

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
STARRED QUESTION NO.*155
TO BE ANSWERED ON 13.02.2019

SPECIAL PACKAGES TO BOOST ELECTRONICS EXPORT

***155. SHRI GUTHA SUKENDER REDDY:**

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

- (a) the details of the incentives being given to the electronic industry and those included in the National Electronics Policy;
- (b) whether the Government is proposing to announce special packages to boost the electronics export and remove the hindrances in such export as a part of facilitating the ease of doing business programme; and
- (c) if so, the details thereof?

ANSWER

MINISTER OF ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a) to (c): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED
QUESTION NO.*155 FOR 13.02.2019 REGARDING
SPECIAL PACKAGES TO BOOST ELECTRONICS EXPORT**

(a): The details of incentives being given to the electronics industry and steps taken by the Government for promotion of electronics manufacturing in the country are listed at **Annexure**. The incentives given under the aegis of National Electronics Policy (NPE) 2012 *inter-alia* include the following:

- (i) Modified Special Incentive Package Scheme (M-SIPS) for providing financial incentives to offset disability and attract investments in the Electronics System Design and Manufacturing (ESDM) sector.
- (ii) Electronics Manufacturing Clusters (EMC) Scheme for providing financial support for creation of state-of-art infrastructure for electronics manufacturing units.
- (iii) 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.
- (iv) Tariff rationalization, including the Phased Manufacturing Programme (PMP) for promotion of domestic manufacturing of mobile handsets and sub-assemblies/parts thereof.

(b) and (c): The following package of incentives has been made available for promoting indigenization and export of electronics:

- (i) **Procedural simplification for import of second hand manufacturing plant and machinery:** Ministry of Environment, Forests and Climate Change (MoEF&CC) vide Notification dated 11.06.2018 has simplified the import of used plant and machinery having a residual life of at least 5 years for use by the electronics manufacturing industry through the amendment of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.
- (ii) **Support for Brand-building and promoting investment in electronics manufacturing and export of electronic goods:** Department of Commerce will support promotion of sector specific visits under the Market Access Initiative (MAI) Scheme for ESDM and the India Brand Equity Fund (IBEF) would assist MeitY in promoting the Brand India Label in the ESDM sector in overseas market.
- (iii) **Expanding the list of capital goods required for manufacture of electronic goods for Basic Customs Duty (BCD) exemption:** An additional list of 36 capital goods, not manufactured in India, required for manufacture of specified electronic goods has been notified by the Department of Revenue vide Notification No.71/2018-Customs dated 28.09.2018. This helps to reduce capital expenditure for setting up/ expansion of existing units and address the disabilities to a certain extent.
- (iv) **Enhancement of incentive under the Merchandise Exports from India Scheme (MEIS) for electronic goods:** In order to give a boost to electronics exports, MEIS rate has been enhanced from 2% to 4% for several electronic goods, covering *inter-alia* telecom equipment, including cellular mobile phones; electronic components; electronic integrated circuits; transmission apparatus for radio broadcasting or

television; radio broadcast receivers, radar apparatus and indicator panels incorporating LCD or LED.

- (v) **Relaxation of ageing restriction imposed for duty free import of electronic goods for repair or reconditioning, from 3 years to 7 years:** The Department of Revenue vide Notification No.60/2018-Customs dated 11.09.2018 has relaxed the ageing restriction for specified electronic goods manufactured in India and re-imported into India for repairs or for reconditioning.

Steps taken by the Government for promotion of electronics manufacturing in the country

- (i) Modified Special Incentive Package Scheme (MSIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector, including electronic components. The scheme is applicable for both new projects and expansion projects, and was open to receive applications till 31.12.2018.
- (ii) The Electronics Manufacturing Clusters (EMC) Scheme was notified to provide financial support for creation of state-of-art infrastructure for electronics manufacturing units. The scheme was open for receipt of application for a period of 5 years, i.e., upto 21st October, 2017. Further period of 5 years is available for disbursement of funds for the approved applicants. Under the scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) covering a land area of 3,565 acres have been accorded final approval for development of infrastructure and common facilities at a cost of Rs.3,898 crore, including Government Grant-in-aid of Rs.1,577 crore. .
- (iii) Tariff Structure has been rationalized to promote domestic 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.
- (iv) To promote domestic value addition in mobile handsets and their sub-assemblies/ parts manufacturing, a Phased Manufacturing Programme (PMP) has been notified. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country during the past three years. The manufacturing of mobile handsets and their sub-assemblies/ parts has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (SKD) level, thereby progressively increasing the domestic value addition.
- (v) As per extant Foreign Direct Investment (FDI) policy, FDI upto 100% under the automatic route is permitted for electronic product manufacturing, subject to applicable laws/ regulations; security and other conditionalities.
- (vi) 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.
- (vii) 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.
- (viii) Notified capital goods for manufacture of specified electronic goods are permitted for import at “Nil” Basic Customs Duty.
- (ix) 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.

Promotion of Innovation and R&D

- (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. EDF will be investing in 13 Daughter Funds over a period of 4-5 years. The total targeted corpus of these 13 Daughter Funds is Rs.6,950 crore and the amount committed by EDF to these 13 Daughter Funds is Rs.857 crore.
- (xi) Keeping in view the huge domestic requirement on account of roadmap for digitalization of the broadcasting sector, Indian Conditional Access System (iCAS) has been developed in Public-Private Partnership (PPP) 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.
- (xii) 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 few years, several research initiatives have been taken in these areas. These research programmes also result in generation of specialized manpower to support “Make in India”.
- (xiii) An Electopreneur park has been set up in New Delhi for providing incubation for development of Electronics System Design and Manufacturing (ESDM) sector which will contribute IP creation and Product development in the sector.

- (xiv) 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.
- (xv) 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.
- (xvi) Centre for Excellence (COE) for Internet of Things (IoT) has been set up in Bengaluru and Gurugram jointly with NASSCOM.
- (xvii) An Incubation centre with focus on medical electronics has been set up at IIT-Patna.
