

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:320

ANSWERED ON:03.09.2012

BAN ON IMPORT OF USED PLANTS AND MACHINERY

Mandlik Shri Sadashivrao Dadoba;Owaisi Shri Asaduddin

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether a panel headed by the Cabinet Secretary has made certain recommendations regarding the import of used plants and machineries;
- (b) if so, the details thereof along with the steps being taken by the Government to implement these recommendations including a ban on such imports;
- (c) whether several industrial bodies have requested the Government for banning the import of second hand machinery on certain grounds;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the steps being taken by the Government to safeguard the productivity and competitiveness of the Indian manufacturers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

a) to e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 320 FOR ANSWER ON 3RD SEPTEMBER 2012 REGARDING "BAN ON IMPORT OF USED PLANTS AND MACHINERY"

(a) A meeting of the Committee of Secretaries (COS) under the Chairmanship of Cabinet Secretary held on 23.5.2012 on the promotion of domestic capital goods industry made following recommendations regarding the import of second hand capital goods:-

(i) Import of second hand capital goods may be totally prohibited in schemes with explicit or implicit subsidy, such as TUFS, EPCG, CLCSS.

(ii) The second hand capital goods may be valued at 75% of their original value. This valuation will be for the purpose of determining import duty and not for any other purpose, unless otherwise specified.

(iii) Import of machinery more than five years old may not be allowed unless a different maximum age is specified by DOC, in consultation with concerned Ministry/Department and NMCC, keeping in view its specific sectoral requirements.

(iv) NMCC may separately examine the impact of FTAs on domestic industries and thereafter inter-ministerial consultations on its findings may be undertaken.

(v) NMCC may examine the issue of accurate and reliable data collection in respect of import of second hand capital goods and suggest a suitable mechanism therefor.

(b) To process the recommendations, the concerned Ministries/Departments have been requested to furnish specific ITC(HS) codes of items of their interest for imposing restriction and minimum age criteria thereof.

(c) to (e) Representations have been received from manufacturing associations/industry associations seeking restriction on import of second hand machinery on grounds of protecting domestic manufacture/industry. Government had approved the National Manufacturing Policy (NMP) in October, 2011 with the objectives of enhancing the share of manufacturing in GDP to 25% by 2022. Other measures for facilitation of industrial investment include promotion of foreign direct investment, development of industry relevant skills and regular meetings with industry associations and stakeholders to fast track implementation of industrial projects. Ministry of Heavy Industry and Public Enterprises has prepared a Working Group report for the Planning Commission. Department of Commerce has Export Promotion Capital Goods (EPCG) Scheme and Ministry of Textiles has Technology Upgradation Funds Scheme (TUFS) to increase productivity and competitiveness.