

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2147
TO BE ANSWERED ON 13.12.2024

**EMPLOYMENT OPPORTUNITIES IN SMARTPHONE
MANUFACTURING SECTOR**

2147. SHRI BABUBHAI JESANGBHAI DESAI:

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

- (a) the number of jobs created in smartphone manufacturing sector and its ancillary industries over the last five years, year-wise, State-wise;
- (b) the steps taken by Government to further boost employment opportunities in this sector;
- (c) the benefits of surpassing \$2 billion in smartphone exports for domestic market including technological advancements, skill development and its impact on employment generation and improving India's global competitiveness;
- (d) whether Government plans to introduce new policies to enhance contribution of this sector to the economy, if so, the details thereof; and
- (e) the initiatives under PLI scheme to ensure sustained export growth and attract further investment in smartphone industry?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI JITIN PRASADA)

(a) to (e): As per the industry estimates, over the past five years, mobile phone production in India has grown substantially, increasing from Rs. 2,14,000 Cr in FY 2019-20 to more than Rs. 6 Lakh Cr in FY 2024-25 till Oct'24. This growth has supported employment for approximately 12 lakh individuals, spanning direct and indirect employment in manufacturing, logistics, supply chain management, and allied industries.

States like Tamil Nadu, Karnataka, and Uttar Pradesh have emerged as key employment hubs due to the concentration of large-scale smartphone manufacturing facilities. Government has taken several measures to boost electronics manufacturing as well as to boost employment opportunities in this sector. India's smartphone exports have surpassed US\$ 2 billion in October 2024 marking the highest ever exports recorded in single month.

To attract and incentivize large investments in the electronics value chain and promote exports, following policy initiatives has been taken:

- (i) Government has approved Semicon India programme with a total outlay of Rs76,000 crore for the development of semiconductor and display manufacturing ecosystem in the country. This programme provides:
 - i. Fiscal support of 50% of the project cost on *pari-passu* basis for setting up of Silicon Complementary Metal-Oxide-Semiconductor (CMOS) based Semiconductor Fabs in India.
 - ii. Fiscal support of 50% of Project Cost on *pari-passu* basis for setting up of Display Fabs in India.

- iii. Fiscal support of 50% of the Capital Expenditure on *pari-passu* basis for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including Micro-Electro-Mechanical Systems) Fab/ Discrete Semiconductor Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / Outsourced Semiconductor Assembly and Test (OSAT) facilities in India.
- iv. Product Design Linked Incentive of up to 50% of the eligible expenditure subject to a ceiling of ₹15 Crore per application and also “Deployment Linked Incentive” of 6% to 4% of net sales turnover over 5 years subject to a ceiling of ₹30 Crore per application for incentivising chip design.

Government has also approved modernisation of Semi-Conductor Laboratory, Mohali. Besides, MoU for cooperation in development of semiconductor ecosystem have been signed with Singapore, USA, European Union and Japan.

Applied Materials has set up a collaborative engineering centre in Bengaluru with an investment of 400 million dollars over 4 years. This engineering centre is focused on development and commercialisation of technologies for semiconductor manufacturing equipment. AMD has established its largest global design center, AMD Technostar, in Bengaluru. This centre is focused on the design and development of semiconductor technology including 3D stacking, artificial intelligence, and machine learning.

India is well on its path to create a robust semiconductor ecosystem in the country. 5 semiconductor units with cumulative investment of Rs 1.52 Lakh Crore have been approved under the Semicon India Programme. Construction on these units is going on at a rapid pace.

17 semiconductor design companies are being supported under the Design Linked Incentive Scheme. Additionally, 48 semiconductor design companies have been approved for access of the EDA tools made available by National EDA Tool Grid setup at ChipIN Centre at C-DAC Bengaluru.

The approved semiconductor manufacturing facilities under Semicon India Programme are expected to generate direct employment of about 25,000 advanced technology jobs and about 60,000 indirect jobs.

(ii) Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing was notified on April 1, 2020 to provide 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. After the success of the First Round of Production Linked Incentive Scheme, under second round 16 companies were approved to provide incentives of 5% to 3% on incremental sales of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. Till Oct'2024, the companies approved under the PLI Scheme for LSEM have made cumulative investment of INR 9,349 Cr, leading to cumulative production of INR 6,14,115 Cr and generated additional employment of 1,28,688 (Direct jobs).

(iii) Production Linked Incentive Scheme (PLI) for IT Hardware was notified on March 03, 2021 to provide an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) year. The Target Segment under PLI Scheme includes (i) Laptops (ii) Tablets (iii) All-in-One PCs and (iv) Servers. Further Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 was notified on May 29, 2023 with a budgetary outlay of 17,000 crore provides an average incentive of around 5% on net incremental sales (over base year) of target segment products for a period of 6 years. The target segment products include: Laptops, Tablets, All-in-One PCs, Servers and Ultra Small Form Factor.

(iv) Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) was notified on April 01, 2020 to 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.

(v) Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme was notified on April 01, 2020 to 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.

(vi) 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.
