GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.5067
TO BE ANSWERED ON 24.07.2019

MANUFACTURING OF ELECTRONIC PRODUCTS

5067. SHRI D.K. SURESH:

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

(a) whether the Government has any scheme to encourage the people to produce electronic products/goods with indigenous technology in the country and if so, the details thereof;
(b) whether the electronic goods production in the country is not adequately encouraged to compete with global standards and other branded electronic products and if so, the details thereof and the reasons therefor;
(c) whether the Government has any proposal to encourage the Indian companies to produce better electronic goods and products to compete with world players in the sector; and
(d) if so, the details thereof and the steps taken by the Government in this regard?

ANSWER

MINISTER OF ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a), (b), (c) and (d): The Government has notified the National Policy on Electronics 2019 (NPE 2019) on 25.02.2019, with the vision to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and create an enabling environment for the industry to compete globally. The mission of NPE 2019 *inter-alia* includes the following:

- Promote domestic manufacturing in the entire value-chain of ESDM, including core components and materials to increase the domestic value addition and reduce dependence on import of electronic goods by focusing on skill, technology, scale and the global market.

- Promote ease of manufacturing by introducing new/ innovative fiscal incentives and augmenting the existing ones for the ESDM industry to make electronics manufacturing in India globally competitive.

- Promote R&D to develop electronic products, including associated design and creation of Intellectual Properties, for the domestic as well as global markets.

The salient features of NPE 2019 are at **Annexure-I**. NPE 2019 is available at the following link: https://meity.gov.in/esdm/policies.

The steps taken by the Government for promotion of domestic electronics manufacturing industry and exports from the country are at **Annexure-II.**

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Annexure-I

Salient features of the National Policy on Electronics 2019 (NPE 2019)

The salient features of NPE 2019 *inter-alia* include:

(a) Creating eco-system for globally competitive ESDM sector

(b) Promotion of electronic components manufacturing ecosystem

(c) Special package of incentives for Mega Projects which are extremely high-tech and entail huge investments, such as semiconductor facilities (including trusted foundries), display fabrication, photonics and LED chip fabrication units

(d) Encouraging Industry-led R&D and innovation and promoting start-up eco-system in all sub-sectors of electronics, including emerging technology areas such as 5G, IoT/ Sensors, Artificial Intelligence (AI), Machine Learning, Augmented Reality (AR) and Virtual Reality (VR), Drones, Robotics, Additive Manufacturing, Gaming and Entertainment, Photonics, Nano-based devices, as well as thrust areas such as medical electronics, defence and strategic electronics, automotive electronics, cyber security, power electronics and automation

(e) Providing incentives and support for significantly enhancing availability of skilled manpower, including re-skilling, in the ESDM sector

(f) Promoting research, innovation and support to industry for green processes and sustainable e-Waste management, including *inter-alia* facilitation of citizen engagement programmes for safe disposal of e-Waste in an environment friendly manner, development of e-Waste recycling industry and adoption of best practices in e-Waste management

(g) Emphasis on Cyber Security and promoting trusted electronics value chain initiatives to improve India's national cyber security profile

(h) Providing special support for developing core competencies in the following sub-sectors of Electronics:
- Fabless Chip Design Industry
- Medical Electronic Devices Industry
- Automotive Electronics Industry and Power Electronics for Mobility
- Strategic Electronics Industry

(i) Creation of Sovereign Patent Fund (SPF) to promote the development and acquisition of IPs in ESDM sector

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Annexure-II

Steps taken by the Government for promotion of domestic electronics manufacturing industry and exports from the country

(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 for new projects as well as expansion projects. The scheme provides 20-25% subsidy for investments in capital expenditure for setting up of an electronic manufacturing facility (20% for SEZ Units and 25% for non-SEZ Units). The incentives are available for 44 categories of electronic products and product components. So far, 212 projects have been approved with proposed investments of INR 55,182 crore. The incentives committed against these 212 projects are INR 5,635 crore.

(ii) The Electronics Manufacturing Clusters (EMC) Scheme was notified to provide financial support for creation of state-of-art infrastructure for electronics manufacturing units. The scheme was open for receipt of application for a period of 5 years, i.e., upto 21.10.2017. Further period of 5 years is available for disbursement of funds for the approved applicants. Under the scheme, financial assistance for Greenfield EMC was available upto 50% of the project cost subject to a ceiling of INR 50 crore for every 100 acres of land and for Brownfield EMC, 75% of the cost of infrastructure, subject to a ceiling of INR 50 crore was provided as Grant. 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 (SKD) 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 Government has notified 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. In furtherance of the aforesaid Order, MeitY has notified local content for 11 Electronic Products, viz., Desktop PCs, Laptop PCs, Tablet PCs, Dot Matrix Printers, Contact and Contactless Smart Cards, LED Products, Biometric Access Control/ Authentication Devices, Biometric Finger Print Sensors, Biometric Iris Sensors, Servers, and Cellular Mobile Phones.

(xi) 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.

Promotion of Innovation and R&D

(xii) 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 companies developing new technologies in the area of electronics, nano-electronics and Information Technology (IT). This fund is expected to foster R&D and innovation in these technology sectors. Currently six Daughter Funds are being funded.

(xiii) Ministry of Electronics and Information Technology (MeitY) provides grant-in-aid support to institutes of higher learning like IITs, IISc, Central Universities and R&D Organizations to conduct research in identified thrust areas. These research programmes are aimed to deliver proof of concept, technology/ product development and transfer of technology. During the last few years, several research initiatives have been taken in these areas. These research programmes also result in generation of specialized manpower to support "Make in India".

(xiv) Indian Conditional Access System (iCAS) has been developed in Public-Private Partnership (PPP) mode to promote indigenous manufacturing of Set Top Boxes (STBs). The implementation of iCAS in the cable networks is underway.

(xv) An Electropreneur park has been set up in New Delhi for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.

(xvi) 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.

(xvii) 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.

(xviii) Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru, jointly with NASSCOM.

(xix) An Incubation centre with focus on medical electronics has been set up at IIT-Patna.

(xx) A fabless chip design incubation centre has been set up in IIT Hyderabad to incubate start-ups in semiconductor design and to provide one-stop service to start-ups intending to enter this space.

(xxi) A Centre of Excellence (CoE) on FinTech at STPI Chennai has been set up to provide infrastructure, resources, coaching/ mentorship, technology support and funding to emerging start-ups in the FinTech sector through a collaborative approach including M/s intellect design as industrial partner, NPCI, UIDAI and Partner Banks as Yes Bank, PayPal, HSBC, IIT Chennai as knowledge partner and TiE Chennai to provide industrial connect.

(xxii) An IoT OpenLab - a Centre of Excellence (CoE) for Internet of Things in partnership with Arrow Electronics at STPI Bangalore has been set up to provide academic and business mentoring of the startups in the IoT emerging technology area for developing products and/ or services around IoT.

(xxiii) An ESDM Incubation Centre has been set up at Bhubaneswar 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.

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