

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTIONNO. 411
TO BE ANSWERED ON: 04.02.2022

ELECTRONICS INDUSTRY

411. SHRI K.J. ALPHONS:

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

- (a) the size of the electronics industry in India;
- (b) the percentage that is imported as finished products and as components; and
- (c) whether this percentage has improved in favour of domestic production in the last five years?

ANSWER

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

(a): Government of India's goal is to make India a significant design and manufacturing hub as part of its AtmaNirbhar Bharat economic policies. In this regard, we are broadening and deepening our electronic manufacturing ecosystem. Government is engaged in positioning 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. As per data received from industry associations, India's production of electronics is Rs. 558,606 crore in 2020-21 and is focused to achieve a target of Rs. 2,235,000 crore by 2025-26.

(b): Over the last five years, the import of finished electronic goods and electronic components is as under:

Import Values		(Values in Rs. Crore)			
	2016-17	2017-18	2018-19	2019-20	2020-21
Finished Goods	2,57,991	3,21,309	3,24,441	3,34,646	3,28,708
Components	54,450	65,904	1,03,026	1,15,016	1,13,336
Total Imports	3,12,441	3,87,213	4,27,467	4,49,662	4,42,044

* Source Directorate General of Commercial Intelligence and Statistics (DGCIS)

(c): Government has taken several measures for the expansion of electronics manufacturing in the country. As a result, percentage share of imported finished electronics goods with respect to total imports of electronic goods has decreased from 83% in 2016-17 to 74% in 2020-21, whereas, the percentage share of imported electronic components with respect to total imports of electronic goods has increased from 17% in 2016-17 to 26% in 2020-21, indicating a favorable shift in domestic electronics manufacturing.

The steps taken by the Government for the expansion of electronics manufacturing in the country are listed in **Annexure**.

Steps taken by the Government for the expansion of electronics manufacturing in the country:

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.
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. **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. 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 3,762 crore including Government Grant-in-Aid of INR 1,538 crore have been approved.
4. **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.
5. **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.
6. **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.
7. **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.
8. **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.
9. **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.
10. **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.
11. **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 and the order is applicable on 63 product categories.
12. **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), Centre for Nano Science and Engineering (CeNSE), IISc Bengaluru.

