

CAPITAL GOODS POLICY 3.0

Govt's expansion strategy to encompass key sectors

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The Centre is considering broadening the scope of its capital goods policy to include key sectors such as defence, railways, pharmaceutical, steel, and more. The Ministry of Heavy Industries (MHI) has already established a joint task force to develop the National Capital Goods Policy 2025.

MHI has also formed six working groups consisting of representatives from various ministries, departments, industries, and industrial associations to gather sector-specific feedback.

These working groups will focus on supercharging domestic demand, improving the balance of trade, promoting India as a manufacturing hub,



ACTION PLAN

- Key sectors include defence, railways, pharmaceutical, steel among others
- MHI's joint task force in place to develop the National Capital Goods Policy 2025
- New policy to replace the existing National Capital Goods Policy 2016
- Six working groups to cumulate sector-specific feedback
- Working groups include representatives from MSME; skill development & entrepreneurship; finance; commerce & industry; defence; electronics & IT; mines; coal

building an information technology ecosystem, enhancing research and development, leveraging digital technology, and advancing energy transition and sustainability.

"A comprehensive capital goods policy is in the works, aiming to expand the current scheme by incorporating additional areas crucial for achieving the \$5 trillion econ-

omy target," a senior official involved in the policy development told *Business Standard*.

A query sent to MHI remained unanswered until the time of going to press.

The working groups include representatives from ministries such as micro, small and medium enterprises, skill development and entrepreneurship, finance, commerce and industry, defence, electronics and information technology, mines, and coal.

Industry bodies such as the Federation of Indian Chambers of Commerce & Industry and the Confederation of Indian Industry are also involved.

"The consultations have begun. Each working group is tasked with analysing the needs and demands of their respective sectors. The budgetary allocation will be adjusted based on the demand assessed by these sector groups," a source familiar with the development said.

The new policy will replace

the existing National Capital Goods Policy 2016, which focuses on machine tools, textile machinery, earth-moving and mining machinery, heavy electrical equipment, plastics processing machinery, process plant equipment, dies, moulds, and press tools, printing machinery, metallurgical machinery, and food processing machinery.

According to MHI data, the production of the capital goods sector has increased from ₹2.29 trillion in 2014-15 to ₹4.29 trillion in 2023-24.

The capital goods sector contributes roughly 12 per cent of India's gross domestic product and provides 5.5 million jobs, according to official estimates.

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