

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3940**  
TO BE ANSWERED ON: 18.03.2020

**PROMOTION OF LOCAL MANUFACTURING OF ELECTRONIC EQUIPMENTS**

**3940. SHRI ANNASAHEB SHANKAR JOLLE:**

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

- (a) the steps taken by the Government to make the country a frontrunner in the current era of fourth industrial revolution; and
- (b) the steps taken by the Government to promote local manufacturing of quality electronic equipments and data security in the country?

**ANSWER**

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

(a) & (b): The fourth industrial revolution brings together various technologies such as Internet of Things (IoT), cloud computing, big data analytics, Artificial Intelligence (AI), additive manufacturing, 5G, Augmented Reality (AR), robotics, cyber security and Machine-to-Machine (M2M) communication.

The Ministry of Electronics and Information Technology has notified the National Policy on Electronics 2019 (NPE 2019) which envisions positioning India as a global hub for Electronics System Design and Manufacturing (ESDM) by creating an enabling environment for the industry to compete globally.

The National Policy on Electronics (NPE 2019), *inter-alia*, aims to promote path-breaking research, grass root level innovations, early stage Start-ups and skill development in emerging technology areas such as 5G, IoT, Artificial Intelligence, Machine Learning, Drones, Robotics, Additive Manufacturing, Photonics, Nano-based devices, etc., and their applications in areas such as defence, agriculture, health, cyber security, smart cities and automation, with special focus on solving real-life problems.

As a result of the various steps taken by the Government of India for promotion of electronics hardware manufacturing and efforts of the industry, India's electronics production has increased from INR 1,90,366 crore in 2014-15 to INR 4,55,000 crore in 2018-19, at a CAGR of about 25% during the last four years.

As per Section 43A of the Information Technology Act 2000, a compensation is to be paid to the victim in case of unauthorized access of information and leakage of sensitive personal information. It mandates 'body corporates' to implement 'reasonable security practices' for protecting 'sensitive personal information' of individuals. The Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011 notified under this section defines sensitive personal information and also mandate that body corporate must provide policy for privacy and disclosure of information, so that user is well aware of the type of personal data collected, purpose of collection and usage of such information. The rules also specify mode of collection of information, disclosure of information, transfer of information, etc.

The steps taken by the Government to promote electronic hardware manufacturing in the country are annexed.

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**Steps taken by the Government to promote electronics hardware 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, subject to applicable laws/ regulations; security and other conditions.
3. **Modified Special Incentive Package Scheme (M-SIPS):** The scheme was notified on 27<sup>th</sup> July, 2012 to provide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain. The scheme was open to receive applications till 31.12.2018 and is in the implementation mode.
4. **Electronics Manufacturing Clusters (EMC) Scheme:** Electronics Manufacturing Clusters Scheme was notified on 22<sup>nd</sup> October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,565 acres with total project cost of INR 3,898 crore including Government Grant-in-aid of INR 1,577 crore have been approved.
5. **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. INR 659 crore has been committed through EDF to 11 Daughter Funds with a targeted corpus of INR 5,500 crore.
6. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile handsets and their parts / components 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 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.
7. **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.
8. **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.
9. **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.
10. **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.
11. **Public Procurement (Preference to Make in India) Order:** 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 Order dated 28.05.2018 and 29.05.2019. In furtherance of the aforesaid Order, MeitY has notified 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 and Servers vide Notification dated 14.09.2017 and Cellular Mobile Phones vide Notification dated 01.08.2018.

**12. 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. 44 Product Categories have been notified under the CRO.

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