

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2167
TO BE ANSWERED ON 05.01.2018

NEW ELECTRONICS AND SOFTWARE PRODUCTS POLICY

2167. SHRI K.C. RAMAMURTHY:

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

- (a) whether the Ministry is implementing any scheme for a new electronics and software products policy;
- (b) if so, the aims, objectives and salient features of the policy;
- (c) how this policy is helping in easing the negative impact of the GST on the e-Commerce and electronics manufacturing industry; and
- (d) the other steps being taken to become a \$1 trillion economy in the next seven years?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI ALPHONS KANNANTHANAM)

(a): The National Policy on Electronics 2012 (NPE 2012) has been notified on 19th November 2012 by the Ministry of Electronics and Information Technology (MeitY). The NPE 2012 envisions creating a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market. At present, there is no specific Policy in MeitY to promote software products.

(b): The mission, objectives and salient features of NPE 2012 are at Annexure-1.

(c) and (d): Steps taken by the Government to promote electronics manufacturing in the country are at Annexure-2.

Annexure-I

➤ **The mission of NPE 2012 is as under:**

1. To promote indigenous manufacturing in the entire value-chain of ESDM for economic development.
2. To develop capacities for manufacture of strategic electronics within the country.
3. To promote a vibrant and sustainable ecosystem of Research and Development (R&D), design and engineering and innovation to enhance manufacturing capabilities in electronic raw materials, components, sub assemblies as well as products.
4. To develop high-quality electronic products at affordable prices for inclusive adoption and deployment to improve productivity, efficiency and ease of operations in other sectors.
5. To promote environmentally friendly global best practices in the use and disposal of electronic products.

➤ **The objectives of NPE-2012 are as under:**

1. To create an eco-system for a globally competitive ESDM sector in the country to achieve a turnover of about USD 400 Billion by 2020 involving investment of about USD 100 Billion and employment to around 28 Million people at various levels.
2. To build on the emerging chip design and embedded software industry to achieve global leadership in VLSI, chip design and other frontier technical areas and to achieve turnover of USD 55 Billion by 2020.
3. To build a strong supply chain of raw materials, parts and electronic components to raise the indigenous availability of these inputs from the present 20-25% to over 60% by 2020.
4. To increase the export in ESDM sector from USD 5.5 Billion to USD 80 Billion by 2020.
5. To significantly enhance availability of skilled manpower in the ESDM sector. Special focus for augmenting post graduate education and to produce about 2500 PhDs annually by 2020.
6. To create an institutional mechanism for developing and mandating standards and certification for electronic products and services to strengthen Quality Assessment infrastructure nationwide.
7. To develop an appropriate security ecosystem in ESDM for its strategic use.
8. To create long-term partnerships between ESDM and strategic and core infrastructure sectors - Defence, Atomic Energy, Space, Railways, Power, Telecommunications, etc.
9. To become a global leader in creating Intellectual Property (IP) in the ESDM sector by increasing fund flow for R&D, seed capital and venture capital for start-ups in the ESDM and nanoelectronics sectors.
10. To develop core competencies in strategic and core infrastructure sectors like Telecommunications, Automotive, Avionics, Industrial, Medical, Solar, Information and Broadcasting, Railways, Intelligent Transport Systems, etc through use of ESDM in these sectors.
11. To use technology to develop electronic products catering to domestic needs, including rural needs and conditions, as well as international needs at affordable price points.
12. To become a global leader in the EMS segment by promoting progressive higher value addition in manufacturing and product development.
13. To expedite adoption of best practices in e-waste management
14. To create specialized governance structures within Government to cater to specific needs of the ESDM sector including high velocity of technological and business model changes.
15. To facilitate cost effective loans for setting up ESDM units in identified areas.
16. To source, stockpile and promote indigenous exploration and mining of Rare Earth metals required for manufacture of electronic components.

➤ **Salient features of NPE-2012 include:**

1. **Multi-fold growth in production, investment and employment:** The specific initiatives include:
 - a. A Modified Special Incentive Package Scheme (M-SIPS) providing for the disabilities in manufacturing in the sector.
 - b. Electronic Manufacturing Clusters (EMC) Scheme for clusters with world-class infrastructure.
 - c. Preferential Market Access (PMA) for domestically manufactured electronic goods consistent with international commitments.
2. **Semiconductor chip design industry:** Building on the emerging chip design and embedded software industry to achieve global leadership.
3. **Human Resource Development:** Significantly enhancing availability of skilled manpower, in scale and scope, including in emerging technology areas, by active participation of the private sector and thrust on higher education.
4. **Standards:** Development and enforcement of standards for electronic products.

5. **R&D and Innovation:**
 - a. Setting up of a Electronics Development Fund as a Fund of Funds
 - b. Design and Develop India Microprocessor
 - c. Develop electronic products catering to the domestic needs and conditions at affordable price points
6. **To develop core competencies in identified sectors** viz. Automotive Electronics, Avionics, LED, Industrial Electronics, Medical Electronics, Solar Photovoltaics and Information and Broadcasting.

Steps taken by the Government to promote electronics manufacturing in the country

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects.
3. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs.50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs.50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
4. Foreign direct investments up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
5. 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.
6. 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. The Phased Manufacturing Programme (PMP) for cellular mobile handsets and its sub-assemblies/ parts/ components manufacturing has been implemented with the objective of progressively increasing the domestic value addition for establishment of a robust Cellular mobile handsets manufacturing eco-system in the country.
7. 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.
8. 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.

Promotion of Innovation and R&D

9. Electronics Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
10. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed 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.
11. An Electropreneur park has set up in New Delhi for providing incubation for development of ESDM sector, which will contribute IP creation and Product Development in the sector.
12. 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; Ecosystems; Entrepreneurship;

International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.

13. 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.
14. Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
15. An Incubation centre with focus on medical electronics has been set up at Indian Institute of Technology-Patna.
