

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 692**  
TO BE ANSWERED ON 08.02.2019

**DOMESTIC PRODUCTION OF CONSUMER ELECTRONIC**

**692. SHRI RAJEEV CHANDRASEKHAR:**

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

- (a) whether domestic production of consumer electronics is insufficient to meet the increasing demand within the country and if so, the reasons therefor; and
- (b) the impact of Phased Manufacturing Programme (PMP) on domestic manufacturing of cellular mobile handsets, their sub-assemblies, parts and components?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI S. S. AHLUWALIA)

(a): The domestic production of electronic items, including consumer electronics, at this point of time is not sufficient to meet the demand within the country due to several disabilities which render domestic production of electronic items uncompetitive. These, *inter-alia*, include high cost of finance; logistics; Free Trade Agreements (FTAs) with various countries/ trading blocs such as ASEAN, Korea and Japan and lack of electronic components eco-system.

In recent years, Government has taken several initiatives for promotion of electronics manufacturing in the country, as a result of which the domestic production of electronic items has increased substantially from Rs.1,90,366 crore in 2014-15 to Rs.3,87,525 crore in 2017-18, at a Compound Annual Growth Rate (CAGR) of 26.7%. Tariff Structure has also been rationalized to promote domestic production of consumer electronic items, including *inter-alia*, Cellular Mobile Handsets, Televisions, Set Top Boxes and LED lighting products. Steps taken by the Government for promotion of electronics manufacturing in the country are at **Annexure**.

(b): As a result of Phased Manufacturing Programme (PMP) and other steps taken by the Government, the domestic manufacturing of cellular mobile handsets, their sub-assemblies, parts and components has emerged as one of the flagship sectors under the "Make in India" initiative of the Government. The production of cellular mobile handsets has gone up from Rs.18,900 crore (6 crore units) in 2014-15 to Rs.1,32,000 crore (22.5 crore units) in 2017-18. As per India Cellular and Electronics Association (ICEA), about 268 units are manufacturing cellular mobile handsets, their sub-assemblies, parts and components in the country. It is estimated that about 6.7 lakh persons are employed (directly and indirectly) by these units. Most of the major brands (both foreign and Indian) either have already set up their own manufacturing facilities or are in the process of doing so or have sub-contracted manufacturing to Electronics Manufacturing Services (EMS) companies operating from here.

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## Annexure

### **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 provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme was available 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 21<sup>st</sup> October, 2017. Further period of 5 years is available for disbursement of funds to the approved projects. Under the scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) covering an area of 3,565 acres have 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 in 15 states across the country.
- (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) 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.
- (v) 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.
- (vi) 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.
- (vii) Notified capital goods for manufacture of specified electronic goods are permitted for import at “Nil” Basic Customs Duty.
- (viii) 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**

- (ix) 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. As at the end of second quarter of FY 2018-19, EDF has invested Rs.53.52 crore in six Daughter Funds, which in turn have made investments of Rs.177.37 crore in 47 Ventures/ Startups. Total Employment in supported Startups was around 4,200.
- (x) 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.
- (xi) 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”.
- (xii) An Electropreneur park has been set up in New Delhi for providing incubation for development of Electronic System Design & Manufacturing (ESDM) sector which will contribute IP creation and Product Development in the sector.

- (xiii) National Centre of Excellence in Large Area Flexible Electronics (NCFleXE) has been set up at IIT-Kanpur to promote R&D; Manufacturing; Ecosystem; Entrepreneurship; International Partnerships and Human Resources and develops prototypes in collaboration with industry in emerging electronics area particularly in large area flexible electronics for commercialization.
- (xiv) National Centre of Excellence in Technology for 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.
- (xv) Centre of Excellence on Next Generation AMOLED Displays, OLED Lighting and OPV Products is being 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.
- (xvi) Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
- (xvii) An Incubation centre with focus on medical electronics has been set up at IIT-Patna.