

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.1555
TO BE ANSWERED ON 28.07.2021

PROMOTION OF ELECTRONICS MANUFACTURING SECTOR

1555 SHRI NAMA NAGESWARA RAO:

Will the Minister of Electronics and Information Technology be pleased to state:

- (a) whether the Government proposes to promote electronics manufacturing sector in order to make the country self sufficient in electronic manufacturing and generate employment and if so, the details thereof;
- (b) the action taken by the Government in this regard alongwith the employment generated in the sector during each of the last three years;
- (c) whether the Government has received any proposals from State Governments with regard to Electronic Manufacturing Cluster (EMC) and Electronic System Design Manufacturing (ESDM) incubation centre and if so, details thereof; and
- (d) the steps taken by the Government to approve the aforesaid proposals?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a) and (b): Government has taken strategic steps and initiatives to expand the electronics manufacturing sector in the country and make India global electronics manufacturing hub, resulting in significant employment generation. The steps taken by Government to promote domestic electronics manufacturing are at **Annexure-1**. As per the Confederation of Indian Industry (CII), employment in Electronics hardware manufacturing industry in the country is estimated to be about 30 lakh persons.

(c) and (d): Electronics Manufacturing Clusters (EMC) scheme was introduced to provide support for creation of world-class infrastructure for attracting investments in the Electronics Systems Design and Manufacturing (ESDM) Sector. It is aimed at making India a global hub for electronics manufacturing and offset constraints faced by industries for reliable infrastructure. The Electronics Manufacturing Clusters (EMC) Scheme was open for receipt of applications till October 2017. Under the Scheme, 15 projects for setting up of Greenfield Electronics Manufacturing Clusters received from State Governments or their agencies have been approved. The details of these EMCs are placed at **Annexure-2**.

Further, under the Modified Electronics Manufacturing Clusters (EMC2.0) Scheme which is open for receipt of applications upto March, 2023, Ministry of Electronics and Information Technology (MeitY) has received two proposals from industrial agency of the State Government for setting up of Electronics Manufacturing Cluster projects in the States of Andhra Pradesh and Haryana. Details of these EMCs are placed at **Annexure-3**.

No proposal has been received with regard to setting up of incubation centre in any State. However, the following incubation centres have been setup by MeitY in collaboration with the State Governments to promote innovation-driven Electronics System Design and Manufacturing (ESDM), R&D and create Indian IPs:

- **Electronics Incubator by IIITM- Kerala and KSUM at Cochin, Kerala:** The project for setting up of Electronics Incubator at Cochin, Kerala by Indian Institute of Information Technology and Management Kerala (IIITM-K) and M/s. Kerala Startup Mission (KSUM) is aimed at creation of new enterprises focused on Consumer Electronics through a holistic incubation ecosystem with support of Kerala Government.
- **Setting up of Incubation Centre in the area of ESDM with focus on Medical Electronics at IIT Patna:** The primary objective of the incubation facility is to promote innovation and entrepreneurship with the aim to identify, nurture and translate technological ideas and innovation in the broad area of ESDM sector with a focus in Medical Electronics.
- **ESDM Incubation Centre at Bhubaneswar by STPI:** MeitY has Approved ESDM Incubation Centre with the objective of creating a holistic eco-system to promote ESDM innovation, R&D and create Indian intellectual property in the Eastern Region of the country. The centre is being operated through STPI, Odisha in collaboration with Government of Odisha, IIIT Bhubaneswar and IESA.

Steps taken by the Government to promote domestic electronics manufacturing

- 1. National Policy on Electronics 2019:** The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019. The vision of NPE 2019 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 an enabling environment for the industry to compete globally.

To attract and incentivize large investments in the electronics value chain and promote exports, following three Schemes have been notified under the aegis of NPE 2019:

- (i) **Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing** notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020 provides an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.

After the success of the First Round of Production Linked Incentive Scheme in attracting investments in mobile phone and electronic component manufacturing, Second Round of the PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 for incentivising Electronic Components. Under the Second Round, incentives of 5% to 3% shall be extended on incremental sales (over base year i.e. 2019-20) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years.

- (ii) **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 provides financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor / display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods.

- (iii) **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 provides support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers along with their supply chain to set up units in the country. The Scheme provides financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country.

- (iv) **Production Linked Incentive Scheme (PLI) for IT Hardware** notified vide Gazette Notification No. CG-DL-E-03032021-225613 dated March 03, 2021 provides an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. The Target Segment under PLI Scheme includes (i) Laptops (ii) Tablets (iii) All-in-One PCs and Servers.

- 2. 100% FDI:** As per extant Foreign Direct Investment (FDI) policy, FDI up to 100% under

the automatic route is permitted for electronics manufacturing (except from countries sharing land border with India), subject to applicable laws / regulations; security and other conditions.

3. **Modified Special Incentive Package Scheme (M-SIPS):** To offset disability and attract investment in Electronic System Design and Manufacturing (ESDM) sector, M-SIPS was approved in July 2012. Revisions were made in the scheme in 2015 by expanding its scope and adding new product categories accompanied by simplification of procedures. The scheme provides 20-25% of capex subsidy on investment made in the first 5 years of the project (20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs). The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain. The scheme was open to receive applications till 31.12.2018. Most of the projects approved under the scheme are in the implementation mode. So far, 306 units with an investment of INR 83,895 crore and committed incentives of INR 9,049 crore have been approved. Incentives amounting to INR 1,203.77 crore have been disbursed. Out of 306 units approved, 237 units have invested INR 26,799 crore and 207 units have started production. Direct and indirect employment generated so far is 2,52,783. Total sales (domestic and exports) from the units under production are INR 3,70,242 crore which include export of INR 45,808 crore.
4. **Electronics Manufacturing Clusters (EMC) Scheme:** Electronics Manufacturing Clusters Scheme was notified on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment in Electronics System Design and Manufacturing (ESDM) Sector. Under the Scheme, 19 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,464 acres with total project cost of INR 3,743 crore including Government Grant-in-Aid of INR 1,527 crore have been approved. About 285 companies have booked 1,135 acres of land space with proposed investment of around Rs. 39,000 crore for setting up of their manufacturing facility in such EMCs. Out of these, 38 companies are under commercial production and another 85 companies have started construction and are various stage of implementation.
5. **Electronics Development Fund (EDF):** Electronics Development Fund (EDF) has been set up as a “Fund of Funds” to participate in professionally managed “Daughter Funds” which in turn will provide risk capital to startups and companies developing new technologies in the area of electronics and Information Technology (IT). This fund is expected to foster R&D and innovation in these technology sectors. INR 409 crore has been committed through EDF to 9 Daughter Funds with a targeted corpus of INR 2,626 crore.
6. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile phones and their sub-assemblies / parts manufacturing. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country. The manufacturing of mobile phones has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition.
7. **Tariff Structure** has been rationalized to promote domestic manufacturing of electronic goods, including, *inter-alia*, Cellular mobile phones, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment.
8. **Exemption from Basic Customs Duty on capital goods:** Notified capital goods for

manufacture of specified electronic goods are permitted for import at “NIL” Basic Customs Duty.

9. **Simplified import of used plant and machinery:** The import of used plant and machinery having a residual life of at least 5 years for use by the electronics manufacturing industry has been simplified through the amendment of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.
10. **Relaxing the ageing restriction:** The Department of Revenue vide Notification No.60/2018-Customs dated 11.09.2018 has amended the Notification No.158/95-Customs dated 14.11.1995, relaxing the ageing restriction from 3 years to 7 years for specified electronic goods manufactured in India and re-imported into India for repairs or reconditioning.
11. **Public Procurement (Preference to Make in India) Order 2017:** To encourage ‘Make in India’ and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment, the Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department for Promotion of Industry and Internal Trade (DPIIT) Order dated 15.06.2017 and subsequent revisions vide Orders dated 28.05.2018, 29.05.2019, 04.06.2020 and 16.09.2020. In furtherance of the aforesaid Order, MeitY has notified mechanism for calculating local content for 13 Electronic Products viz., (i) Desktop PCs, (ii) Thin Clients, (iii) Computer Monitors, (iv) Laptop PCs, (v) Tablet PCs, (vi) Dot Matrix Printers, (vii) Contact and Contactless Smart Cards, (viii) LED Products, (ix) Biometric Access Control / Authentication Devices, (x) Biometric Finger Print Sensors, (xi) Biometric Iris Sensors, (xii) Servers, and (xiii) Cellular Mobile Phones, for procurement to be made from local suppliers.
12. **Compulsory Registration Order (CRO):** MeitY has notified “Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012” for mandatory compliance to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India. 63 Product Categories have been notified under the CRO till date.
13. **National Centre of Excellence in Large Area Flexible Electronics (NCFLEX)** has been set up in IIT-Kanpur with the objectives to promote R&D; Manufacturing; Ecosystem; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
14. **National Centre of Excellence for Technology on Internal Security (NCETIS)** has been set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
15. **National Centre of Excellence for Next Generation AMOLED Displays, OLED Lighting and OPV Products** has been set up at IIT-Madras with a

mandate to collaborate with stakeholders to develop next-generation, state-of-the-art, high-volume and cost effective electronic components based on organic devices to address requirements through joint technology developments, to realize indigenous technologies for manufacturing.

16. Centre on Excellence (CoE) on Medical Electronics and Bio-Physics has been approved to be set up at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam with a mandate of carrying out various R&D activities, strengthening innovations, IP creation, prototype modelling for Medical device manufacturers, including Electro-Biomaterial technology product manufacturers, etc.

17. Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator: The project for “Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator for High Power and High Frequency Electronics” has been approved. The project is being implemented by Society for Innovation and Development (SID) under the auspices of Indian Institute of Science (IISc) at Centre for Nano Science and Engineering (CeNSE), Bengaluru.

Annexure-2

(Amount: INR crore)

#	States	Location of EMC	Implementing agency	EMC Area (Acres)	Project Cost	Grant-in-aid
1	Andhra Pradesh	EMC-I @ Renigunta and Yerpadu Mandal, Chittoor District, Near Airport, Tirupathi	Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC)	113.27	104.41	46.53
2		EMC-II @ Vikruthamala Village, Yerpadu Mandal, Chittoor District, Tirupathi		501.40	339.8	111.42
3	Assam	Bongora, Kamrup District, Assam	Assam Electronics Development Corporation Limited (AMTRON)	100	119.85	50
4	Chhattisgarh	Village-Tuta, Sector-22, Naya Raipur, Tehsil-Abhanpur, Raipur District	Chhattisgarh State Industrial Development Corporation Ltd. (CSIDC)	116.48	103.88	43.08

5	Goa	Village-Tuem , Taluka-Pernem Goa	Department of IT, Government of Goa	147.55	161.32	73.77
6	Jharkhand	Adityapur, Saraikela-Kharsawan District	Jharkhand Industrial Area Development Authority (JIADA)	2.49	97.88	41.48
7	Kerala	Kakkanad Village, Kanayannur Taluk, Ernakulam District	Kerala Industrial Infrastructure Development Corporation (KINFRA)	66.87	140.01	50
8	Madhya Pradesh	Badwai-Bhopal	Madhya Pradesh State Electronics Development Corporation Ltd.(MPSEDC)	50	47.19	20.86
9		Purva-Jabalpur		40	38.57	17.76
10	Odisha	Infovalley, Bhubaneswar Industrial Area, Khurda District	Odisha Industrial development Corporation (IDCO)	203.37	200.76	93.09
11	Rajasthan	Karoli Industrial Area, Bhiwadi, District-Alwar	Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO)	121.51	78.98	31.68
12	Telangana	E-City, Hyderabad	Telangana State Industrial Infrastructure Corporation (TSIIC)	603.52	667.6	252.42
13		Maheshwaram, Rangareddy District		310.70	436.97	138.6
14	West Bengal	Falta, South Parganas District 24	West Bengal Electronics Industry Development Corporation Limited (WEBEL)	58.04	58.86	25.64
15		Naihati, North Parganas District 24		70	58.31	25.7

Annexure-3

#	States	Location of EMC	Implementing agency	EMC Area (Acres)	Status
1	Andhra Pradesh	Kopparthy, Kadapa Y.S.R District,	Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC)	540	Approved
2	Haryana	IMT Sohna	Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIIDC)	500	Recommended for approval
