भारतीय संसद
PARLIAMENT OF INDIA

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PRESS RELEASE

राज्य सभा सचिवालय
RAJYA SABHA SECRETARIAT

DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON INDUSTRY

PRESS RELEASE

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The Department-related Parliamentary Standing Committee on Industry headed by Shri Tiruchi Siva, M.P., Rajya Sabha presented its 321st Report on Demands for Grants (2023-24) pertaining to the Ministry of Heavy Industries to the Parliament on the 23rd March, 2023. The Committee discussed and examined the budgetary allocations in detail made by the Government in respect of the Ministry of Heavy Industries in its meeting held on the 20th February, 2023 with the Secretary, Ministry of Heavy Industries and Organisations under their administrative control. The Committee had also solicited the written views/suggestions of some of the Automobile Associations and incorporated some of their meaningful views/suggestions in the Report. The Report was adopted by the Committee on the 22nd March, 2023. The Recommendations/Observations made by the Committee in its Report are enclosed herewith.

2. The entire Report is also available on https://rajyasabha.nic.in. → Committees →DRPSC-RS → Industry →Report.

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE
AT A GLANCE
ON
321st REPORT ON DEMANDS FOR GRANTS (2023-24) OF MINISTRY OF HEAVY INDUSTRIES

1. **The Committee notes that the Budgetary allocation of Rs 6171.63 crore for the Financial Year 2023-24 is the highest ever enhancement in comparison to the BE of the previous years. The Committee notes the significant enhanced fund allocation to the Ministry and hopes that the allocation would be utilized effectively in achieving the targets set by the Ministry for the Financial Year 2023-24.**

(Para 7)

2. **The Committee also notes that the Ministry has been able to utilize more than 99% of the funds provided at the RE Stage in the previous two Financial Years *i.e.* 2020-21 & 2021-22. However, in the Financial Year 2022-23, the Ministry has been able to utilize only Rs. 1428.71 crore, which is 44.36% of the RE allocations of Rs. 3220.33 crore till 31.01.2023. The Committee recommends that the Ministry should ensure that the entire fund allocated at the RE stage is utilized effectively in consonance with the financial policy and henceforth should rationalize the expenditure throughout the year evenly to avoid any uneven spending during the last quarter of the financial year in future.**

(Para 8)

3. **The Committee observes that the expenditure of the Ministry under most of its minor heads was sluggish throughout the Financial Year 2022-23, and even at the fag end of the financial year, expenditure under "*Revenue Section*" was barely 43.6% of the RE and most of the funds under "*Capital Section*" was surrendered at the RE stage, which reflects imprudent financial management and planning. The Committee recommends that the Ministry should draw up a clear and comprehensible plan for the Financial Year 2023-24 so as to avoid accumulation of the unspent funds in the last quarter of the financial year and refrain from spending more than 33% of the allocated amount during the last quarter of the financial year contrary to the General Financial Rules.**

(Para 10)

4. **The Committee observes that for the Financial Year 2023-24, the Budget Projection of the Ministry was Rs 6574.93 crore against which Ministry of Finance has allocated Rs 6171.63 crore, which is about 93.87% of the projection, as such, there is a shortfall of Rs 403.30 crore in allocation. The budgetary allocation for the major Schemes of Ministry such as FAME India and Scheme for Competitiveness in Capital Goods Sector have also shortfall in allocation for the FY2023-24. The Committee recommends that the Ministry should take all-out effort to strategize and utilize the major part of the allocations timely and if need be, allocation for more funds should be projected at the RE stage to avoid any hindrance in the effective implementation of these Flagship Schemes.**

(Para 12)

5. **The Committee notes that there were various unforeseen circumstances such as Covid-19 Pandemic induced constraints, etc. due to which the major portions of the funds were surrendered in the FYs 2019-20, 2020-21 and 2021-22. It was also observed that under the major and important Scheme for Enhancement of Competitiveness in Capital Goods Sector, surrender of huge amounts were made continuously since FYs 2019-20 to 2021-22 due to receipt of less number of proposals from the implementing agencies. The Committee is of the view that huge surrender of funds defeats the very objective of the schemes envisioned. The Committee desires that the Ministry should analyze and find out the reasons why adequate number of proposals were not received under the scheme and should devise a plan to promote the Schemes through awareness programmes/campaigns so that the funds made available to the Schemes are properly utilized and the goal of *Make in India* and *Atmanirbhar Bharat Mission* is realized for the overall economic development of the country.**

(Para 17)

6. **The Committee notes that the passenger car sector of India grew significantly as India became the 3rd largest manufacturer of passenger cars in the world. At the same time, in 2-Wheeler sector, India has slipped to 2nd position from the 1st position as compared to the FY2021-22. While the Committee commends the efforts of the Ministry in respect of manufacture of passenger cars, it however notes with concern the decline in manufacturing of 2-Wheelers in view of the extensive use of 2-Wheelers in the country. The**

Committee is of the view that the Ministry should conduct a holistic study and look into the shortcomings that have caused India to slip down to 2^{nd} position in manufacturing of 2-Wheelers so that corrective measures can be taken timely to enable India to regain its position.

(Para 20)

7. **The Committee expresses its appreciation that Indian Tractor Industry has begun to make penetration slowly into the international market which is encouraging and laudable. However, it observes with concern that the production of Power Tillers, Combine Harvesters and other Agricultural Machineries are negligible and therefore recommends that the Ministry of Heavy Industries in coordination with the Ministry of Agriculture and Farmers Welfare should work towards promotion of agricultural tools and machinery which will ultimately boost the Agricultural Machinery Sector. It is of the firm confidence that a robust push towards production of agricultural machineries will go a long way in agriculture production of the country as well as bring in more revenue to the farmers.**

(Para 23)

8. **The Committee notes that 100% of the budget allocated at the RE stage under Phase-II of the FAME Scheme has been utilized by the Ministry in the Financial Years 2019-20 to 2021-22 which reflects the sincerity, commitment and determination with which the Scheme has been implemented and the funds utilized for popularizing the Electric Mobility in the country. The Committee, while expressing its concern regarding the fuel security amidst global uncertainties as well as vehicular emissions, welcomes the efforts being made through the FAME-Scheme for transition to electric mobility. However, the expenditure as against the budget allotted at the RE stage *i.e.* Rs. 2897.84 crore for the FY 2022-23 has not reached even halfway-mark till 08.02.2023 with less than two months left in the current financial year. The Committee recommends that the Ministry should speed up the process and make earnest efforts to ensure optimal utilization of the unspent funds in consonance with the Financial Rules during the Financial Year 2022-23.**

(Para 29)

9. **The Phase-II of the FAME Scheme which has set the target to support 15,62,090 vehicles within the timeline of 5 years is about to complete 4 years and till 31.12.2022 has achieved only 51.96% of the target by supporting 8,11,725 vehicles. The Committee recommends that the Ministry should put greater emphasis on the implementation of the Scheme and prepare a blueprint to increase the sales of Electric Vehicles in consultation with the stakeholders and ensure that the targets are achieved. Besides, the Committee recommends that, in order to meet the set targets of the scheme, the possibility of extending subsidies and incentives to the private vehicles should be explored along with considering the incentives such as exemption from road tax, registration fee etc. on the purchase of electric vehicles which would help accelerate the acceptance of Electric Mobility in the country.**

(Para 31)

10. **The Committee notes that the Ministry has under-performed in respect of supporting e-3W and e-4W and in case of e-buses only a few cities are covered under the Scheme. India is a vast country and providing e-buses only to a few big cities will not able to resolve the issues of the rising fossil fuel imports and vehicular air pollution adequately. The Committee recommends that the Ministry should expand the scope of the scheme for other smaller cities and, if required, seek enhancement in the budget allocation at the RE stage from the Ministry of Finance so as to reach its optimum potential to increase uptake of the electric buses to promote green energy.**

(Para 34)

11. **The Committee is of the view that charging infrastructure is critical for successfully switching over to the EV mode of transport and expresses its concern that EV charging stations have been sanctioned only for a few cities, expressways and highways. For the effective promotion of the EVs throughout the country, it is needless to say that more charging stations need to be installed. The Committee recommends that the Ministry should approach the Ministry of Finance for enhanced allocation of funds at the RE stage, so that the requirements of installing more charging facilities under the FAME-II Scheme are met to give a much needed boost to the Electric Mobility.**

(Para 36)