GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 425
TO BE ANSWERED ON 03.02.2021

LARGE SCALE ELECTRONIC MANUFACTURING

425. SHRI C.N. ANNADURAI:
SHRI DHANUSH M. KUMAR:
SHRI GAUTHAM SIGAMANI PON:
SHRI GAJANAN KIRTIKAR:

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

(a) whether the Government has achieved the aims and objective of launching Production Linked Incentive (PLI) Scheme for Large Scale electronics manufacturing and if so, the details thereof;
(b) the number of companies that have applied for availing benefit under the PLI for large scale electronics manufacturing in the State of Tamil Nadu from the start of the scheme till now and the number of companies cleared under different categories;
(c) whether the Government is planning to seek a second round of application under PLI specially directed to attract electronics manufacturers;
(d) if so, the quantum of sops to be given and the number of companies likely to get approval; and
(e) the steps taken/being taken by the Government to give incentives to electronics sector to boost the market during pre-COVID-19 and post-COVID-19 period and the results yielded so far by the said incentives?

ANSWER

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

(a) and (b): To attract and incentivize large investments in the electronics value chain and promote exports, Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing has been notified under the aegis of National Policy on Electronics 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 was open to receive applications till 31.07.2020.

The PLI Scheme has been a huge success in terms of the interest received from across the globe. 16 applications have been approved under different categories, as under:
Mobile Phones (Category - Invoice Value INR 15,000 and above): 5; Mobile Phones (Category: Domestic Companies): 5; Specified Electronic Components: 6

Out of 16 approved applications, 3 companies have their manufacturing location(s) in the State of Tamil Nadu.

(c) and (d): As of now, no proposal to seek a second round of application under the PLI Scheme has been approved.

(e): As a result of steps taken by the Government to promote domestic electronics manufacturing, annexed herewith, 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%.

During COVID-19 period, MeitY introduced three new schemes for promoting Make in India for the electronics manufacturing sector, viz., Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme on 1st April, 2020.

The three schemes together will enable large scale electronics manufacturing, domestic supply chain of components and state-of-the-art infrastructure and common facilities for large anchor units and their supply chain partners. The overall impact of these new schemes will be an increase in domestic value addition, creation of National / Domestic Champion Companies and incremental manufacturing of about INR 15 lakh crore and exports of about INR 10 lakh crore, along with employment to more than 10 lakh people in electronics manufacturing sector over the next 5 years.

****

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.

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.

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 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).

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.