GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
**RAJYA SABHA**
**UNSTARRED QUESTION NO. 1229**
TO BE ANSWERED ON 16.12.2022

**PROMOTION OF 'MAKE IN INDIA' IN ELECTRONICS AND INFORMATION TECHNOLOGY SECTOR**

**1229. SHRI NARESH BANSAL:**

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

(a) whether Government has implemented schemes which are devoted completely for promotion of 'Make in India' in electronics and information technology, if so, the details thereof; and
(b) whether such schemes have benefited the country's industry sector, the details thereof, product-wise and State-wise?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a) and (b): Government of India's goal is to broaden and deepen the country's electronic manufacturing ecosystem. At this juncture, National Policy on Electronics 2019 (NPE 2019) envisions positioning 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.

**A. Electronics Hardware:** In order to boost electronics manufacturing including semiconductors in the country and incentivize large investments in the electronics value chain as well as promote exports, following incentives under the Schemes have been notified:

i. **Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing** was notified on 1st April, 2020. PLI Scheme extends an incentive of 6% to 4% on incremental sales (over base year) of goods under target segments that are manufactured in India to eligible companies, for a period of five (5) years subsequent to the base year (FY 2019-20). Incentives are applicable under the scheme from 01.08.2020.

Over the tenure of PLI Scheme, the 16 approved companies are expected to lead to total production of more than INR 10,50,000 crore (INR 10.5 lakh crore). Out of the total production of INR 10,50,000 crore in the next 5 years, around 60% is expected to be contributed by exports of the order of INR 6,50,000 crore (INR 6.5 lakh crore). The companies approved under the scheme is expected to bring an additional investment in electronics manufacturing to the tune of INR 11,000 crore.

After the success of the First Round of PLI Scheme in attracting investments in mobile phone and electronic components manufacturing, Second Round of the PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 for incentivising Electronic Components. Under the Second Round, incentives of 5% to 3% have been extended on incremental sales (over base year i.e., FY 2019-20) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. 16 companies

have been approved under the second round of PLI Scheme for Large Scale Electronics Manufacturing.

Over the tenure of Second Round, the 16 approved electronic component manufacturers are expected to generate a total production of upto INR 12,432 crore. The Second Round of the Scheme is expected to bring an additional investment in electronics manufacturing to the tune of INR 573 crore.

As per the quarter ending in September 2022, outcomes are as follows:

- Production: INR 2,03,952 Crore
- Investment: INR 4,784 crore
- Exports: INR 80,769 crore
- Additional Employment: 40,916

ii. **Production Linked Incentive Scheme (PLI) for IT Hardware** was notified on 3rd March, 2021. The PLI Scheme extends an incentive of 4% to 2% / 1% on net incremental sales (over base year i.e., FY 2019-20) of goods under target segments that are manufactured in India to eligible companies, for a period of four years (FY 2021-22 to FY 2024-25). The target IT hardware segments under the Scheme include Laptops, Tablets, All-in-One Personal Computers (PCs) and Servers. Incentives are applicable under the Scheme from 01.04.2021. 14 companies have been approved under the PLI Scheme for IT Hardware.

Over the tenure of Scheme, the 14 approved companies under the Scheme are expected to lead to total production of about INR 1,60,000 crore. Out of the total production of INR 1,60,000 crore in the next 4 years, more than 37% is expected to be contributed by exports of the order of INR 60,000 crore. The scheme is expected to bring an additional investment in electronics manufacturing to the tune of INR 2,500 crore.

As per the quarter ending in September 2022, outcomes are as follows:

- Production: INR 4,138 Crore
- Investment: INR 129.68 crore
- Additional Employment: 514 direct jobs

iii. **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** was notified on 1st April 01, 2020. The SPECS Scheme provides 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. The Scheme is open to receive applications till 31.03.2023. Over the tenure of SPECS Scheme, the expected new investment in Electronic Components and sub-assemblies is INR 20,000 crore. The total employment potential of the scheme is approximately 6,00,000 (1,50,000 direct employment and 4,50,000 indirect employment).

The Competent Authority has approved 32 applications till 30.09.2022 with total project outlay of INR 11,130 crore and committed incentives of INR 1,519 crore. The total employment generation potential of the approved applications is 32,457.

iv. **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** was notified on 1st April, 2020. The EMC 2.0 Scheme provides 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 their production facility in the

country. The Scheme provides financial assistance for setting up of both EMC projects as well as Common Facility Centres (CFCs) through Project Implementing Agency such as State Government or their agency, Central Public Sector Units (CPSUs) / State Public Sector Units (SPSUs), Industrial Corridor Development Corporations (ICDCs) or Joint Venture of such agencies with Anchor unit(s) or industrial park developers.

Under EMC 2.0 scheme, 3 EMC applications covering an area of 1,337 acres have been approved with project cost of INR 1902.69 crore including financial assistance of INR 889.02 crore from Government of India. These EMCs are poised to attract an investment of about INR 20,910 crore and having potential to generate 51,520 employment opportunities after getting operational. An amount of INR 205.24 crore has been released for scheme execution.

v. **Modified Special Incentive Package Scheme (MSIPS):** In order to promote large scale manufacturing in the country, MSIPS was announced by the Government in July 2012. It has been amended twice – in August, 2015 and in January, 2017, and mainly provide Capex subsidy of 20-25%. It has been closed on 31st December, 2018 to receive new applications.

In this scheme, 320 applications with proposed investment of INR 89,139 crore are under consideration. Out of these 320 applications, 315 applications with proposed investment of INR 86,849 crore and committed incentives of INR 9,566 crore have been approved. Incentives amounting to INR 1917.09 crore have been disbursed. Out of 315 approved units, 271 units have reported invested of INR 33,506 crore and 242 units have started production. Direct and indirect employment generated so far is 3,45,571. Total sales (domestic and exports) from the units under production are INR 6,63,274 crore which include export of INR 1,06,740 crore.

vi. **Program for Development of Semiconductors and Display Manufacturing Ecosystem**

To widen and deepen electronics manufacturing, the Union Cabinet on 15.12.2021, approved a comprehensive program with an outlay of INR 76,000 crore (> USD 10 billion) for the development of Semiconductors and Display manufacturing ecosystem. With the approval of Cabinet, this Programme has been recently modified on 21.09.2022. The modified programme offers Fiscal Support of 50% of Project Cost uniformly for semiconductor fabs across the technology nodes as well as for compound semiconductors, packaging and other semiconductor facilities.

Following Fiscal incentives are now available to eligible applicants:

- **Modified Scheme for setting up of Semiconductor Fabs in India:** It provides fiscal support for setting up semiconductor wafer fabrication facilities in the country. Fiscal support of 50% of the Project Cost is available for setting up of silicon-based semiconductor fabs across all technology nodes.
- **Modified Scheme for setting up of Display Fabs in India** for attracting large investments for manufacturing TFT LCD or AMOLED based display panels in the country to strengthen the electronics manufacturing ecosystem. Scheme extends fiscal support of up to 50% of Project Cost on pari-passu basis for setting up of Display Fabs in India.
- **Modified Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductor Fabs and Semiconductor ATMP / OSAT facilities in India:** It provides a fiscal support of 50% of the Capital Expenditure to the eligible applicants for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) Fab/ Discrete Semiconductor Fabs and Semiconductor ATMP / OSAT facilities in India.
- **Semicon India Future Design: Design Linked Incentive (DLI) Scheme:** It offers financial incentives, design infrastructure support across various stages of development and deployment of semiconductor design for ICs, Chipsets, SoCs, Systems & IP Cores and semiconductor linked design. The scheme provides both “Product Design Linked Incentive” and “Deployment Linked Incentive”.

In addition to the incentives offered under the Schemes highlighted above, Government has adopted various measures/steps to promote electronics manufacturing inter alia exports and ease of doing business in the country. The steps taken by the Government for the expansion of electronic manufacturing and exports in the country are at **Annexure I**.

**B. Innovation and IPR:** Ministry of Electronics & Information Technology (MeitY) has undertaken a slew of proactive, preemptive and graded measures to spur the technology led startup-innovation ecosystem in the country and giving an impetus to the new and emerging technologies. This proactive approach builds from established best practices designed to strengthen the overall tech startup development infrastructure by overcoming persistent bottlenecks to work grounds up seamlessly. Some of the major initiatives have been elucidated here:

- **TIDE 2.0 Scheme:** Technology Incubation and Development of Entrepreneurs (TIDE 2.0) Scheme was initiated in the year 2019 to promote tech entrepreneurship through financial and technical support to incubators engaged in supporting ICT startups using emerging technologies such as IoT, AI, Block-chain, Robotics etc. The Scheme is being implemented through 51 incubators through a three tiered structure with an overarching objective to promote incubation activities at institutes of higher learning and premier R&D organisations. The scheme is expected to provide incubation support to approximately 2000 tech start-ups with an overall outlay of Rs. 264 Crore over a period of five years.

- **MeitY Start-up Hub (MSH):** A nodal entity to interconnect deep tech startup infrastructure pan India a 'MeitY Start-up Hub' (MSH) has been set up under MeitY. MSH is assisting incubators and startups improving their scalability, market outreach, etc. and has also established partnerships with various stakeholders paving the way for an economy built on innovation and technological advancement. MSH has seen a consolidation of over 3360 startups, 480 incubators, 424 mentors and 22 state of the art Centres of Excellence (CoEs), successfully conducted/ being conducted 143 challenges in different technology areas encouraging development of innovative products / services to address current and pressing challenges.

- **Domain specific Centres of Excellence:** MeitY has envisaged and operationalised 26 Centres of Excellence (CoEs) in diverse areas of national interest for driving self-sufficiency and creating capabilities to capture new and emerging technology areas. These domain specific CoEs are act as enablers and aid in making India an innovation hub in emerging through democratisation of innovation and realisation of prototypes.

- **SAMRIDH Scheme:** Ministry of Electronics and Information Technology (MeitY) has launched the 'Start-up Accelerator Programme of MeitY for Product Innovation, Development and Growth (SAMRIDH)' in August 2021 with an aim to support existing and upcoming Accelerators to further select and accelerate potential software product based start-ups to scale. The total cost of the scheme is Rs. 99 Crore for a duration of 3 years. A total of 300 startups are to be supported under the SAMRIDH Scheme.

- **Next Generation Incubation Scheme (NGIS):** NGIS has been approved to support software product ecosystem and to address a significant portion of National Policy on Software Product (NPSP) 2019. The Scheme is proposed to be launched from 12 locations i.e. Agartala, Bhilai, Bhopal, Bhubaneswar, Dehradun, Guwahati, Jaipur, Lucknow & Prayagraj, Mohali/ Chandigarh, Patna &Vijaywada. The Scheme has solution oriented architecture and aims to handhold

300 Tech Start-ups in Tier-2/3 cities over a period of 3 years with the total budget outlay of Rs. 95.03 Crores.

- **Support for International Patent Protection in E&IT (SIP-EIT) Scheme:** Ministry of Electronics & Information Technology (MeitY) had initiated a scheme titled "Support for International Patent Protection in E&IT (SIP-EIT) that encourages international patent filing by Indian MSMEs and start-ups so as to encourage innovation and recognize the value and capabilities of global IP. Reimbursement provided under the scheme is upto a maximum of Rs.15 lakhs per invention or 50% of the total expenses incurred in filing and processing of patent application upto grant whichever is lesser.

**C. Research and Development in Electronics and I.T:**R&D Groups are supporting technology developments in electronics and Information Technology for various applications. The outcome of these R&D Groups may contribute in Make in India programme also.

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**Annexure-I**

Steps taken by the Government for the expansion of electronics manufacturing inter alia exports in the country:

1. **Special Economic Zones (SEZs)** are set up to enable hassle-free manufacturing and trading for export purposes and **Electronic Hardware Technology Park (EHTP)** units are the major contributors to exports.
2. **Remission of Duties and Taxes on Exported Products (RoDTEP)**: The scheme for re-imbursement of currently un-refunded Central, State and Local Taxes and Duties incurred in the process of manufacture and distribution of exported products has been put into effect from 01.01.2021 through a Central Board of Indirect Taxes and Customs (CBIC) advisory. Major Components of such taxes is electricity duty and VAT on fuels used in transportation / distribution. The Scheme is being implemented by CBIC in an online environment.
3. **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.
4. **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.
5. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile phones 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 phones has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition.
6. **Tariff Structure has been rationalized** to promote domestic manufacturing of electronic goods, including, inter-alia, Cellular mobile phones, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment.
7. **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.
8. **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.
9. **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.
10. **Public Procurement (Preference to Make in India) Order 2017**: 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 Orders dated 28.05.2018, 29.05.2019, 04.06.2020 and 16.09.2020. In furtherance of the aforesaid Order, MeitY vide Notification dated 07.09.2020 has notified 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, for procurement to be made from locals suppliers.
11. **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 and the order is applicable on all product categories.

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