PROMOTION OF DOMESTIC INVESTORS AND INCREASING THE DOMESTIC EXPORT BASKET

2284. SHRI SAMBHAJI CHHATRAPATI:

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

(a) whether Government has any plan to give a serious push to domestic investors to boost-up manufacturing sector and reduce dependence on import;

(b) if so, the details thereof;

(c) whether Government has any plan to give some incentives to the domestic investors to put in money in the manufacturing sector; and

(d) the major areas identified under manufacturing sector to increase export basket of the country for giving a major push?

ANSWER

THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)

(a) to (d): The Government has undertaken a number of recent measures to incentivise and boost the manufacturing sector in India, promote exports and reduce dependence on imports:

i. ‘Make in India’ initiative has been reviewed and is now focusing on 27 sectors. Department for Promotion of Industry and Internal Trade is coordinating action plans for 15 manufacturing sectors while Department of Commerce is coordinating 12 service sectors. The list of 27 sectors is placed at Annex I.

ii. The Budget 2020-21 announced a new scheme to encourage electronics manufacturing in India, comprising manufacturing of mobile phones, semiconductor packaging, electronic equipment. A new scheme called “National Technical Textile Mission” has also been proposed to cut down imports and for setting up manufacturing units of technical textiles at a cost of Rs 1,480 crore over four years.
iii. In order to achieve higher export credit disbursement, a new scheme is being planned, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements. Further, it has been proposed to digitally refund to exporters, duties and taxes levied at the Central, State and local levels, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism.

iv. A new provision has been inserted in the Income-tax Act with effect from FY 2019-20 which allows any domestic company an option to pay income-tax at the rate of 22 per cent subject to condition that they will not avail any tax exemption/incentive. For new manufacturing companies incorporated on or after 01.10.2019, the corporate tax rate was brought down to 15 per cent. In the Budget 2020-21, this reduction of corporate tax rate for new manufacturing companies was also extended to new power generation companies.

v. In order to promote domestic manufacturing and curb imports, Basic Customs Duties (BCD) has been increased on footwear, toys and furniture; modification of Customs Act for strict enforcement of Rules of Origin norms for sensitive imports has been proposed; provisions for safeguard duties and anti-dumping duty to be strengthened.

vi. The Government has taken a number of Foreign Direct Investment (FDI) policy reforms, including opening new sectors for FDI, increasing the sectoral limit of existing sectors and simplifying other conditions of the FDI policy. These policy reforms are meant to provide ease of doing business and accelerate the pace of foreign investment in the country.

vii. The National Infrastructure Pipeline (NIP) was also launched in December, 2019, with estimated expenditure of Rs 102 lakh crore in infrastructure sectors in India during the years 2020 to 2025, which will also boost manufacturing and job creation.

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ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE RAJYA SABHA UNSTARRED QUESTION NO. 2284 FOR ANSWER ON 13.03.2020.

List of 27 Sectors under ‘Make in India’ initiative

(i) Aerospace and Defence  
(ii) Automotive and Auto Components  
(iii) Pharmaceuticals and Medical Devices  
(iv) Bio-Technology  
(v) Capital Goods  
(vi) Textile and Apparels  
(vii) Chemicals and Petro chemicals  
(viii) Electronics System Design and Manufacturing (ESDM)  
(ix) Leather & Footwear  
(x) Food Processing  
(xi) Gems and Jewellery  
(xii) Shipping  
(xiii) Railways  
(xiv) Construction  
(xv) New and Renewable Energy  
(xvi) Information Technology & Information Technology enabled Services (IT &ITeS)  
(xvii) Tourism and Hospitality Services  
(xviii) Medical Value Travel  
(xix) Transport and Logistics Services  
(xx) Accounting and Finance Services  
(xxi) Audio Visual Services  
(xxii) Legal Services  
(xxiii) Communication Services  
(xxiv) Construction and Related Engineering Services  
(xxv) Environmental Services  
(xxvi) Financial Services  
(xxvii) Education Services  

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