TARGET PRELIMS 2024
BOOKLET-45; ECONOMY-10
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2. INDUSTRY

1) MINING (CONTINUATION FROM PREVIOUS BOOKLET)

A) NATIONAL MINERAL EXPLORATION POLICY, 2016

- The primary aims of the policy is to accelerate the **exploration activity in the country** through **enhanced participation of the private sector**.

- **Why is such policy needed?**
    - To uncover full mineral potential of the country and thus to put the mineral resources of the country to best use.

- **NMEP has following main features.**
    1. Auctioning of identified exploration block to **private sector on revenue share basis**.
        - **Provisions for attracting private investment** in exploration through attractive revenue sharing model.
    2. If the explorer agencies do not discover any auction able resource, their exploration expenditure will be reimbursed on normative cost basis.
    3. Government will carry out a **National Aerogeophysical Program** for acquiring state-of-art baseline data for targeting concealed mineral deposits**.**
    4. A **National Geoscientific Data Repository** is proposed to be set up to collate all baseline and mineral exploration information generated by various central and state government agencies and also mineral concession holders and to maintain these on geospatial database.
    5. **National Central for Mineral Targeting**: It is proposed to be set up as a not-for-profit autonomous institution **to address the mineral exploration challenges of the country**.
    6. **Special initiative to probe deep/seated concealed minerals.**

B) NATIONAL GEOSCIENCE DATA REPOSITORY (DEC 2023)

- **Why in news?**
    - » Union Minister Prahlad Joshi launched National Geoscience Data Repository Portal (NGDRP) (Dec 2023)
- **Ministry of Mines**
- **NGDR** has been created, as a part of the National Mineral Exploration Policy, 2016, **hosting all baseline and exploration related geoscientific data in a single GIS platform**, **to expedite, enhance and facilitate the exploration coverage** of the country.
    - » The survey is spearheaded by Geological Survey of India **(GSI)** and Bhaskaracharya Institute of Space Application and Geoinformatics (BISAG-N).
    - » It will make available all geological, geochemical, geophysical, and mineral exploration data in public domain on a digital geospatial platform. This will include baseline geoscience data and all mineral exploration information generated by various central and state government agencies and mineral concession holders.
    - » It represents a significant leap forward in democratizing critical geoscience data, empowering stakeholders across industries and academia with unprecedented access to valuable resources.
- **How to access the portal?**

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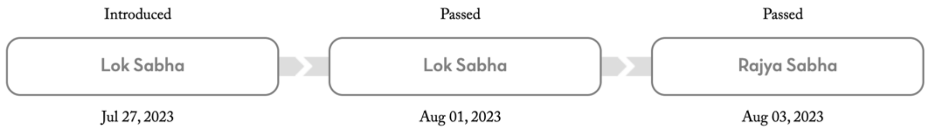
» https://geodataindia.gov.in.

C) OFFSHORE AREAS MINERAL (DEVELOPMENT AND REGULATION) AMENDMENT ACT, 2023

- **Why in news?**
  » 

- **About the Offshore Areas Mineral (Development and Regulation) Act 2002** (OAMDRA, 2022)
  » The act regulates **mining in maritime zones of India**.
  » It **categorizes offshore mining-related activities** into:
    - (i) **Reconnaissance,** which involve a preliminary survey to locate mineral resources.
    - (ii)**Exploration**, which includes exploring, proving, or locating mineral deposits, and
    - (iii) **Production,** the commercial activity of the extraction of minerals.
  » The act came into force in 2010.
  » However, no mining activity has been undertaken in the offshore areas till date. Therefore, central government has brought some changes which are focused on improving the ease of doing business.

- **Key Highlights of the amendment**:
  » **Introduction of Composite License:**
    - The act provides for a reconnaissance permit, exploration license and a production lease.
    - **The amendment** introduces a **composite license** for granting rights for **exploration as well as for production**. Under the composite license, the licensee will be required to complete exploration within three years.
      - The **maximum area of exploration** under a composite license will be 30 minutes latitude and 30 minutes longitude. The **maximum area for undertaking production** under a single composite license will be 15 minutes latitude and 15 minutes longitude.

- **Extension in the validity of concession**:
  » The act provides that concession lease be granted for a period of 30 years and can be further renewed for upto 20 years.
  » The **amendment**, provides that the production lease, as well as production lease under a composite license, will be valid for 50 years.

- **Competitive bidding for production lease and composite lease**:
  » The act provides for grant of concession through administrative allocation.
  » The **amendment**, mandates competitive bidding, for a production lease and a composite license to private entities.

- **Government Joint Ventures allowed to mine in reserved areas:**
  » **The act** allows the government to reserve offshore areas that are not held under any operating right.
  » The amendment allows composite license or production license to the government or government company. Joint ventures of government companies will also be eligible, subject to certain conditions. These conditions are:

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i. Partner must be selected through competitive process.
ii. Government company owns at least 74% of the paid up capital.

- **Mining of atomic minerals only by Government**:
  - » **The amendment**, says that in case of atomic minerals, exploration, production and composite licenses will be granted only to the government or government companies.
  - » **Note: What are atomic minerals?**
    - They are defined under MMDRA, 1957 and includes:
      Rare Earth Minerals containing Uranium and Thorium
      Pitchblende and Uranium Ores
      Uriniferous allanite, monazite and other thorium ores.
- **Reduction in Standard Area Blocks**:
  - » **The Act**, the size of one block for offshore mining is **five minutes latitude by five minutes longitude**.
  - » **The amendment**, **reduces** this to **one minute latitude and one minute longitude**. It also limits **the maximum area one entity can acquire under all concessions to 45 minutes latitude by 45 minutes longitude**.
- **Offshore Areas Mineral Trust (OAMT) set up**:
  - » The amendment creates OAMT. The concession holder will be required to pay an amount to the Trust in addition to any royalty.
  - » The fund can be used for specified purposes including (i) exploration in **offshore areas** (ii) research and studies about the mitigation of adverse effects of offshore mining on the ecology, and (iii) Relief upon the occurrence of a disaster.
- **Increase in fines** for violating the law.
- **Note**: Royalty, Auction Premium and other revenues from the production of minerals from offshore areas shall accrue to the Government of India.

D) DRAFT RULES FOR OFFSHORE MINERAL BLOCKS AUCTION FOR PUBLIC CONSULTATION (DEC 2023)

- In order to implement the provisions of the amended act, the Ministry of mines have framed two draft rules i.e.,
  (i) Offshore Areas Mineral Auction Rules
  - It provides for ascending forward online electronic auction.

  (ii) Offshore Areas Existence of Mineral Resource Rules
  - This draft rule provides norms for exploration of various types of minerals and deposits.

2) SPECIAL ECONOMIC ZONES (SEZS)

- **Background**
  - » The Indian Government had long used export processing zones (EPZs) to promote exports. In fact, Asia's first EPZ was established in 1965 at Kandla, Gujarat state.
  - » **SEZ policy** in India first came into inception on April 1, 2000.
    - ▪ **Prime Objective** was to enhance the foreign investment and **provide an internationally competitive and hassle-free environment** for exports. The idea was to **promote exports** from the country and realizing the need that level playing field must be made available to the domestic enterprises and manufacturers to be competitive globally.

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- Special Economic zones denote geographical areas which enjoy **special privileges as compared with non-SEZ area** in the country.
- **SEZs in India** functioned from 1st Nov 2000 to 9th Feb 2006 under the provisions of **Foreign Trade Policy** and Fiscal incentives were made effective through provisions of different laws.

- **SEZ Act, 2005 and SEZ Rules 2006:** To ensure stable SEZ policy, **the Special Economic Zones (SEZs) Act, 2005** was passed by Parliament in 2005.
  - It envisages **key role for the state governments** in Export Promotion and Creation of related infrastructure.
  - A **Single Window SEZ approval mechanism** has been provided through a 19-member inter-ministerial SEZ Board of Approval (BoA).

> **How a SEZ is set up**? (Just note the process for Prelims)
>
> The developer submits the proposal for establishment of SEZ to the concerned state Government. The state government has to forward the proposal with its recommendations within 45 days from the date of receipt of the proposal to the **Board of Approval**.
>
> The applicant also has the option to submit the proposal directly to the **Board of Approval**.
>
> **Board of approval** has been constituted by the Central government in exercise of powers conferred under the SEZ act. The decision is taken by Board of approval by **consensus**. It has 19 members and is headed by the chairperson (secretary, Department of Commerce).

  - **SEZ Rules** came into effect in 2006. It provided for drastic simplification of procedures and for single window clearance on matters relating to Central as well as State governments.

- **Key features of the SEZ Scheme:**
  - A designated **duty-free enclave** to be treated as a territory outside the customs territory of India for the purpose of authorized operations in SEZ.
  - No License required for import.
  - Both manufacturing or service activities are allowed
  - The Unit **shall achieve positive net Foreign Exchange** to be calculated cumulatively for a period of five years from the commencement of production.
  - Domestic sales subject to full customs duty and import policy in force.
  - SEZ units will have freedom of sub-contracting.
  - No routine examination of customs authorities of export/import cargo.
  - SEZ developers/ Co-developers and Units enjoy tax benefits as prescribed by SEZs Act, 2005.
    - **For e.g.** 100% income tax exemption on export income from SEZ units for the first five years; **Exemption from GST** and levies imposed by state government (supplies to SEZs are zero rated under IGST Act, 2017, meaning they are not taxed).
  - **Single Window Clearance** for all state and federal government approvals.

- **Primary Objectives:**
  - Economic growth; export promotion; increase investments (both from domestic and foreign sources); employment; improvement in infrastructure.

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- **Notable SEZs in India**:
    - » **Nodia** (Uttar Pradesh); **Falta** (West Bengal state); **Vishakhapatnam** (Andhra Pradesh); **Chennai** (TN); Cochin (Kerala); Santa Cruz (Maharashtra), **Indore** (Madhya Pradesh), **Kandla** & **Surat** (Gujarat).

- **Numbers**:
    - » As of Jan 2023, 425 SEZs are approved in the country of which 270 are operational.

A) SEZ (FIFTH AMENDMENT) RULES, 2023

- The amendment is specifically tailored for IT enterprises and IT Enabled Services (ITES) SEZs. This amendment introduces a ground-breaking concept - **non-processing areas**, geared towards fostering enhanced development.
- **Sub-leasing non-processing areas (Section 11B)**: Developers now have the liberty to request demarcation of non-processing area within IT/ITES SEZs.
    - These areas can harbor businesses engaged in IT or ITES services, abiding by conditions set by the Board of Approval.
    - Guidelines mandated that **non-processing areas must encompass complete floors**, fortified with access control mechanism. These surplus areas can be sublet to other tenants that fit the criteria of an SEZ based business.
- **Navigating Limits of Non-Processing areas**: Businesses within non-processing areas face restrictions, barring them from enjoying rights or facilities navigable to SEZ units.

3) PRODUCTION LINKED INCENTIVE SCHEME (PLI SCHEME)

- Keeping in view India's vision of becoming **'Atmanirbhar', Production Linked Incentive (PLI) Schemes** for 14 key sectors have been announced with an outlay of **Rs 1.97 lakh crore** (over US$ 26 billion).
    - » The **purpose of the PLI Schemes** is to:
        1. **Attract investments** in key sectors and cutting-edge technology.
        2. **Ensure efficiency and bring economies of scale** in the manufacturing sector.
        3. **Make Indian companies** and manufacturing globally competitive.
    - » They focus on **enhancing India's manufacturing capabilities and Exports**. It has the potential of significantly increasing production, employment and economic growth.

- **When was it launched?**
    - » It was initially launched in March 2020 and focused on three industries. It was later extended to 14 sectors.

- **PLI scheme** for 14 sectors have been notified by concerned ministries/departments after due approval. These schemes are in various stages of implementation.
    - » **The sectors are**: (i) Mobile Manufacturing and Specified Electronic Components, (ii) Critical Key Starting Materials/Drug Intermediaries & Active Pharmaceutical Ingredients, (iii) Manufacturing of Medical Devices (iv) Automobiles and Auto Components, (v) Pharmaceuticals Drugs, (vi) Specialty Steel, (vii) Telecom & Networking Products, (viii) Electronic/Technology Products, (ix) White Goods (ACs and LEDs), (x) Food Products, (xi) Textile Products: MMF segment and

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technical textiles, (xii) High efficiency solar PV modules, (xiii) Advanced Chemistry Cell (ACC) Battery, and (xiv) Drones and Drone Components.

- The scheme is also expected to have a **cascading effect on the country's MSME sector**. The anchor units that will be built in every sector are likely to set up a new supplier/vendor base in the entire value chain.
  - » As of Jan 2024, 176 MSMEs have been direct beneficiaries in sectors such as Bulk drugs, medical devices, pharma, telecom, white goods, food processing, textiles and Drones.

- **Progress**:
  - » As of Jan 2024, 746 applications have been approved in 14 sectors with expected investment of Rs 3 lakh crores.
  - » 176 MSMEs are also PLI beneficiaries.

A) PLI SCHEME 2.0 FOR IT HARDWARE

- **Background**:
  - » In Feb 2021, the government approved the PLI scheme for IT hardware, covering the production of laptops, tablets, all in one PCs, and serves with an outlay of Rs 7,350 crores.
  - » However, industry players requested government to increase the outlay.
- In May 2023, the Union Cabinet approved the **PLI Scheme 2.0 for IT hardware** with a budgetary allocation of Rs 17,000 crores. The tenure of the program is six years.
- The scheme covers laptops, tablets, all in one PCs, servers, and ultra-small factor devices.
- **Ministry**: Ministry of Electronics and Information Technology (MeitY)

4) TEXTILE AND APPAREL SECTOR

- **Significance:**
  - » **Employment** Textile sector and apparel sector directly employs more than 5 crore of the population and is the **2nd largest employer** after Agriculture sector in the country.
  - » **GVA**: 10% of India's industrial GVA.
  - » **Export Earnings**: $40 billion in FY23.
  - » **Inclusive Growth**: Textile mills give opportunity to weaker sections including women.

- **Key Initiatives**:

A) PM MITRA (PM MEGA INTEGRATED TEXTILE REGION AND APPAREL)

- **Details of the Scheme:**
  - » Announced in the Budget 2023
  - » **Ministry of Textiles**
  - » Government has approved setting up of **seven** PM MITRA Parks in **Greenfield/Brownfield** sites with world class infrastructure.
  - » The parks will not only **reduce logistics costs** and **improve competitiveness of Indian textiles** but also boost employment generation, attract domestic investment and FDI, and position India firmly in the global textile market.
  - » Government expects the parks to attract investments worth Rs 70,000 crores, generate jobs for 20 lakh people, and can create integral value chain for the products.

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- The government has **finalized 7 states viz. Tamil Nadu** (Virudhnagar), **Telangana** (Warangal), **Gujarat** (Navsari), **Karnataka** (Kalaburagi), **Madhya Pradesh** (Dhar**), Uttar** Pradesh (Lucknow) and **Maharashtra** (Amravati) for setting up PM Mitra Parks.

- **Ministry**: Ministry of Textiles

B) PLI SCHEME FOR TEXTILES

- Approved outlay of Rs 10,683 crores (over five years starting from Jan 2022) to promote investment and increase the production of Man-Made Fibre (MMF) Apparel, MMF Fabrics and Products of Technical Textile.
- This will enable the textile sector to achieve size and scale, enhancing export competitiveness.

C) SAMARTH (SCHEME FOR CAPACITY BUILDING IN TEXTILE SECTOR)

- **Details about SAMARTH**:
  - » It is a **flagship skill development initiative** of Ministry of Textiles.
  - » Launched in 2017, it aims to provide **demand-driven, placement-oriented skilling program**s to incentivize and supplement the efforts of the industry in creating jobs in the organized textile and related sectors.
  - » It was formulated under the broad skilling policy framework adopted by M/o Skill Development & Entrepreneurship (MSDE).
  - » It has provisions for skilling in Apparel & Garmenting segments both at the entry level as well as upskilling/reskilling of existing workers.
  - » It also caters to the upskilling/reskilling requirement of traditional sectors such as handloom, handicraft, silk and Jute.

- **Progress:**
  - » As of July 2023, the Ministry of Textiles has partnered with 157 Industries/Industry associations, 16 central/state government agencies and 3 sectoral organizations of the Ministry undertaking the training program SAMARTH.
  - » Out of the skilling target of 4.72 lakh beneficiaries allocated so far, 1.88 lakh beneficiaries have been provided training.
  - » More than 85% of the beneficiaries trained so far under the schemes are women. More than 70% of the beneficiaries trained in organized sector course have been provided placement.

D) VIRAASAT

- By Ministry of Textile
- VIRAASAT-Celebrating Handloom Home Décor (20th Jan 2023 - 30th Jan 2023)
- VIRAASAT - Celebrating handloom Sari Exhibition (two phases: 16th Dec - 30th Dec , and 3rd Dec to 17th Dec)
  - » This exhibition was held at handloom haat, Janpath, New Delhi.

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5) TECHNICAL TEXTILE

- Technical textiles are textile materials and products used for their **technical performance and functional properties**.
    - Technical textiles include textiles for automotive applications, medical textiles (e.g. implants), geotextiles (reinforcement of embankments), agrotextiles (textiles for crop protection), and protective clothing (e.g. heat and radiation protection for fire fighter clothing, molten metal protection for welders, stab protection for bulletproof vests, and spacesuits.

A) NATIONAL TECHNICAL TEXTILE MISSION

- The National Technical Textile Mission (NTTM) is a scheme launched by the Government of India to promote technical textiles and boost the manufacturing of such textiles in the country. Here are some key highlights of the mission:
    i. **Objectives**: **Increase the use of technical textiles in various sectors** such as healthcare, agriculture, transportation, and construction among others. It also seeks to promote innovation, research and development, and create job opportunities in the technical textile sector.
    ii. **Budget**: The mission has a total budget of Rs. **1480 crore**, which will be implemented over a period of four years **(2020-2024)**.
        - The mission has been **extended till 2026**.
    iii. **Focus Areas**: The mission focuses on four key areas, namely, research and development, promotion and market development, export promotion, and skill development.
    iv. **Implementation:** The mission is implemented by the **Ministry of Textiles** in collaboration with other stakeholders, including industry associations, research organizations, and academic institutions.

-

- **Helping Startups in the field of Technical Textile**:
    - A portal for start-ups in technical textiles segment to submit applications for support under the Mission will be launched soon.
- **Standardization**: the Bureau of Indian Standards (BIS) has developed 600 quality standards for technical textile products and Quality Control Orders (QCO) have been issued for various TT products.

6) ELECTRONICS SECTOR/ SEMICONDUCTOR SECTOR

- **Need for promoting electronics manufacturing in the country.**
    » There is a need to improve the electronics manufacturing within the country as this sector holds tremendous potential in terms of significant employment generation, ability to transform socio-economic identity of citizens, contribution in the upliftment of the economy, value addition, forex savings etc.

- **Current Situation and Targets:**
    » India has also seen an improvement in manufacturing and export of electronics over the last five years. Electronic goods were among the top five commodity groups exhibiting positive export growth in Nov 2022, with the exports in this segment growing YoY by 55.1%.

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» As of **FY20**, the domestic electronics industry is **valued at US$ 118 billion**.
» **Government of India** targets to reach **US$ 300 billion worth of electronics manufacturing** by **FY26** and **exports worth US $120 billion**.

- **Most Important Products**:
  » Mobile phones, consumer electronics, industrial electronics
    ▫ In Mobile phones, India has become the second highest mobile phone manufacturer globally, with the production of handsets going up from six crore units in FY15 to 31 crore units in FY22. These numbers are further expected to increase as more international players set up their base in India.

Government initiative to promote the sector:

A) NATIONAL POLICY ON ELECTRONICS, 2019 (NPE, 2019):

The vision of the policy is to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating and enabling environment for industry to compete globally.

B) PLI SCHEME FOR LARGE SCALE ELECTRONICS MANUFACTURING

- It is an initiative under MEITy.
- The scheme aims to attract large investments in the mobile phone manufacturing and specified electronic components, including assembly, testing, marking and packaging (ATMP) units.
- Under this 4% to 6% incentive is being provided on incremental sales of goods manufactured in India. These incentives will be offered for a period of five years subsequent to base year (FY 2019- 20). The applicant companies will be required to meet **minimum thresholds of investment and production**. The scheme has an outlay of USD 5.5 billion.
- For e.g.: In Dec 2022, Empowered Committee headed by CEO, NITI Aayog, approved incentives for **two companies** – one a domestic and other global – for mobile Manufacturing under PLI scheme for LSEM:
  » **Foxconn** India (a Taiwanese company) to receive incentives under mobile manufacturing for the period 1st Aug 2021 to 31st March 2022 based on its incremental investments and sales figures.
  » **M/s Padget Electronics Pvt. Ltd**, a domestic company, has been approved by the Empowered Committee to receive incentives under mobile manufacturing.

C) SCHEME FOR PROMOTION OF MANUFACTURING OF ELECTRONICS COMPONENT AND SEMICONDUCTORS (SPECS):

Notified in 2020, it provides financial incentive of upto 25% on capital expenditure for the identified list of electronics goods.

D) MODIFIED ELECTRONICS MANUFACTURING CLUSTERS (EMCS 2.0) SCHEME:

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Notified in April 2020. It provides support for creation of world class infrastructure along with common facilities and amenities, including **Ready Build Factory** (RBF) sheds/ Plug and Play Facilities etc.

E) MODIFIED SCHEME FOR SEMICONDUCTORS AND DISPLAY FAB ECOSYSTEMS:

- **Ministry:** MEITY
- In furtherance of the vision of Atmanirbhar Bharat and positioning India as the global hub for ESDM, a comprehensive program for the development of semiconductors and display manufacturing ecosystem in India was approved by GoI with an **outlay of Rs 76,000 crore** in Sep 2022.
- The program provides **active incentive support** to companies / consortia that are engaged in Silicon Semiconductor Fabs, Display Fabs, Compound Semiconductors/ Silicon Photonics/ Sensors (including MEMS) Fabs/ Discrete Semiconductor Fabs etc.
- **Following Schemes** are offered by the Scheme:
  - i. **Semiconductor Fabs and Display Fabs**: Offers fiscal support of **50% of the project cost** on pari-passu basis to applicant who are eligible and have technology and capacity.
  - ii. **Compound Semiconductors/ Silicon Photonics / Sensors (including MEMS) Fabs and Semiconductor ATMP**/ OSAT Units: Fiscal support of **50% of the capital expenditure** on pari-passu basis to applicant who are found eligible.
  - iii. **Semiconductor Design Companies**: The Design Linked Incentive (DLI) shall extend product design linked incentive of upto 50% of eligible expenditure; and product deployment linked incentive of 6% - 4% on net sales for five years.
    - **C-DAC (Centre for Development of Advanced Computing), a scientific society operating under MeitY, will serve as the nodal agency for implementation of the DLI scheme.**
  - iv. **Semiconductor Laboratory** (SCL): MEITy will take requisite steps for modernization and commercialization of semi-conductor Laboratory (SCL), Mohali. MeiTy will explore the possibility of joint venture of SCL with a commercial fab partner to modernize the brownfield fab facility.
  - v. **India Semi-Conductor Mission**: In order to drive the long-term strategies for developing a sustainable semiconductor and display ecosystem, a specialized and independent "**ISM"** has been set up. It will be led by global experts in semi-conductor and display industry.

- **Note:** In the older scheme, there were different rate of incentives for different areas and thus was making it difficult to go for integrated development of various different parts

F) 100% FDI

As per the existing FDI Policy, **FDI up-to 100% under the automatic route is permitted** for electronics manufacturing.

7) E-VEHICLE SECTOR

- **Why we need to promote electric vehicles in India?**
  - i. **Energy Security**
  - ii. **Transition to renewable**
  - iii. Dealing with **air pollution and Noise Pollution** in big cities
  - iv. **Reducing Greenhouse gas emission -> Achieve Paris Targets on Climate Change**
  - v. **Competitive Domestic Manufacturing Ecosystem: Technology Development** and **Make in India**

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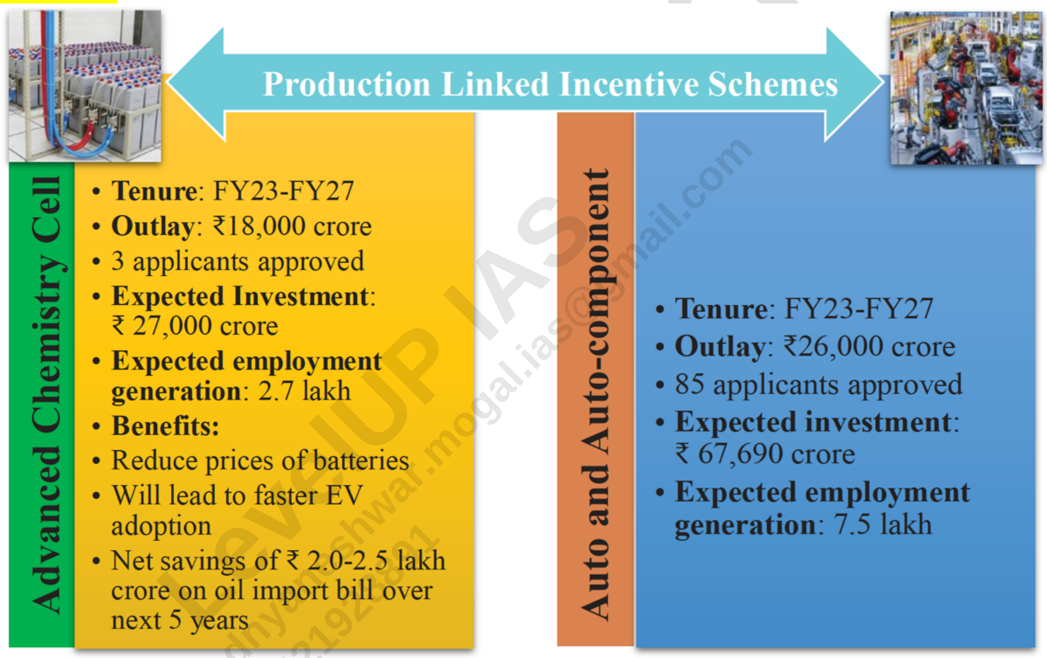
vi. **Making Transportation less expensive**:
vii. **Power sector growth**
viii. **EVs can act as storage for Solar Energy**

- **Schemes / Programs / Policies / Other steps to promote EV in India**
    1. **Subsidy, Tax Incentives and PLI**
        a. **FAME (Faster Adoption and Manufacturing of Electric (& Hybrid) Vehicles):**
        - **It is the key subsidy scheme for electric vehicles through which government incentivizes buyers to purchase e-vehicles.**
        - **Phase-1 had started in 2015 and Phase-2 has been running since 2019.**
        - **Under phase-2 companies may offer a discount of upto 40% on the cost of locally manufactured vehicles and claim it as a subsidy from government.**

b. **Tax Incentives:**
- GST on Electric Vehicles is on the lower bracket of 5% as against 28% for conventional vehicles.
- Budget 2019-20: Tax Subsidies for EVs: Additional income tax deduction of Rs 1.5 Lakh on the interest paid on the loans taken to purchase electric vehicles before 31st March 2023.

c. **PLI Schemes:**



Source: Ministry of Heavy Industries

- In April 2023, government released SOP for the PLI scheme for the automobile and auto component industry.

2. **EV Policies of Select States and Uts**:
    - A number of state/UT governments have formulated policies for the successful implementation of the national EV mission and FAME scheme.
        - For e.g., Delhi targets that 25% of all new vehicles registration should be EVs by 2024.

3. **National E-Mobility** Program of Ministry of Power (Launched in March 2018)
    - **Aggregate demand by procuring electric vehicles in Bulk to get economies of scale**

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4. **National Mission on Transformative Mobility and Battery Storage** (approved by cabinet in March 2019)
   - The mission **recommends and drive the strategies** for **transformative mobility and PMPs for EVs, EV components, and Batteries**.
     - The mission will ensure holistic and comprehensive growth of the battery manufacturing industry in India.

7. **E-Amrit Portal:** It is a web portal on electric vehicles and provide one stop solution for all information related to EVs - bursting myths around the adoption, details about policies/ subsidies etc.
   - The portal has been developed and hosted by NITI Aayog under a collaborative knowledge exchange program with UK government and as part of the UK-India Joint Roadmap 2030, signed by the Prime Ministers of the two countries.

- **Key challenges of India's EV Sector**:
  1. **Battery Cost**
  2. **Low Lithium Reserves in India:**
  3. **Limited availability of Charging Infrastructure and long time for EV Charging**
  4. **Policy Conundrums**: Provisions of Electricity Act, 2003 is restrictive in nature and hinder setting up of charging stations - it is important to bring reforms here to promote ease of doing business.

8) MSME SECTOR

- MSMEs are considered **pillar of economic growth/ engine of growth** in both developed and developing countries of the world. They have played a prominent role in the economic development of India too.
- There are more than 6.34 crore MSMEs in India and around 50% of them are situated in rural areas.
- The revision of the **definitions of MSMEs** brought in w.e.f. 1st July 2020 as part of the AtmaNirbhar Bharat Package introduced a **composite criterion of investment and annual turnover** - and **identical limits for manufacturing and service sector**.

Micro	Investment [in Plant and Machinery or Equipment] doesn't exceed Rs 1 crore and turnover doesn't exceed Rs 5 crore.
Small	Investment doesn't exceed Rs 10 crore and turnover doesn't exceed Rs 50 crore
Medium	Investment doesn't exceed Rs 50 crore and turnover doesn't exceed Rs 250 crore.

  - **Note**: In the older definition, only investment criteria was used and separate parameters were there for Manufacturing sector and service sector.

- **Significance of the above change**:
  - The change in definition will facilitate expansion and growth of these enterprises.
    - The **resulting economies of scale** can enhance productivity without MSMEs losing out on several government incentives including market support, export promotion, preferential procurement in the public sector, and incentives through various government initiatives (MSE-CDP, PMEGP, SFURTI).

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- This change will also **align MSMEs with GST regime** and would prove to be a good tool to assess the contribution of the MSMEs to GDP. It will also **avoid unnecessary inspections** and enable authorities to verify claims of businesses using GST network sales data
- **Same criteria for both** manufacturing and Service SME will simplify the classification.

- **Importance of MSME Sector:**
  - **Economic**:
    - Share of MSME in the country's **GVA** is approx. **33.08 percent** (current price, 2019-20 (as per ESI 2021-22)).
    - It **employs** around **11 crore people** in India.
      - High Labor to capital ratio
      - It provides maximum opportunities for self-employment and wage employment outside the agri-sector.
    - **Manufacturing** -> 40% of the total manufacturing output.
    - **Exports**: Around **50% of the** total manufacturing exports
  - **Curtailing Regional Disparity**
    - Geographical distribution of MSME's are more even.

- **Government Initiatives and Programs for MSME Sector**:

1. **Initiatives under Atmanirbhar Bharat Abhiyan**
   - **Emergency Credit Liquidity Guarantee Scheme (ECLGS)** (extended till March 2023)
   - **New Definition of MSMEs**
   - **Rs 20,000 crore of** subordinate debt to stressed MSMEs.

3. **Raising and Accelerating MSME Performance Scheme (RAMP)** in July 2022:
   - **Ministry:** Ministry of MSME
   - It is a **World Bank** supported **Central Sector Scheme**. It is aimed at **strengthening institutions and governance at the Centre and State**, **improving Centre-State linkages and partnership** and **improving access of MSMEs to market and credit**, **technology upgradation and addressing issues of delayed payments and greening of MSMEs**.
   - **Duration:** it will be implemented over a **period of five years**.
   - **Outlay**: The total outlay of the scheme is Rs 6,062.45 crores or USD 808 million, out of which Rs 3750 crore or USD 500 million would be a loan from the World Bank and the remaining Rs 2312.45 crore or USD 308 Million would be funded by GoI.

4. **MSME Cluster development program of Ministry of MSME**
   - MSME is running two cluster development programs.
     i. Micro and Small Enterprises - Cluster Development Program (MSE-CDP)
     ii. Scheme for upgradation of rural and traditional industries (**SFURTI**)

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- **Advantages of such cluster programs**
    - Quicker dissemination of info allows easy sharing of knowledge and best practices
    - Better cost effectiveness due to distribution of common cost
    - Focuses on holistic development covering infra, common facility, testing, technology, & skill upgradation, marketing and export promotion.
    - Weaves the fabric of networking, cooperation and togetherness in the industry

5. **Other Past steps for Easy Credit Availability**
    i. **Interest Subvention Scheme for MSME Sector**
        - The scheme was launched in 2018 and provides a 2% interest subvention to GST Registered MSME sector.

    ii. **MUDRA** initiative focuses on collateral free loans of upto Rs 10 lakh for non-farm sector.

    iii. MSME sector brought **under PSL** by RBI from July 2016. From 2018, foreign banks also have to follow the PSL norms.
        - Banks should **advance 7.5% of their loans to MSME** under PSL guidelines.

6. **Steps to increase production by MSME and demand of MSME products**
    i. **Reservation of items to be manufactured by MSME** sector -> provided in the Industries (development and regulation) Act, 1951.

    ii. **Purchase Preference Policy: All CPSUs/Central Government Departments are required to procure 25% of their annual procurement** from MSMEs (including **4%** from MSEs owned by SC/ST and **3%** from MSEs owned by women entrepreneurs) and there is a sub-target of 20% for procurement of MSMEs owned by SC/STs under the Procurement Policy launched in 2012.
        - **MSME SAMBANDH Portal** - To monitor the implementation of the public procurement from MSEs by Central PSUs.

    iii. **Price Preference Policy:** For selected items a price preference of 15% premium over the lowest quotation of the large scale unit is provided to MSME.

    iv. **Benefits in tendering:** MSMEs are provided benefits such as exemption from payment of security deposit etc.

    v. **Marketing Assistance Scheme:** Provides assistance to MSMEs for the following activities: Organization of exhibitions abroad, co-sponsoring of exhibitions organized by other organizations, organizing buyer seller meets etc.

7. **Other Initiatives to Increase Ease of Doing Business for MSMEs**
    i. **Udyam Registration (UR) Portal** (became operational in July 2020)
        - It provides faceless, fully online, paperless, and transparent **MSME registration process** fully integrated with Income Tax and GSTIN system. It is also integrated with government e-market place to make end to end MSME registration paperless.
        - In 2021, government has included Retail and wholesale trade as MSMEs. They are allowed to be registered on Udyam registration portal. But the benefits to them is restricted to PSL only.

    ii. **MSME SAMADHAN PORTAL**

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- It was set up under the Micro, Small and Medium Enterprise Development (MSMED) Act to **monitor the outstanding dues to the MSME sector**.
  - MSMEs can directly register their cases relating to delayed payments by Central ministries/departments/CPSEs/Statements governments.

iii. **TReDS** (Trade Receivable Discounting System) **Platform** for facilitating the discounting of trade receivable of MSMEs through multiple financiers.
- TReDS is an institutional mechanism for financing of trade receivables of MSMEs from corporate buyers through two or more financiers.
- There are 3 direct participants involved in the activities of TReDS viz.
  - MSME Sellers
  - Corporate Buyers
  - Financiers
- TReDS provides a platform to bring these participants together for facilitating, uploading, accepting, discounting, trading and settlement of the invoices / bills of MSMEs.

iv. **The CHAMPIONS portal** (www.champion.gov.in):
- It is a grievance redressal portal for MSMEs launched by Ministry of MSME in June 2020.
  - It is an ICT based technology system for making the smaller units big by helping and handholding them. A network of control rooms is created in a Hub & Spoke Model where hub is situated in the Ministry of MSME.
- The portal continues to improve through initiatives such **as localization of the** portal in 11 regional languages **and introduction of chatbot**.

v. **GST Composition Scheme** (turnover limit 1.5 crore (75 lakh in case of NE States)

vi. **Budget 2020-21: Easing Compliance burden.**
- In order to reduce the compliance burden on small retailers, traders and the MSME sector, **the auditing threshold has been raised by 5-times from INR 1 Cr in turnover to INR 5 Cr**. This would be applicable only to those **MSMEs that transact less than 5% in cash**.

viii. **Zero Defect Zero Effect** (ZED) Scheme to rate and handhold MSMEs to delivery top quality products using clean technology.

ix. **Pre-Packaged Insolvency Resolution**

9) AGRICULTURE UPDATE FOR MSME SECTOR

A) PRADHAN MANTRI MATSYA KISAN SAMRIDHI SAH – YOJANA (PM MKSSY)

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- PM-MKSSY is a central sector sub scheme under Pradhan Mantri Matsya Sampada for Formalization of Fishery Sector and supporting fisheries MSMES.

- It was approved by cabinet in Feb 2024.

- **Expenditure Involved**:
    - » The estimated outlay is Rs 6,000 crores consisting of 50% i.e. Rs 3,000 crore public finance including the World Bank and the AFD external financing, and rest 50% i.e. Rs 3,000 crore being the anticipated investment from the beneficiaries/private leverage.
- **Duration**:
    - » The scheme will be implemented for **4 years** from FY 2023-24 to FY 2026-27 across all the states and Uts.

- **Intended Beneficiaries**:
    - » Fishers, Fish (Aquaculture) Farmers, Fish workers, Fish Vendors or such other person directly engaged in fisheries value chain.
    - » Micro and Small enterprises in the form of Proprietary Firms, Partnership Firms and Companies registered in India, Societies, Limited Liability Partnerships (LLPs), Cooperatives, Federations, Village Level Organizations like Self Help Groups (SHGs), Fish Farmers Producer Organizations (FFPOs) and Startups engaged in fisheries and aquaculture value chains.
    - » FFPOs also include Farmers Producer Organizations (FPOs).
    - » Any other beneficiaries that may be included by the Department of Fisheries, GoI as targeted beneficiaries.

- **Implementation Strategy**: The sub-scheme has following main components:

    i. **Component 1-A: Formalization of fisheries sector** and **facilitating access of fisheries microenterprises to Government of India programs for working capital financing**.
    - » A **National Fisheries Digital Platform (NFDP)** will be created and all the stakeholders (fish producers, vendors, processors, MSME in fishery sector) will be mobilized to register on it.
        - ▫ It will serve multiple functions including disbursement of financial incentives.
        - ▫ It is also proposed to undertake activities such as training and extension support, improving financial literacy, facilitating project preparation etc.

    ii. **Component 1-B: Facilitating adoption of aquaculture insurance:**
    - ▪ The scheme will facilitate **creation of appropriate insurance product** and to cover at least 1 lakh hectare of aquaculture farms during the project period to provide the scale of operation.
    - ▪ One time incentive to the willing famers against purchase of insurance with farm size of 4 hectares of water spread area or less. This incentive will be at the rate of 40% of the premium subject to a limit of Rs 25,000 per hectare (i.e. maximum incentive of Rs 1 lakh)
        - • For more intensive form of aquaculture other than farms such as cage-culture, Re-circulatory Aquaculture System (RAS), bio-floc, raceways, etc. the incentive payable is 40% of the premium. Maximum incentive payable is Rs 1 lakh and the maximum unit size eligible will be 1800 m^3.

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- The benefit will be provided as 'onetime incentive' and will be provided for aquaculture insurance purchased for one crop only i.e. one crop cycle.
- SC/ST/Women beneficiaries will be provided an additional incentive @10% of the incentive payable for General categories.

iii. **Component 2:** Supporting microenterprises to **improve fisheries sector value chain efficiencies**:
- Through a system of performance grants with associated analytics and awareness campaign.
- The scale of performance grant and the criteria for providing performance grants are indicated below:
    - The performance Grant for a Microenterprise shall not exceed 25% of the total investment or Rs.35 lakhs, whichever is lower, for General Category and 35% of total investment or Rs.45 lakhs, whichever is lower, for SC, ST and Women owned microenterprises.
    - Performance Grant for Village Level Organizations and Federations of SHGs, FFPOs and Cooperatives shall not exceed 35% of total investment or Rs.200 lakhs, whichever is lower.
    - The total investment for the purpose above shall consist of expenditure incurred on capital investments made on new plant and machinery, equipment including technical civil/electrical works and associated infrastructure, transport and distribution infrastructure, energy efficient devices including Renewal Energy devices, technology interventions, such other interventions leading to improvement in value chain efficiency; and salary bills for additional jobs created in the year of application made under the scheme.

iv. **Component 3**: Adoption and expansion of fish and fishery product safety and quality assurance systems:
- This component proposes to incentivize fisheries micro and small enterprises to **adopt safety and quality assurance systems in marketing of fish and fishery products** through provision of performance grants against a set of measurable parameters.

v. **Component 4: Project management, monitoring and reporting:**
- Under this component, it is proposed to set up Project Management Units (PMUs) to manage, implement, monitor and evaluate project activities.

10) PHARMACEUTICAL INDUSTRY

A) CURRENT SITUATION

- Indian Pharmaceutical industry is an important player in global pharma sector.
- **Market Size in India**: India's domestic pharmaceutical market is estimated at US$ 41 billion in 2021 and is likely to grow to US$ 65 billion by 2024 and is further expected to reach US$ 130 billion by 2030.

- **India** is ranked 3rd worldwide in the production of pharma products by volume and 14th by value.

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- India is also the <u>largest provider of generic medicines globally</u>, occupying a <u>20% share in global supply by volume</u>, and is <u>leading vaccine manufacturer</u> globally with a market share of <u>60%</u>.

B) PLI SCHEME TO BOOST MANUFACTURING CAPACITY IN PHARMA SECTOR

Critical KSMs/DIs/APIs	Medical Devices	Pharmaceuticals
• **Tenure**:FY21 to FY30 • **Outlay**: ₹6,940 crore • **Progress**: Until Dec 2022, 51 applicants approved with committed investment of ₹4,138.4 crore. • **Employment**: Estimated employment generation from 51 projects is 10,598 persons. • **Financial incentive**: NA	• **Tenure**: FY21 to FY28 • **Outlay**: ₹3,420 crore • **Progress**: Until Dec 2022, 21 applicants approved with committed investment of Rs 1,058.97 crore. • **Employment**: Estimated employment generation from 21 projects of around 6,411 persons. • **Financial incentive**: The financial incentive at the rate of 5 per cent on incremental sales of medical devices for 5 years.	• **Tenure**: FY21 to FY29 • **Outlay**: ₹15,000 crore • **Progress**: Until June 2022, 55 applicants approved with actual investment of Rs 18,669 crore. • **Employment**: Estimated employment generation from 55 projects : 20,000 direct and 80,000 indirect jobs. • **Financial Incentive**: on incremental sales under various categories at varying rate over the years ranging from 10 per cent to 3 per cent.

Source: Department of Pharmaceuticals

KSMs: Key Starting Materials
DIs: Drug Intermediaries
APIs: Active Pharmaceutical Ingredients (APIs)

C) NATIONAL MEDICAL DEVICES POLICY, 2023

- Approved by Cabinet in April 2023

- **Ministry:** Ministry of Chemical and Fertilizer

- **Salient Features**:
  - **Vision:** Accelerated growth path with a patient-centric approach and <u>to emerge as the global leader in the manufacturing and innovation of medical devices by **achieving 10-12% share in the expanding global market over the next 25 years**</u>.
    - <u>Policy is expected to help the Medical Devices Sector grow</u> from <u>**present $11 Bn to $50 Bn by 2030.**</u>
  - **Mission:** Policy lays down a <u>roadmap for accelerated growth of the medical devices sector to achieve the following missions viz, Access & Universality, Affordability, Quality, Patient Centred</u>

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& Quality Care, Preventive & Promotive Health, Security, Research and Innovation and Skilled manpower.

» **Strategies to Promote Medical Device Sector**: These strategies will cover six broad areas of policy intervention.

- **Regulatory Streamlining**: In order to enhance ease of doing research and business and further to balance patient safety with product innovation measures such as creation of a **Single Window Clearance System' for Licensing of Medical Devices** co-opting all the stakeholder departments / organizations such as AERB, MeitY, DAHD, etc, enhancing the Role of Indian Standards like BIS and designing a coherent pricing regulation, will be followed.
- **Enabling Infrastructure**: The establishment and strengthening of large medical device parks, clusters equipped with world class common infrastructure facilities in proximity to economic zones with requisite logistics connectivity as envisioned under the **National Industrial Corridor Program** and the proposed National Logistics Policy 2021 under the ambit of PM Gati Shakti, would be pursued with the State Governments and Industry for better convergence and backward integration with medical device Industry
- **Facilitating R&D and Innovation**: The policy envisages to promote Research & Development in India and complement the Department's proposed National Policy on R&D and Innovation in the Pharma- MedTech Sector in India. It also aims at establishing Centres of Excellence in academic and research institutions, innovation hubs, 'plug and play' infrastructures and support to start-ups.
- **Attracting Investments in the Sector**: Along with recent schemes and interventions like Make in India, Ayushman Bharat program, Heal-in-India, Start-up mission, the policy encourages private investments, series of funding from Venture Capitalists, and also Public-Private Partnership (PPP).
- **Human Resources Development**: In order to have a steady supply of skilled work force across the value chain such as scientists, regulators, health experts, managers, technicians, etc., the policy envisages:
  - Leveraging the available resources in Ministry of Skill Development and Entrepreneurship
  - Supporting dedicated multidisciplinary courses for medical devices in existing institutions to ensure availability of skilled manpower for futuristic medical technologies, high-end manufacturing and research, to produce future ready MedTech human resources and to meet the evolving needs of the Sector.
  - Developing partnerships with foreign academic/industry organizations to develop medical technologies in order to be in equal pace with the world market.
- **Brand Positioning and Awareness Creation**: The policy envisages the creation of a dedicated Export Promotion Council for the sector which will be an enabler to deal with various market access issues.

D) STRENGTHENING OF PHARMACEUTICAL INDUSTRY (SPI) SCHEME

- Launched in March 2022 with a total outlay of Rs 500 crores for five years from FY22 to FY26 with multiple objectives:

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» **<u>First</u>**, it aims to <u>strengthen the existing infrastructure facilities by providing financial assistance to pharma clusters</u> to create common facilities.

» **<u>Second</u>**, it <u>upgrades the production facilities of MSMEs to meet national and international regulatory standards</u> by providing interest subvention or capital subsidy on their capital loans.

» Third, it also <u>promotes knowledge and awareness about the pharmaceutical and medical devices industry</u> by undertaking studies, building databases, and bringing industry leaders, academia and policymakers together to share their knowledge and experience.