI has utilized only Rs. 653.48 crores upto 31.01.2022, a balance of Rs. 146.52 crores is pending unspent which needs to be utilized

in the remaining period of FY 2021-22 . The Committee expresses concerns over this poor usage of funds and urges the Ministry to make earnest efforts to ensure optimal utilisation of the unspent funds during the remaining part of the Financial Year 2021-22.

(Para No.23)

7. The Committee expresses concern at such a lacklustre progress in both physical and financial targets set under the FAME II Scheme. The Committee reiterates its observation that the under utilisation of the funds hampers the achievements of the physical and financial targets set under the scheme. India being a potentially big consumer market for EVs which are environment friendly, provide fast acceleration and lower maintenance and fuelling costs, the Ministry must plan a roadmap to reap this opportunity for proliferation of production, sales and incentivisation of EVs. The Committee also hopes that the Ministry, with the help of its periodic reviews of the financial and physical performance of FAME II Scheme, will strive hard to achieve the targets set.

(Para No. 24)

8. The Government has promoted clean technology and EV into public transport space in the Budget 2022-23. A policy on Green Mobility, Special Mobility Zones has been announced to promote charging infrastructure, energy storage systems, R&D for clean energy and green mobility. The Committee notes that these measures would provide encouragement to the cleaner propulsion technologies, improve air quality and reduce consumption of conventional fossil fuels and help promote adoption of electric vehicle. The Committee recommends that there is a need to encourage multiple clean technologies, along with electric vehicles, alternate clean vehicles including CNG vehicles, LNG vehicles, Hybrid Electric vehicles, Ethanol vehicles etc. With respect to adoption of electric vehicles into public transport, state transport agencies should be encouraged to adopt these vehicles through financial assistance and concessions need to be given to companies wanting to enter into the domain of Clean technology.

(Para No.25)

9. The Committee was informed by Automobile Associations that three major hurdles that manufacturers have been facing in the consumer acceptance of EVs are high upfront price, lack of confidence in new technology and concerns relating to charging. With Government support to alleviate these issues, more and more manufacturers are investing into EV Research & Development and setting-up local

supply chain for mass production. The Committee is of the view that the manufacturers would need the support from Government on a longer term i.e until the EV market becomes self-sustainable, more affordable and within the reach of common man. The Committee therefore, is of the view that the Ministry needs to promote electric mobility colossaly by working towards technological solutions through R&D efforts with industry, research and development agencies.

(Para No.26)

10. The Committee notes that introducing the new battery swapping policy and recognizing battery or energy as a service will help to develop EV infrastructure and increase the use of EVs in public transportation. It would motivate businesses engaged in delivery and ride aggregation businesses to incorporate EVs into their fleet and would create new avenues for companies to venture into the business of battery swapping. Additionally, creating special clean zones will further accelerate the adoption of EVs and spread awareness amongst the citizens thereby benefitting the whole segment, i.e E2W, E3W, E-cars and buses. The Committee hopes that this policy will address the last-mile connectivity issue for both passenger and commercial vehicles, encourage fresh investments for indigenous battery makers and provide impetus to the entire EV Ecosystem including manufacturers and charging infrastructure players. The Committee further desires that the blueprint of the scheme be worked out expeditiously and implemented soon by the MHI to act as game-changer in catalysing the migration to EVs and instilling confidence in the potential passenger EV buyers. Also, the Committee is of the view that Rs. 195 bn of additional allocation for PLI for manufacturing high efficiency solar modules would create new-age infrastructure for green energy and EV ecology over the next decade.

(Para No.28)

11. The Committee was informed by Automobile Associations that the lack of local supply chains for parts and components used for manufacturing EVs and EV batteries creates barriers for local manufacturing. The Committee would like to urge the Ministry to encourage indigenous technologies in Electric Mobility that are suited for India from both strategic and economic standpoint and take favourable action thereon. The "AatmaNirbhar Bharat" initiative for self-reliance and sustainability, ARAI and NAB/ NATRIP centres should be directed to work towards enabling localization and local innovation for the Automotive Industry which will have direct

impact on reduction of imports and increase self-reliance and thereby increase employment avenues.

(Para No. 29)

12. The Ministry has informed the Committee about the evaluation of Phase-I of FAME Scheme done by an independent consultant. After analysing the main findings of the outcome report, the Committee is dismayed to note that the overall outcomes of key parameters of Fuel saving and CO_2 reduction are significantly below the target for FAME. The Committee recommends that subsidy structure provided under FAME scheme needs to be revised based on the power train technology to incentivize cleaner technologies and to establish parity across technologies.

(Para No.30)

13. The Committee notes that there is a sharp decline in the domestic automobile production and sales since FY 2018-19. The Indian Auto Industry has faced a significant slowdown because of Covid-19, global semiconductor shortage, changing global economy, Government regulations, market dynamics and unbridled commodity price increase. The Committee appreciates the several new provisions and increased investments announced by the Government to get the auto industry back on track. Measures such as increase in capital expenditure, focus on infrastructure across the board etc are expected to provide the much-needed impetus for the commercial vehicle sector, especially the M&HCV segment, which has witnessed sharp demand contraction over the past 2 years.

(Para No.32)

14. The Committee appreciates the positive step taken by MoRTH to make Indian vehicles safer for the drivers as well as co-passengers and hopes that it would help in reducing the number of road accident fatalities. The Committee also takes note of the submission made by Auto Associations that introduction and implementation of sudden and frequent changes in regulations in such a short time severely impacts the growth of auto sector and the manufacturing sector and is of the view that considering the challenges faced by OEMs, sufficient timeframe should be provided to the Auto manufacturers for implementation of mandatory additional airbags requirement.

(Para No.35)

15. The Committee recommends that a medium and long term transparent and visible regulatory road map with staggered timeline of regulations should be made available to industry so that they can plan their investments, technologies and product development in a planned & efficient manner and cost escalation caused due to fulfilling regulatory guidelines for automobiles can be stabilised. Further to bring down the cost of technology, the Committee recommends that emphasis should be laid on faster localisation of manufacturing of Automobile components which shall also be supported by increased volumes as the installation rates and vehicle volumes would grow over time.

(Para No.36)

16. The Committee was informed by MHI that a total of 115 applications were submitted out of which 20 have been approved under "Champion OEM Incentive Scheme". The incentives under this Scheme are applicable from FY 2022-23 to FY 2026-27 and the incentive disbursement will be from FY 2023-24 to FY 2027-28. The Committee hopes that the Scheme will reduce import dependence and support the Atmanirbhar Bharat initiative by overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of advanced automotive technology products. However, the Committee observes that an amount of Rs. 3.50 Cr. in RE 2021-22 has been sought for the payment of project monitoring agency of PLI Scheme for automobile and auto components but no fund has been utilized till date. The Committee, therefore, recommends that the Ministry should ensure utilising the funds made available for the PLI scheme before the end of FY 2021-22, for the purpose envisaged.

(Para No.39)

17. The Committee was apprised by the Ministry that 10 domestic/international manufacturers submitted their proposals for ~130GWhr - as per technical bids which opened on 15th January 2022. The Committee hopes that the PLI Scheme for Advanced Chemistry Cell would boost domestic manufacturing of batteries, cells and develop battery manufacturing ecosystem for both demand and supply. The Committee notes that the amount of Rs. 50 Lakhs which was sought for payment to consultants/PMA in RE 2021-22 has not utilised till date. The Committee strongly recommends that the Ministry should strive to fully utilize the allocated fund in the remaining two months of FY 2021-22 so that the ambitious PLI scheme can be implemented seamlessly and effectively as per the set targets. **(Para No.42)**

18. The Committee is deeply concerned to note that the MHI has been allocated a meagre amount of Rs 200.25 crore for Development of Capital Goods Sector, one of the important sectors, against the projection of 498.75 crore, which is less than 50% of the actual amount demanded by the Ministry. The Committee is of the view that the Capital Goods sector is of the strategic and economic importance due to its capability to boost growth in the manufacturing sector and the overall economy and emphasis should be laid on building a globally competitive, self-reliant and sustainable Capital Goods Sector. The Committee therefore feels that there is an urgent need for creating an ecosystem for export promotion, investment, technology, automation and driving new sustainable solutions which is crucial for accelerating India's growth trajectory and harnessing the full potential. The Committee strongly believes that Capital Goods industry is one of the key pillars of the Production-Linked Incentives (PLIs) to boost manufacturing sector growth by leveraging the emerging opportunities and further boosting growth in the Indian economy. Since the BE 2022-23 allocations are less than even half of the projected amount of Rs. 498.75 crore for the Development Capital Goods Sector, the Committee is of the view that to cater to the needs of the entire Capital Goods industry across the country, the BE allocation of Rs 200.25 crore would not be adequate. The Committee, therefore, recommends that MHI should address the issue of huge curtailment of funds for Development of Capital Goods Sector and seek enhanced allocation at RE stage so as to promote the growth and development of the Capital Goods Sector.

(Para No.47)

19. The Committee observes that the RE for the Scheme for enhancement of competitiveness in Indian Capital Goods Sector for FY 2021-22 has been slashed to less than one-third of the allocated BE. Despite having a reduced allocation, the MHI has been able to utilize only 58% *i.e.,* Rs. 16.87 crores upto 31.01.2022 out of the RE of Rs. 29 crores. From the written submission of the Ministry regarding the reason for reduction in RE 2021-22, the Committee understands that most of the projects of the Scheme are R&D based and are set up in the premises of academic institutions/ research institutes that were closed down due to the pandemic situation in the country to stop the spread of COVID 19. This hindered the progress of various projects sanctioned under the Capital Goods Scheme leading to reduced demand for funds in the FY 2020-21 and consequent reduction in the RE 2021-22. Since the COVID situation

has improved, the Committee desires that the Ministry should strive to fully utilize the entire RE allocation in the remaining period of the financial year 2021-22, so that the targets set under Scheme does not suffer for lack of sufficient fund.

(Para No.51)

20. The Committee further notes that for the Financial Year 2022-23, MHI has got a steep hike in BE allocation of Rs 200 crore for the "Scheme for enhancement of competitiveness in Indian Capital Goods Sector" as several new projects are likely to be initiated under various components of the Scheme in the Financial year 2022-23. The Committee hopes that MHI would take all out efforts for optimum utilisation of the budget allocation so that the new projects can be supported successfully.

(Para No.52)

21. The Committee was informed by the Ministry that an expert committee was constituted for the third-Party Evaluation of the Scheme for enhancement of competitiveness in Indian Capital Goods Sector. The Committee is in agreement with the findings that the present Scheme has paved the way towards fulfilling the technological and infrastructural requirements of the Capital Goods sector in a limited way. Therefore, the Committee is of the view that the present Scheme needs to be up-scaled. The Committee further recommends that the Ministry may examine the different projects which can be taken up under this Scheme and come up with revised projections and request the Ministry of Finance to grant additional funds under this Scheme at the R.E. 2022-23 stage.

(Para No.54)

22. The Committee expresses its concern that the entire allocated fund of Rs. 0.05 crore for development of Industry Associations and PSUs for undertaking promotional activities is unutilised and desires that the Ministry should take urgent timely action to promptly utilise the available funds for the purpose envisaged. Since the COVID situation has now improved, the Committee recommends that MHI should proactively fund various awareness/ promotional events for the Capital Goods Sector, highlight the capabilities/ achievements of Indian Manufacturing industries through all stakeholders during the FY 2022-23. The Committee further recommends that the performance of the Capital Goods Sector should be assessed from time to time at various levels of the Ministry by interacting with Industrial Associations whereby the apprehensions and issues relating to the Industry raised through the Industry Associations may be deliberated and addressed.

(Para No. 57)

23. The Committee finds the overall fund utilisation by the autonomous institutions during the years 2019-20, 2020-21 and 2021-22 to be satisfactory which has been to the tune of 100% which points towards a good track record of utilizing the fund optimally for the R&D activities of CMTI. The Committee was informed by the Ministry that Covid pandemic has badly affected CMTI, including the conduct of training courses as well as onsite lab services thereby significantly reducing their revenue generation from services and training. The Committee, therefore, recommends that in view of the prevailing situation in CMTI, MHI should convince the M/o Finance for enhanced allocation at RE stage, so that the R&D Programme for developing high tech core manufacturing technologies are not affected.

(Para No.60)

24. The Committee observes that the number of CPSEs under the administrative control of MHI i.e., 22 CPSEs in 2019-20 has dwindled to 16 as on date, out of which 10 are profit making, 6 are making losses and 8 CPSE are under closure. The Committee recommends that MHI should undertake a thorough appraisal of each loss making CPSEs and explore all possibilities to revive or restructure the CPSEs with a view to bring about a turnaround in its performance .The Committee is aware that the realm of CPSEs has recently under gone major changes, especially, since the Government has decided to restrict itself only to a few selected priority areas of business. Even the CPSEs that are profitable, but not belonging to specified areas of business, are being disinvested. In this scenario, the Committee is of the considered opinion that the CPSEs that would remain in operation, after hiving off of the earlier said non-priority companies, would need clear guidance regarding efficient functioning and other inputs required to sustain themselves successfully.

(Para No.67)

25. The Committee also observes that in its earlier report on DFG (306th), the Committee had desired that the outstanding dues of Bridge & Roof Ltd. of Rs. 74.25 crores towards MSMEs for the goods and services received from them be released promptly. However, the Ministry in their ATN Report informed the Committee that that Bridge & Roof Ltd still has a total pending disputed claims of Rs 35.99 crore which are yet to be paid to the MSMEs. The Committee therefore, reiterates its earlier

recommendation that MHI should direct the PSU concerned to expeditiously settle the outstanding dues of the MSMEs.

(Para No.68)

26. The Committee notes that BHEL, a Maharatna Company, has utilised only 51% of the allocated RE 2021-22 IEBR of Rs. 226 crores which means that the CPSE has to spend Rs. 110 crore in the remaining two months of the Financial Year 2021-22. The Committee apprehends significant underutilization of the budgetary funds available with the CPSE. Poor utilization of the funds would lead to idling of funds which should have been avoided. The Committee would like the Ministry to take stock of the reasons which caused the slow pace of utilization of funds and take corrective measures to ensure optimum utilization of the allocated funds, during the Financial Year 2021-22.The Committee desires that BHEL should take initiatives to diversify in the areas related to power, emission, transportation, transmission, defence, Oil & Rigs etc. and focus on Capital Investment projects/ schemes, modernisation & rationalisation of facilities.

(Para No.71)

27. The Committee further notes that BHEL is aligning its business initiatives with National Goals in emerging technology areas *viz* Coal to Methanol and Hydrogen economy. Keeping in view the importance of emerging technology, BHEL should prepare a blueprint of its requirements vis-à-vis the emerging technology and seek additional funds at RE stage from the M/o Finance.

(Para No.72)

28. From the written submission made by MHI in response to a query regarding achievements made by CPSEs under MHI, through their own R&D activities, the Committee understands that BHEL tops the list of CPSEs under MHI with R&D expenditure of 3859 crore, during the last 5 years. BHEL has been granted 82 patents out of the 759 patents filed during this period which is commendable. The Committee appreciates the achievements of BHEL in R&D which would enable BHEL to improve the competitiveness of their products, expand its product offerings and also provide technological edge for long term benefit of the company.

(Para No.73)

29. The Committee is aware that Revival and Mill Development Plan (RMDP) of NEPA Ltd was approved by the Government in 2018 which was slated to be completed in December, 2019 with a total financial package of Rs 469.41 crore. However, it is yet

to be implemented, despite the MHI constituting a monitoring Committee to regularly review the progress of its implementation. The Ministry has now informed the Committee that the implementation of the RMDP of NEPA Ltd. is presently in final stages and post completion of RMDP, the CCEA has mandated for the strategic disinvestment of entire Government of India (GoI) shareholding in NEPA Ltd. The Committee therefore recommends that the MHI should expedite completion of the RMDP of NEPA by fast track monitoring as it has already missed multiple deadlines, in order to boost production and enhance employment. The Committee further directs the Ministry to furnish the details of the compliance report in this regard.

(Para No.75)

30. The Committee expresses its concern towards the heavy losses and deterioration condition of the Heavy Engineering Corporation Ltd. (HEC). The Committee observes that if the proposal for closure of HEC Ltd. is approved, the number of CPSEs under the administrative control of MHI would dwindle to 15. The Committee is concerned about the large rate of attrition of CPSEs under MHI. The Committee recommends that MHI should undertake a detailed appraisal of HEC and take all remedial measures to revive the HEC with a view to prevent its closure.

(Para No.77)

31. The Committee desires that a report may be furnished to the Committee updating about the status and action taken by the Ministry with regard to the following CPSEs which have been considered/approved for closure/disinvestment/ transfer/merger and long pending for final settlement/closing:

- **(i) Bharat Pumps & Compressors Ltd.,**
- **(ii) Scooters India Limted**
- **(iii) HMT Watches Ltd. (subsidiary of HMT Ltd.)**
- **(iv) HMT Chinar Watches Ltd. (subsidiary of HMT Ltd.)**
- **(v) HMT Bearings Limited (subsidiary of HMT Ltd.)**
- **(vi) Hindustan Cables Ltd.**
- **(vii) Tungabhadra Steel Products Ltd.**
- **(viii) National Bicycle Corporation of India Limited**
- **(ix) Kota unit of Instrumentation Limited**

(Para No. 78)

32. In the Budget 2022-23, the MSME sector in manufacturing space got a boost with rolling out of RAMP (Raising & Accelerating MSME Performance) which

proposes to improve credit and market access of MSMEs and the extension of the ECLGS (Emergency Credit Line Guarantee Scheme) and its cover, revamping and infusion of funds into the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme.The Committee notes the component manufacturers and the dealerships of auto OEMs are mostly MSMEs and have been severely impacted due to credit crunch. The Committe is of the opinion that since MSMEs are major players in local auto parts manufacturing, the RAMP program would help address the issues related to delays in payment and access to credit. Further, the Committee recommends that the RAMP program should be so structured so as to improve market access, access to credit, strengthen institutions and governance at the Central and State levels and support the ongoing programmes of the Government, focusing on competitive aspect of MSMEs.

(Para No. 79)

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Annexure - I

Capital Goods Sector:-Overview of the performance of Capital Goods Sector:

Production, Import and Export Statistics
(Source: Industry Associations namely IEEMA, IMTMA, TAGMA, AFTPAI, PMMAI, PPMAI, TMMA & IPAMA)

The statistics in respect of production, imports and exports of sub-sectors of the Capital Goods Sector for the last three years isgiven as under:

(a) Production data (Rs. In Crore)

S. No.	Sub sector of Capital Goods	2018-19	2019-20	2020-21
1.	Machine Tools	9612	6152	6602
2.	Dies, Moulds and Press Tools	13600	13682	12294
3.	Textile Machinery	6865	5355	5093
4.	Printing Machinery	12390	12678	10058
5.	Earthmoving And Mining Machinery	38900	31020	29021
6.	Plastic Machinery	3100	2350	3710
7.	Food Processing Machinery	8750	NA	NA
8.	Process Plant Equipment	27400	29250	NA
9.	Heavy Electrical Equipment Sector	190132	180368	168949

**NA =data are not received yet.*

(b) Import Data (Rs. In Crore)

S. No.	Sub sector of Capital Goods	2018-19	2019-20	2020-21
1.	Machine Tools	12390	10288	5965
2.	Dies, Moulds and Press Tools	5500	6356	6000
3.	Textile Machinery	10834	9273	8096
4.	Printing Machinery	8922	8969	6814
5.	Earthmoving And Mining Machinery	5600	4812	1166
6.	Plastic Machinery	1304	914	1860
7.	Food Processing Machinery	4742	4487	1965
8.	Process Plant Equipment	4200	4650	NA
9.	Heavy Electrical Equipment Sector	71570	67967	58336

**NA =data are not received yet.*

c) Export Data (Rs. In Crore)

S. No.	Sub sector of Capital Goods	2018-19	2019-20	2020-21
1.	Machine Tools	673	768	531
2.	Dies, Moulds and Press Tools	1100	1138	973
3.	Textile Machinery	3665	2556	3307
4.	Printing Machinery	1180	1230	1012
5.	Earthmoving And Mining Machinery	5300	3583	1816

S. No.	Sub sector of Capital Goods	2018-19	2019-20	2020-21
6.	Plastic Machinery	247	335	1348
7.	Food Processing Machinery	2686	2737	4555
8.	Process Plant Equipment	7450	8330	NA
9.	Heavy Electrical Equipment Sector	52910	60698	63839

**NA =data are not received yet.*

Annexure - II

General Information about CPSEs under Ministry of Heavy Industries

Sl. No.	Name of CPSE and location of Registered Office	Year of setting up of CPSE	Gross Block as on 31.03.2021 (in Rs. crore)
1	Andrew Yule & Co. Ltd., (AYCL), Kolkata	1919	218.94
2	Bharat Heavy Electricals Ltd., (BHEL), New Delhi	1964	6883.00
3	Braithwaite, Burn & Jessop Construction Co. Ltd., (BBJ), Kolkata	1987	23.18
4	Richardson & Cruddas (1972) Ltd., (R&C) Mumbai	1973	29.27
5	Bridge and Roof Co. (India) Ltd., (B&R) Kolkata.	1920	116.86
6	Heavy Engineering Corpn. Ltd., (HEC), Ranchi.	1958	389.74
7	HMT Ltd., (Holdg Co.), Bangalore.	1953	143.28
8	HMT (Machine Tools) Ltd., Bangalore.	1999	324.98
9	HMT (International), Bangalore	1974	8.36
10	Rajasthan Electronics & Instruments Ltd., (REIL) Jaipur	1981	55.63
11	Cement Corporation of India Ltd. (CCI), New Delhi.	1965	763.29
12	Hindustan Salts Ltd., (HSL), Jaipur.	1958	16.96
13	Sambhar Salts Ltd., (SSL) Jaipur.	1964	49.37
14	Nepa Ltd., (NEPA), Nepa Nagar.	1947	96.52
15	Engineering Projects (India) Ltd., (EPIL), New Delhi.	1970	28.14
16	Instrumentation Limited, (IL), Jaipur	1964	34.90
	TOTAL:		**9,182.42**