

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 2426
TO BE ANSWERED ON 30.11.2016

ELECTRONIC MANUFACTURING

2426 SHRI N.K. PREMACHANDRAN:
SHRIMATI PRATYUSHA RAJESHWARI SINGH:
SHRI GANESH SINGH:

Will the Minister of Electronics and Information Technology be pleased to state:

- (a) whether the Government proposes to promote electronics manufacturing sector to include it in Make in India Programme to make the country self sufficient in electronic manufacturing and generating employment;
- (b) if so, the action taken by the Government in this regard along with the employment generated in the sector during the last two years and the current year;
- (c) whether Government has received proposals from State Governments for Electronic Manufacturing Cluster (EMC) and Electronic System Design Manufacturing (ESDM) incubation centre and some of them particularly for ESDM from Odisha and EMC for Gwalior is pending with the Government;
- (d) if so, the details thereof and the reasons therefore along with the action taken by the Government to approve these proposals;
- (e) whether the electronic manufacturing industries are facing difficulties for its rapid growth; and
- (f) if so, the action taken by the Government to remove the difficulties?

ANSWER

MINISTER OF STATE FOR MINISTRY OF ELECTRONICS AND
INFORMATION TECHNOLOGY (SHRI P.P. CHAUDHARY)

(a) and (b). Yes, Sir. The Government is taking initiatives to promote electronics manufacturing in the country. Electronics manufacturing is one of the 25 focus sectors of the Make in India programme, which seeks to transform India into a global design and manufacturing hub. The promotion of electronics manufacturing is one of the pillars of Digital India programme and the target to achieve “Net Zero import” by 2020 is a manifestation of the intent. During past 14 months, approximately 40 new manufacturing units for mobile handsets have been established providing 1,20,000 (approximately) direct & indirect employment opportunities. In the past 5-6 months, about 15 new manufacturing/ assembling units for components/ accessories of mobile handsets have been set up in the country providing employment to approximately 20,000 persons. Further, approvals have been accorded to 75 applications seeking incentives under Modified Special Package Scheme(M-SIPS) of Ministry envisaging employment opportunities for 29328 persons. Under the Electronics Manufacturing Cluster Scheme (EMC) Scheme, 13 EMCs have been accorded final approval which is expected to generate 1.78 Lakh employment

opportunities in coming years. Also, approval has been accorded for setting up of 04 Incubation Centers, which are expected to support around 180 start ups in ESDM sector.

(c) and (d): Under Electronics Manufacturing Cluster Scheme (EMC) Scheme, 24 applications for setting up EMCs have been received from State Government or their agencies. This includes proposals for setting up an EMC at Infovalley, Bhubaneswar Industrial Area, Odisha and one at Gwalior, Madhya Pradesh. The proposal for setting up of Greenfield EMC at Infovalley, Bhubaneswar Industrial Area, Odisha has been accorded final approval on 05.09.2016 and the proposal for setting up of Greenfield EMC at Gwalior, Madhya Pradesh is under consideration for in-principle approval. A proposal for setting up of ESDM Incubation Centre at Bhubaneswar, Odisha from STPI has been received with a total outlay of ` 22.44 crore including Grant-in-Aid from MeitY for ` 11.22 crore and Government of Odisha contribution of ` 11.22 crore. Software Technology Parks of India (STPI) has been requested to provide certain clarifications on the said proposal.

(e) and (f): Holistic, investor friendly and market driven initiatives are being taken towards creating conducive environment to attract global and domestic companies to invest in electronics manufacturing sector in the country. The steps taken by the Government to promote electronics hardware manufacturing in the country are enclosed as Annexure.

Steps taken by the Government to promote electronics manufacturing in the country

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India Initiative of the Government.
2. The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market.
3. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects. For high technology and high capital investment units such as Fabs, production subsidy @ 10% is also provided.
4. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of ` 50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of ` 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of ` 50 Crore is provided.
5. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
6. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
7. 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. The export incentive for electronic goods is available @ 2-3% of FOB value of export. Zero duty EPCG scheme allows import of capital goods at zero customs duty, subject to specified export obligation.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods, including *inter-alia* Televisions, Electronic Components, Set Top Boxes, LED Products, Medical Electronics, Solar PV Cells and Microwave Ovens.
10. To promote indigenous manufacturing of Televisions, baggage rules have been amended to ban duty free import of Flat Panel Television Sets w.e.f. August 2014 under the baggage allowance.
11. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.

Skill Development

12. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector have been approved to provide human resource for the industry.
13. The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.

Promtion of Innovation and R&D

14. Electronic Development Fund (EDF) policy has been formulated to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. The supported Daughter Funds will promote innovation, R&D, and product development within the country.
15. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System (titled iCAS) has been developed 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 4-5 per license for other competing products. The implementation of iCAS in the cable networks has already started.
16. An Electropreneur park has set up in New Delhi for providing incubation for development of ESDM sector which will contribute to IP creation and product development in the sector.
17. 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, Entrepreneurships, International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
18. 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.
19. Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
20. An Incubation center with focus on medical electronics has been set up at Indian Institute of Technology-Patna.
21. An Incubation Center at Kochi with focus on consumer electronics is being set up at IIITM, Kochi.
22. The Ministry of Electronics and Information Technology (MeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
23. MeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote Innovation, IP creation, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to industries for doing collaborative research with an academic institution in the priority areas with a timeline of not more than two years. The funding is given on re-imburement mode based on the expanses incurred in implementing the project.
24. MeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing challenges associated with the development of innovative medical electronics and making it available, accessible and affordable to the people at the bottom of the pyramid.
25. An Incubation Center at Hyderabad with focus on fabless chip design is being set up at IIT-Hyderabad.
26. The stakeholders of the Electronics System Design & Manufacturing (ESDM) sector have been engaged through various events such as conferences, seminars and workshop to disseminate the government initiatives and to make the country self sufficient in electronic manufacturing.
