

FICCI COMMENTS ON SCHEME ON ENHANCEMENT OF COMPETITIVENESS IN THE INDIAN CAPITAL GOODS SECTOR

COMMENTS FOR CENTRE OF EXCELLENCE COMPONENT

S.No.	PROVISION	FICCI REMARKS
1.	<p>Scheme is applicable on R & D And Technology Development Centres of Excellence with National Centres of Excellence in Education and Technology such as Indian Institute of Technology, Delhi (IITD), Indian Institute of Technology, Bombay (IITB), Indian Institute of Madras, Delhi (IITM), Indian Institute of Technology, Kharagpur (IIT KGP) and Central Manufacturing Technology (CMTI), Bangalore</p>	<ul style="list-style-type: none"> • Apart from Indian Institute of Technology, National Institute of Technology and institutes like CMTI, there are large number of other institutes both in the private and public sector that are providing cutting edge education and could be considered under the scheme for setting up Centres of Excellence. Some of these are as follows: <ul style="list-style-type: none"> ○ BITS Pilani, Rajasthan ○ Vellore Institute of Technology, Tamil Nadu ○ PSG College of Technology, Coimbatore ○ Manipal Institute of Technology, Manipal, Karnataka ○ MS Vadodara Institute ○ CITD ○ CEERI ○ CLRI <p>DHI should take note of the fact that private institutions cater to a large mass of student population and many of them are run by philanthropists on ethical principles too.</p> <ul style="list-style-type: none"> • Centers Excellence, coming up in academic institutions, need not be restricted to IITs, NITs and Government Institutions. The scheme can be extended to all Government Institutions and <u>Government Aided Institutions, without a need for tie up with another academic institution.</u> Perhaps a few qualifying criteria can be fixed as guidelines such as the institution should have successfully completed some government aided projects from DST, DHI etc. This way one can reach out to large section of student population too.

S.No.	PROVISION	FICCI REMARKS
2.	<p>Section 6.3- Eligible Technologies: Those identified in the 12th FYP indicated in the working group on capital goods & engineering sector. Other technologies in Public interest could also be considered by the Apex Committee</p>	<ul style="list-style-type: none"> • Both steering committee and Apex committee should be flexible for considering technologies other than those mentioned in the 12 FYP as long as they are for capital goods. • For any center of excellence, the scope need not be restricted to a few technologies. Industries will look for solutions as and when they encounter problems. Problems arise for reasons of quality, cost, rate of production etc. Thus, for the purpose of establishing the Centre, a few technologies, can be initially identified, but as the centre starts functioning, the centre shall interact with industries continuously, and try to find solutions for their problems in the overall domain of the Centre. The scope of a Center of Excellence shall be to support the industries in all possible ways within the field, and not to restrict to a few technologies
3.	<p>Section 6.4- Funding Pattern: Central assistance will be by way of one time grant-in-aid (not equity) not exceeding 80% of the project cost (including plant and machinery, human resources & computers, etc., but not vehicles, laptops/tables/video camera, roads, street lights & greenery, land and building) subject to maximum of Rs. 100 crore for each Centre of Excellence proposed to be set up at IITs and CMTIs, etc. Balance 20% will be required to be invested by the Industry and IITs and CMTI, etc. No Government assistance will be given for</p>	<p>Mode, Type and Quantum of funding:</p> <p>The following factors to be considered for deciding the mode, type and quantum of funding:</p> <ol style="list-style-type: none"> a) Besides providing funds to IITs, the scheme should also consider providing funds for development of such technologies through apex industry bodies like FICCI which can be the managing bodies for disbursement of funds for expenses. These industry bodies can put in place an appropriate Governance model like Project Monitoring Unit specific to the project for utilization of funds with members from Government and partner institutes and industry. b) We propose that the center can be established with 20% contributed from the industries and the promoter institute together, towards the project cost and the rest from the central assistance. This will be feasible and will get support from industries. c) 80% of the project cost should be the aggregate limit and not item specific d) "Human resources" (i.e In-Kind contribution) have been considered as part of the project cost, as per section 6.4, for grants from DHI. Hence, other in-kind contributions like materials, consumables, travel etc from the participating industry should also be considered as part of the project cost. This is based on extensive consultations with the industry. e) The operating cost incurred by the industry to run the center after five years should also be considered as part of industry contribution. After five years (after project

S.No.	PROVISION	FICCI REMARKS
	land and building.	<p>completion) one would expect a revenue model and self-sustainability.</p> <p>f) To expect industry to contribute 20% upfront is not possible as industry would also like to assess the progress and contribute accordingly.</p> <p>g) The spirit of the COE is to build National capacity by Industrial participation with Institutes and the Industrial commitment should be there. In some cases, where the nature of the industry is such that contribution from the collaborating institute forms the major component, proposals should be considered and higher amount from the industry need not be insisted. In such cases, industry is willing to utilize the services of the centre and pay charges for the services they get but hesitant to take part towards capital investment for the project.</p> <p>h) Revenues to be received from the Centre of Excellence could be utilized for the activities of the Centre to make it sustainable. These revenues could be used for activities like skill development for the new technologies developed etc.</p>
4.	<p>Section 6.5- Payment Schedule: The quantum and timelines of payment of Grant-in-Aid shall be decided by the Apex Committee considering the implementation plan proposed and the readiness of the project.</p>	<p>Flow of funds during execution of the project</p> <ul style="list-style-type: none"> • Front loading of the payment for Centre of Excellence would help in taking off the Centre faster • The quantum and timelines are to be decided by Apex Committee on case to case basis. Following could be considered: <ul style="list-style-type: none"> i. Low budget, Fast Track (less than four years of execution) – upto 25Cr. ii. Medium budget (less than Six years) – 25 to 75Cr. iii. High budget – more than 75 Cr. • Two categories to be identified while considering applicants for funding: <ul style="list-style-type: none"> i. Industries / institutions that are already working in the domain requesting funding for upscaling, innovating and capacity building ii. Innovative proposals that are going to be initiated afresh and with large innovativeness and indigenization capability • Preference should be given based on low budget, high indigenization and innovation

S.No.	PROVISION	FICCI REMARKS
		<p>content and minimum time scale for implementation and larger reach of technology dissemination.</p> <ul style="list-style-type: none"> • The above categories can be processed in different streams for faster results. • Preference should be given based on low budget, high indigenization and innovation content and minimum time scale for implementation and larger reach of technology dissemination. • Monitoring committee to be formed for supervising timely execution of projects. The monitoring committee will review the projects once in 6 months based on the milestones, outputs and outcomes funds need to be released. Industry has been doing government funded projects with DST, MNRE, EIL etc. In all these cases accounts have been maintained under the following main heads: <ul style="list-style-type: none"> • Human resource: proper auditable Time log sheets have been maintained for man power usage (engineers / technologist / draftsmen etc.) • Material • Consumables • Consultancy • Civil and erection • Travel • Other G&A infra usage (space, handling equipment usage etc) - Given free by participating Industry and is over and above the 20% contribution. • T&D (as applicable)
5.	OTHERS	<ul style="list-style-type: none"> • To enhance competitiveness in the capital goods sector, the disconnect between Industry and Academia has to be bridged by setting up new or identifying existing centres of excellence at strategic locations with partnership among industries, associations and academia.

S.No.	PROVISION	FICCI REMARKS
		<ul style="list-style-type: none"> • Ownership of assets: The ownership of government, executing agencies, industries and associations involved to be clearly brought out before the commencement of the projects, through agreement, more so when the project results in creation of assets, development of machineries, equipments, systems and processes. • Development of suitable skills at different levels like tradesmen, supervisors and engineers, can be an important component of the proposed centre.

COMMENTS FOR TECHNOLOGY ACQUISITION FUND

S.No.	PROVISION	FICCI REMARKS
1	Section 10 (d) Eligibility: the Financial support from the TAFP will be available to Indian Capital Goods sector unit or their consortium....	<ul style="list-style-type: none"> • Individual Units should be given preference under the scheme so that there are a few case studies in the beginning to prove the effectiveness of the scheme. • Start-up applications could also be considered under the Fund.
2	Applicability: Financial assistance from the TAFP will be extended to specific projects and activities which involve technology assessment, acquisition and assimilation.	<ul style="list-style-type: none"> • Technology Missions to scout for the technologies should also be covered under the eligible activities for funding
3	Funding pattern: It is proposed to provide to Indian capital Goods sector units or consortiums by way of grant up to 25% of the cost of technology	<ul style="list-style-type: none"> • Higher percentage of financial support should be given for SME and start-ups to encourage them to apply for this scheme. In case of SME & start-ups, support could be to the extent of 75%.

S.No.	PROVISION	FICCI REMARKS
	<p>acquisition of each technology...maximum amount to be given shall not exceed rupees 10 crores.</p>	
4	<p>Section 10 (i): Right to Government</p>	<ul style="list-style-type: none"> Two years period provided to the applicant to have exclusive rights on the technology is too short. Government may look at providing higher time period for exclusive rights say minimum four to five years.