

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 300
TO BE ANSWERED ON 03.02.2021

ELECTRONICS MANUFACTURING IN INDIA

300. KUMARI SHOBHA KARANDLAJE:

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

- (a) whether the Government has rolled out Production Linked Incentive (PLI) Scheme to boost electronic manufacturing in the country recently and if so, the details and the salient features thereof;
- (b) whether the Scheme will promote exports significantly over the next five years and if so, the details thereof;
- (c) the other initiatives to promote electronics manufacturing to make India a competitive destination for electronics manufacturing and give boost to Atmanirbhar Bharat;
- (d) whether it is a fact that electronic manufacturing units in the country have increased significantly in a short span of time and if so, the details thereof; and
- (e) the direct and indirect employment generated by electronic manufacturing industry in the country so far and the concrete steps being taken by the Government to make India a global electronic manufacturing hub?

ANSWER

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

(a) and (b): The Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing has been notified under the aegis of National Policy on Electronics 2019 (NPE 2019) on April 1, 2020. The Scheme shall extend 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. The scheme guidelines were released on 01.06.2020. The scheme was open to receive applications till 31.07.2020.

Over the next five years, the scheme is expected to lead to a total production of about INR 10.5 lakh crore (~USD 140 billion). The scheme is also expected to boost exports significantly and of the total estimated production, more than 60% is expected to be contributed by exports.

(c): The initiatives to promote electronics manufacturing to make India a competitive destination for electronics manufacturing and give boost to Atma Nirbhar Bharat are annexed.

(d): The domestic production of electronic goods has increased substantially from INR 1,90,366 crore (USD 29 billion) in 2014-15 to INR 5,33,550 crore (USD 75.7 billion) in 2019-20 at a Compound Annual Growth Rate (CAGR) of 23%. Over 200 units are manufacturing cellular mobile phones and sub-assemblies / parts thereof in the country, up from only 2 units in 2014.

(e): Electronics manufacturing has generated employment for over 20 lakh persons across the country. Employment in mobile phone manufacturing segment is around 6.3 lakh as per industry estimates.

The steps taken by the Government to make India a global electronics manufacturing hub are annexed.

Annexure

Initiatives / Steps taken by the Government to make India a global electronics manufacturing hub and give boost to Atma Nirbhar Bharat

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. To attract and incentivize large investments in the electronics value chain and promote exports, following three Schemes have been notified under the aegis of 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 shall extend 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.
 - 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 shall provide 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.
 - iii. **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 shall provide support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for

attracting major global electronics manufacturers along with their supply chain to set up units in the country. The Scheme shall provide financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country.

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 EMC Scheme, nineteen (19) Greenfield Electronics Manufacturing Clusters (EMCs) and three (3) Common Facility Centres (CFCs) have been approved in fifteen (15) States across the country. These EMCs are being developed over an area of 3,464 acres with a project outlay of INR 3,743 crore including Government grant-in-aid of INR 1,527 crore.
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. EDF is expected to invest in 9 Daughter Funds. The total targeted corpus of these 9 Daughter Funds is Rs. 2,626 crore and the amount committed by EDF to these 9 Daughter Funds is Rs. 409 crore.
6. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile handsets 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 handsets 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:** The Government of India has issued Public Procurement (Preference to Make in India) Order 2017 [PPP-MII Order 2017] to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment. In furtherance of the aforesaid Order, Ministry of Electronics and Information Technology (MeitY) vide Notification No. W-43/4/2019-IPHW-MeitY dated 07.09.2020 has notified the 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.
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. The details are available at the website of MeitY (<http://meity.gov.in/esdm/standards>).
