

MSMEs can play a major role in reducing import reliance in industrial machineries

As Government of India attracts foreign and domestic investment in the manufacturing sector under the grand vision of Aatma Nirbhar Bharat, demand for industrial machinery is expected to grow in the country. India is largely dependent on imports to meet domestic demand for machineries used in textile, plastic and other manufacturing industries. The following table illustrates the extent of import-dependence across key machinery sectors and the share of domestic production that is exported.

Sector	Share of domestic demand met through imports	Exports as share of domestic production
Machine tools	52%	4.8%
Dies, moulds and press tools	8.5%	9.9%
Textile Machinery	72%	42%
Printing Machinery	37%	8%
Earthmoving and mining Machinery	41%	28%
Plastic Processing Machinery	53%	32%
Food Processing Machinery	23%	16.4%
Source: Department of Heavy Industries, Government of India		

India's MSME sector can play a critical role in promoting domestic production of these machineries and thereby reducing reliance on imports. Already, there are several small and medium enterprises engaged in manufacturing these machineries.

In the machine tools sector, there are more than 800 manufacturers, of which majority are small and medium enterprises. These units produce standard Computer Numerical Control (CNC) machines, gear cutting, grinding, medium size machines, electrical discharge machines, presses, press brakes, pipe bending, rolling and bending machines. There are 500 units, mostly small and medium enterprises, manufacturing dies, moulds and press tools. India has more than 200 small and medium plastic machinery manufacturers producing blow moulding machines, injection moulding machines and extrusion moulding machines. India depends on imports to the extent of 53% to meet domestic demand for these machines.

India has around 200 small and medium units manufacturing earthmoving and mining machinery such as backhoe loaders, compactors, cranes, concrete pumps, dumpers, hydraulic excavators etc. India meets 41% of its total demand from imports for these products.

In the textile machinery sector, India depends on imports to the extent of 72% despite having 1446 units engaged in domestic manufacturing. More than 80% off these units are small and medium enterprises manufacturing spinning machines, weaving machines, winding and processing machines, synthetic fiber machines etc. India also has many small and medium units manufacturing printing machinery and food processing machineries. There are around 500 units producing printing machines, while 2500 units making food processing machines, of which 95% and 85% are small and medium units respectively. India's dependence on imports is 37% for printing machinery and 23% for food processing machinery.

Pathway to self-reliance in machinery sector

Even though there are many small and medium units engaged in manufacturing industrial machineries, end user industries prefer to source from abroad because of superior quality of imported goods. Therefore, the key to attain self-reliance is to develop innovative technologies that can improve the quality and performance standards of the locally made machineries. India is already setting up Centres of Excellence (CoE) in IIT Madras, IIT Kharagpur, IISc Bengaluru and other academic and research institutions to develop cutting edge technologies in this sector. We should set up similar CoEs in Industrial Training Institutes across various states and promote greater involvement of MSMEs and start-up enterprises in these Centres of Excellence.

Promoting MSMEs through cluster development can go a long way in achieving economies and scale and increasing domestic production of machineries. State governments and industry associations across various states should form special purpose vehicle (SPVs) to set up large clusters with common facility centres. Such SPVs can set up Common Engineering Facility Centres (CEFC) in their clusters by applying for grant in aid from the central government.

Government and industry associations can also facilitate Indian MSME units to form joint venture with leading foreign manufacturers of industrial machinery. Joint venture and technology collaboration with foreign entities can improve the product standards and facilitate technology upgradation of local units. Also, MSMEs in India can buy global technologies that are readily available for acquisition. Government of India offers financial grants to local MSMEs for buying global technologies in the field of industrial machineries.

Notifications

PIB

India-Japan to collaborate in healthcare sector

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1661362>

Ayush Grid to integrate with National Digital Health Mission

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1660936>

India's merchandise exports grows in September 2020

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1660969>

India-Russia webinar focuses on use of natural gas as motor fuel

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1661090>

Minister holds meeting with stakeholders of auto and steel sectors

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1661026>

Ministry sets up regional facilitation centre for medicinal plants at Pune

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1660570>

Best time to invest in pharma and medical devices sectors in India

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1660739>

Aatma Nirbhar Bharat Package – Progress So Far

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1660691>

DGFT

Additional details to obtain AROs under domestic procurement of steel at export parity price

<https://content.dgft.gov.in/Website/dgftprod/95643867-dd3d-432a-b1e1-3af123fffe7/NPN%2023%20English.pdf>

Procedure for allocation of quota for import of Urad

<https://content.dgft.gov.in/Website/dgftprod/767f3dba-7655-476c-a01d-b67ceff7d8c3/PN%20No.22%20dated%2001.10.2020%20English%20scanned.pdf>

Steel manufacturers can claim duty drawback for deliveries through their service centres

<https://content.dgft.gov.in/Website/dgftprod/7413adb6-54ce-41e4-93d5-7fdb8068e332/notificationon%20no.%2035%20dt%201.10.2020%20Eng.pdf>

CBIC

Exchange rate notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt95-2020.pdf>