

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
DEPARTMENT OF HEAVY INDUSTRY

**RAJYA SABHA**  
**STARRED QUESTION NO.358**  
**TO BE ANSWERED ON 05.04.2017**

Factors limiting domestic demand

\*358. SHRI B.K. HARIPRASAD:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is a fact that the lack of positive bias towards domestic value addition in public procurement policies, difficult contract conditions, persistent imports and use of second-hand machinery with no incentive for replacement, zero import duty under Project Imports and delays in project implementation are the key factors limiting domestic demand; and

(b) the steps taken by the Ministry to improve the situation?

**ANSWER**

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
(SHRI ANANT G. GEETE)

(a) & (b): A Statement is laid on the table of the House.

## **STATEMENT**

**Statement refer to in reply to parts (a) to (b) of Rajya Sabha Starred Question No.358 for 5<sup>th</sup> April 2017, asked by Shri B.K. Hariprasad regarding “Factors limiting domestic demand”.**

(a) Government has brought out National Capital Goods Policy 2016 which has identified certain key factors limiting domestic demand in Capital Goods Industry such as difficult contract conditions of Public Sector Enterprises, Limited Positive Buyers for domestic value addition, import of second hand machinery, zero duty import under ‘Project Import’ and delays in project implementation.

(b) Government of India has recently brought out revised General Financial Rules, 2017 wherein under Rule 153(iii) an enabling provision has been made to promote domestic value addition in public procurement. The provision reads as under:

“Central Government may, by notification, provide for mandatory procurement of any goods or services from any category of bidders or provide reference to bidders on the grounds of promotion of locally manufactured goods or locally provided services.”

In order to address the issues in respect of Capital Goods Sector an Inter Ministerial Standing Committee (IMSC) has been constituted in the Department of Heavy Industry for development of Domestic Capital Goods Industry. The Committee is mandated with reviewing Public Procurement Guidelines, addressing the issue of import of second hand capital goods and to review duty structure on import of raw materials and components of capital goods, which need to be consistently taxed lower than finished goods import. First Meeting of the Committee has already taken place.

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