

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO.2105
TO BE ANSWERED ON 12.03.2020

GROWTH IN THE ELECTRONICS SECTOR

2105. SHRI SAMBHAJI CHHATRAPATI:

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

- (a) whether Government is still pursuing its commitment to make the country as an electronics hub and pursue the policy of 'Net Zero Imports';
- (b) if so, the details thereof, with year-wise data explaining growth in the electronics sector;
- (c) what are the financial incentives that Government has offered to attract investments in electronics sector and the number of proposals amounting to Rs. 1,57,729 crore (till 2017) received really concretized; and
- (d) whether Government intends to give a further push for growth in the electronics sector?

ANSWER

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

(a) and (b): The Government attaches high priority to electronics hardware manufacturing and it is one of the important pillars of both "Make in India" and "Digital India" programmes. The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019, with the vision to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and create an enabling environment for the industry to compete globally. One of the missions of NPE 2019 is to transform India into a destination for manufacturing and exports in pre-identified, high growth electronics sector by encouraging and incentivizing large ESDM eco-system to achieve net positive Balance of Payments. The year-wise data explaining growth in the electronics sector is as under:

	2014-15 (INR crore)	2015-16 (INR crore)	2016-17 (INR crore)	2017-18 (INR crore)	2018-19 (INR crore)	Compound Annual Growth Rate (CAGR)
Import*	2,29,615	2,68,105	2,87,559	3,40,901	4,01,458	15%
Export*	38,263	39,064	39,980	41,220	61,908	12.8%
Production [#]	1,90,366	2,43,263	3,17,331	3,88,306	4,58,006	24.5%

*Source: * Import/ Export Data: Directorate General of Commercial Intelligence and Statistics*

Production Data: Annual Reports of Ministry of Electronics and Information Technology (MeitY)

(c): Under the aegis of National Policy on Electronics 2012 (NPE 2012), the following financial incentives have been offered by Ministry of Electronics and Information Technology (MeitY) to attract investments in electronics sector:

- To offset disability and attract investments in electronics sector, Modified Special Incentives Scheme (M-SIPS) was launched. The scheme provided subsidy of 20-25% on capital expenditure. The scheme was open to receive applications till 31.12.2018. Incentives were available for a period of 5 years from the date of approval of application. Under the scheme, 396 projects with proposed investments of INR 1,07,967 crore are under consideration. Out of these, 260 projects with proposed investments of INR 73,265 crore have been approved and balance 136 projects are under appraisal.
- Electronics Manufacturing Clusters (EMC) Scheme was notified by MeitY to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment in ESDM Sector. Under the Scheme, financial assistance for Greenfield EMC is provided up to 50% of the project cost, subject to a ceiling of INR 50 crore for every 100 acres of land and for Brownfield EMC, 75% of the cost of

infrastructure, subject to a ceiling of INR 50 crore is provided as Grant-in-aid. The scheme was open to receive applications till 20.10.2017. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centers (CFCs) measuring an area of 3,565 acres with project cost of INR 3,898 crore, including Government Grant-in-aid of INR 1,577 crore, have been approved in 15 States across the country.

(d): Steps taken by the Government for promotion of electronics manufacturing in the country are annexed.

Annexure

Steps taken by the Government for promotion 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, 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 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 22nd 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.
