

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO.4582**  
TO BE ANSWERED ON 06.04.2018

**INDIGENOUS MANUFACTURING OF ELECTRONIC ITEMS**

**4582. SHRI PARIMAL NATHWANI:**

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) the details of demand for domestic branded electronic items and the items being manufactured indigenously;
- (b) whether the domestic production of branded electronic items is adequate to meet the demand;
- (c) if so, the details thereof and if not, the steps taken by Government for augmenting manufacturing of electronic items domestically;
- (d) whether Government is contemplating formulation of any policy for promotion of R & D in the field of electronics and information technology; and
- (e) if so, the details thereof and the action taken in this regard so far?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI K. J. ALPHONS)

(a) to (c): Indigenously manufactured branded (Foreign and Indian) electronic products are available across all sub-sectors viz., Consumer Electronics; Mobile Handsets; Industrial electronics; Computers, peripherals & related products; Communication & Broadcasting equipment; Strategic electronics and Components. The major brands which are involved in indigenous manufacturing of some of the key segments of electronic goods are given below:

- Consumer electronic goods: LG, Samsung, Panasonic, Haier, Philips, Videocon, Onida, T-Series, Onkyo, Sonodyne, Ahuja, Ajanta, etc.
- Mobile handsets: Apple, Samsung, Nokia (TNS), Lava, Vivo, Oppo, Huawei, Micromax, Sony, LG, HTC, Karbonn, Xiaomi, Lenovo, Motorola, Intex, etc.
- Computers, peripherals & related products: Acer, HP, Dell, Lenovo, Cisco, Samsung, Datamini, LG, Lipi, TVSE, Smart Link, Prysm, etc.

While the domestic production of electronic items is not sufficient to meet the indigenous demand, it is increasingly being met out of domestic production. As a result of initiatives taken by the Government under the aegis of National Policy on Electronics, 2012, the domestic production of electronic items has increased substantially and the growth rate of import of electronic items has declined during the last three years, as detailed at **Annexure-1**. The steps taken by Government for augmenting manufacturing of electronic items in the Country are at **Annexure-2**.

(d) and (e): Government has taken following steps to promote indigenous research and development (R&D), including in the field of electronics and information technology, in order to increase production of electronic items in the country:

- (i) 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 three years, several research initiatives have been taken in the above areas. These research programmes also result in generation of specialized manpower to support “Make in India”.
- (ii) Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, a Conditional Access System (iCAS) has been developed in Public-Private Partnership mode to promote indigenous manufacturing of Set Top Boxes (STBs). The iCAS is available to domestic STB manufacturers at a

- price of USD 0.5 per license for a period of three years as against market price of USD 3-5 per license for other competing products. The implementation of iCAS in the cable networks is underway.
- (iii) 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.
  - (iv) 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.
  - (v) 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.
  - (vi) Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
  - (vii) An Incubation centre with focus on medical electronics has been set up at IIT-Patna.
  - (viii) An Incubation Centre with focus on consumer electronics has been set up at Indira Institute of Technology and Management (IIITM), Kochi.
  - (ix) As per extant FDI policy, FDI upto 100% under the automatic route is permitted for electronic product manufacturing, including R&D therein under the default clause, subject to applicable laws/ regulations; security and other conditions.
  - (x) 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. Twenty two Daughter Funds have been approved for investment through EDF.
  - (xi) Government also initiated Visvesvaraya PhD Scheme in the Electronics System Design and Manufacturing (ESDM) and IT/ ITES areas to give thrust to research & development, create an innovative ecosystem and enhance India’s competitiveness in these knowledge intensive sectors. The Scheme was initiated in the Year 2014 with a budget outlay of Rs.466 crores for nine years. At present, 968 Full Time and 183 Part-Time PhD Scholars at 91 academic institutions across the country are pursuing PhD under the Scheme.
  - (xii) To offset disability and attract investments in electronics manufacturing, Modified Special Incentive Package Scheme (M-SIPS) was launched by the Government in July 2012. The scheme has been suitably amended from time to time. The scheme mainly 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. Under the scheme, expenditure on captive research and development including associated software costs and software license fees; purchase of technology, IPRs, patents, copyrights is treated as part of the capital expenditure.

#### Annexure-1

(Value in Rs. Crore)										
Year	Production	Y-o-Y Growth (%)	Import*	Y-o-Y Growth (%)	Export*	Y-o-Y Growth (%)	NET Import = (Import - Export)	Y-o-Y Growth (%)	Demand / Consumption = Production + NET Import	Y-o-Y Growth (%)
1	2	3	4	5	6	7	8	9	10	11
2013-14	180,454	-	216,053		50,979	-	165,074	-	345,528	-
2014-15	190,366	5.49	244,010	12.94	40,695	-20.17	203,315	23.17	393,681	13.94
2015-16	243,263	27.79	266,109	9.06	38,737	-4.81	227,372	11.83	470,635	19.55
2016-17	317,331	30.45	278,713	4.74	38,759	0.06	239,954	5.53	557,285	18.41

Notes:  
 1) \* Conversion rate: 1 USD = Rs.65/-  
 2) Source: for (2) - AR 2016-17 of MeitY and actual figures from Industry Associations; for (4) & (6) - DGCIS.

#### Annexure-2

##### Steps taken by the Government for augmenting manufacturing of electronic items in the Country

- Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
- The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market. The policy is under review.

3. Electronics Manufacturing Clusters (EMC) scheme was notified in October 2012. The scheme was open for receipt of applications upto 21<sup>st</sup> October, 2017. Under the EMC scheme, Government has approved setting up of Twenty (20) Greenfield Electronics Manufacturing Clusters and Three (03) Common Facility Centres (CFC) in Fifteen (15) States across the country.
4. Notification for 10 electronic products in furtherance of the Department of Industrial Policy and Promotion's Public Procurement (Preference to Make in India) Order 2017 has been issued on 14.09.2017.
5. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
6. 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.
7. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods, including inter-alia Mobile Handsets, Televisions, Electronic Components, Set Top Boxes, LED Products, Medical Electronics, Solar PV Cells and Microwave Ovens. To promote domestic value addition in mobile handsets manufacturing, a Phased Manufacturing Programme (PMP) has been notified.
8. To promote indigenous manufacturing of Televisions, baggage rules have been amended to ban duty free import of Flat Panel Television Sets w.e.f. August 2014 under the baggage allowance.
9. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 43 electronic products are under the ambit of this Order.

\*\*\*\*\*