

**GOVERNMENT OF INDIA  
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
LOK SABHA**

UNSTARRED QUESTION NO:56

ANSWERED ON:19.11.2009

FIANCIAL HELP TO AUTO COMPONENT SECTOR

Panda Shri Baijayant

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

- (a) whether it is proposed to work out a scheme to financially help the Indian auto component sector to become more competitive vis-  
-vis other countries;
- (b) if so, the details thereof; and
- (c) the steps taken to work out a scheme to develop sustainable competitive advantage for this sector?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI ARUN YADAV)

(a)to(c): The Department of Heavy Industry, in its pre-budget recommendations for 2009-10 to Ministry of Finance, had recommended setting up of a corpus of Rs.1000 crores for Automotive Development Fund for financing the modernization of the auto component industry through a system of interest subsidy on loans on purchase of new plant and equipments.It was envisaged that the fund would offset the loss incurred on interest earnings by the financial institutions by way of reimbursing them for the interest differential on account of extending lower interest loans to the auto component industry.However, in the budget 2009-10 no fund for this purpose has been provided.