

**GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.4653
TO BE ANSWERED ON 24.03.2021**

DEPENDENCY ON CHINESE ELECTRONICS PRODUCTS

4653 SHRI MALOOK NAGAR:

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

- (a) the effective schemes of the Government to reduce the country's dependence on Chinese electronics products; and
(b) the steps taken/being taken by the Government to make available the indigenous counterparts of the Chinese electronic products at the same or reduced prices?

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

(a): To boost domestic manufacturing, attract large investments in the electronics value chain and reduce the country's dependence on Chinese electronics products, following three Schemes have been notified under the aegis of National Policy on Electronics 2019 (NPE 2019):

(i) **Production Linked Incentive Scheme (PLI)** for Large Scale Electronics Manufacturing notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020 extends an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. (available at the link: <https://www.meity.gov.in/esdm/pli>)

(ii) **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 provides financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods. (available at the link: <https://www.meity.gov.in/esdm/SPECS>)

(iii) **Production Linked Incentive Scheme (PLI) for IT Hardware** notified vide Gazette Notification No. CG-DL-E-03032021-225613 dated March 03, 2021 shall extend an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. The Target Segments under the PLI for IT Hardware include (i) Laptops (ii) Tablets (iii) All-in-One PCs and (iv) Servers. (available at the link: <https://www.meity.gov.in/esdm/pliithw>)

(b): Steps are being taken to broad-base the sources of electronic components / raw material imports in India, in addition to making available the indigenous counterparts of the Chinese electronic products, by promoting domestic manufacturing of electronic products. Steps taken by the Government to promote domestic electronics manufacturing are annexed.

Annexure

Steps taken by the Government to promote domestic electronics manufacturing

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. Modified Special Incentive Package Scheme (M-SIPS): The Scheme was notified on 27th July, 2012 to provide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It was 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 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 3,743 crore including Government Grant-in-Aid of INR 1,527 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 409 crore has been committed through EDF to 9 Daughter Funds with a targeted corpus of INR 2,626 crore.

6. 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.

7. 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.

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 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 locals suppliers.

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. 63 Product Categories have been notified under the CRO and the order is applicable on 44 product categories.

13. 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.

14. 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.

15. National Centre of Excellence for Next Generation AMOLED Displays, OLED Lighting and OPV Products has been set up at IIT-Madras with a mandate to collaborate with stakeholders to develop next-generation, state-of-the-art, high-volume and cost effective electronic components based on organic devices to address requirements through joint technology developments, to realize indigenous technologies for manufacturing.

16. Centre on Excellence (CoE) on Medical Electronics and Bio-Physics has been approved to be set up at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam with a mandate of carrying out various R&D activities, strengthening innovations, IP creation, prototype modelling for Medical device manufacturers, including Electro-Biomaterial technology product manufacturers, etc.

17. 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 will be implemented by Society for Innovation and Development (SID), being converted to a Section 8 company titled “Foundation for Science, Innovation and Development” under the auspices of Indian Institute of Science (IISc) at Centre for Nano Science and Engineering (CeNSE), Bengaluru.
