

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2738
TO BE ANSWERED ON 12.12.2019

PROMOTING 'ASSEMBLED IN INDIA' TAG ON GIANT COMPANIES

2738 DR. L. HANUMANTHAIAH:
DR. AMEE YAJNIK:

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

- (a) whether the Government is taking any action to promote the tag 'Assembled in India' on various globally famous electronic equipments/giants like Apple products, Foxconn, etc. on the lines of China; and
- (b) if so, the actions taken by Government to facilitate the 'Assembled in India' tag on the lines of China which tags Apple I-Phones as 'designed in California and assembled in China'?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION
TECHNOLOGY (SHRI SANJAY DHOTRE)

(a) and (b): It is an existing practice of certain electronics sector companies to put the tag of the country of design and country of assembly separately on their products. Likewise, companies are tagging 'Made in India'/'Assembled in India' on electronics goods manufactured/ assembled in India. The models of iPhones which are assembled in India carry the tag 'Designed by Apple in California Assembled in India'. Government has taken several steps, as annexed, to promote electronics manufacturing in the country.

Annexure

Steps taken by the Government for promotion of domestic electronics manufacturing

- (i) Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the electronics manufacturing sector. The scheme was open to receive applications till 31.12.2018.
- (ii) The Electronics Manufacturing Clusters (EMC) Scheme was notified to provide financial support for creation of state-of-art infrastructure for electronics manufacturing units. Under the scheme, approval has been accorded for setting up of 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) in 15 States across the country.
- (iii) Tariff Structure has been rationalized to promote domestic manufacturing of electronic goods, including, *inter-alia*, Cellular mobile handsets, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment. To promote domestic value addition in mobile handsets and their parts/ components manufacturing, a Phased Manufacturing Programme (PMP) has been notified. As a result, India has rapidly started attracting investments into this sector and significant

manufacturing capacities have been set up in the country during the past four years. The manufacturing of mobile handsets and their parts/ components has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition.

- (iv) As per extant Foreign Direct Investment (FDI) policy, FDI upto 100% under the automatic route is permitted for electronics manufacturing, subject to applicable laws/regulations; security and other conditionalities.
- (v) For promotion of exports in the sector, Merchandise Exports from India Scheme (MEIS) and Export Promotion Capital Goods (EPCG) Scheme are available under the Foreign Trade Policy, 2015-20. MEIS offers export incentives so as to offset disabilities of manufacturing. Zero duty EPCG scheme allows import of capital goods at zero customs duty, subject to specified export obligation.
- (vi) 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.
- (vii) Notified capital goods for manufacture of specified electronic goods are permitted for import at “Nil” Basic Customs Duty.
- (viii) 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.
- (ix) In order to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India, MeitY has notified “Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012” for mandatory compliance. As per the provisions of the order, the manufacturer has to get the product tested in laboratories recognized by Bureau of Indian Standards (BIS), take registration from BIS and put the registration mark on the product. 44 product categories have been notified under the Order.
- (x) 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.
- (xi) The BCD levied on Open Cell (15.6” and above) for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV Panels has been reduced to Nil from 5% vide Customs Notification 30/2019 dated 17.09.2019 till September 2020. Also, BCD has been exempted on following inputs used in TV Panel manufacturing to promote domestic manufacturing of Open Cells:
 - Chip on Film
 - Printed Circuit Board Assembly (PCBA)
 - Cell (glass board/substrate)
- (xii) **Corporate Income Tax Reduction:** Domestic companies can now opt for concessional tax regime @22% (25.17% inclusive of surcharge and cess) provided that such a company has not claimed any income tax incentive or exemption. Such companies will also not be liable to pay Minimum Alternate Tax (MAT). Further, to attract fresh investments in manufacturing and boost Make in India, new provision has been made

which allows new domestic companies incorporated on or after October 1, 2019, making fresh investment in manufacturing, and starting operations before March 31, 2023, an option to pay corporate income tax at 15 per cent (17.16% inclusive of surcharge and cess). Such company cannot avail any other income tax exemption/ incentive under the Income-Tax Act. Such companies will also not be liable to pay Minimum Alternate Tax (MAT).

MAT rate for companies availing exemptions/ incentives has been reduced from 18.5% to 15%.
