

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.5156
TO BE ANSWERED ON 05.04.2017

MANUFACTURING OF SEMI CONDUCTOR UNITS

5156. DR. K. KAMARAJ:

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

- (a) the present status of semi-conductor industry in the country and the growth expected in the next three years;
- (b) whether the demand of the industry is mainly being met through import;
- (c) if so, the details thereof; and
- (d) the action taken by the Government to bridge the gap between import and indigenous manufacturing of semi-conductors?

ANSWER

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

(a), (b) and (c): Semiconductor manufacturing capability in India is at a nascent stage and is limited to manufacturing of discrete devices only. India has semiconductor fabrication facilities at lab scale and does not have any commercial semiconductor wafer fabrication facility. As per Electronic Industries Association of India (ELCINA), the consumption of semiconductors in India is estimated to increase from approx. USD 10 Billion in 2013 to approx. USD 52.58 Billion by 2020, at a Compound Annual Growth Rate (CAGR) of 26.72%. Presently, the demand is primarily met by imports. However, India is well positioned in the Semiconductor Design segment. As per India Electronics and Semiconductor Association (IESA), around 200 semiconductor companies including the top 10 global fabless companies have their semiconductor design operations in India and employ around 2,50,000 professionals.

(d): Promotion of electronics hardware manufacturing is one of the pillars of Digital India programme of the Government. List of steps taken to promote electronics hardware manufacturing ecosystem in the country, including setting up of semiconductor wafer fabrication facilities, is enclosed at **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 campaign 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 like 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 Rs.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 Rs.50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
5. An Empowered Committee has been constituted by Government of India for setting up Semiconductor Wafer Fabrication (FAB) facilities in the country.
6. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
7. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
8. 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% of FOB value of export. Zero duty EPCG scheme allows import of capital goods at zero customs duty, subject to specified export obligation.
9. 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.
10. 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.
11. 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.
12. 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

13. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.
14. 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.

Promotion of Innovation and R&D

15. Electronic Development Fund (EDF) policy has been operationalized 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, product development and within the country.
16. A fabless chip design incubator centre is being set up at IIT Hyderabad to incubate start-ups in semiconductor design. This Incubator will incubate 50 start-ups over a period of 5 years.
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; Ecosystems; Entrepreneurship; 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. 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.
