

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 2375
TO BE ANSWERED ON 01.08.2018

ELECTRONICS MANUFACTURING POLICY

2375. SHRIMATI VASANTHI M.:

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

- (a) whether it is true that new electronics manufacturing policy is on the anvil and work is also on for rolling out an upgraded software products architecture and if so, the details thereof;
- (b) whether it is also true that the Government is considering to encourage electronics and digital exports on a large scale, if so, the details thereof;
- (c) whether it is also true that the new policy will focus majorly on new age digital applications in the field of data analysis, artificial intelligence, internet-of-things, virtual reality, healthcare, augmented reality and robotics; and
- (d) if so, the details thereof?

ANSWER

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

(a) to (d): The National Policy on Electronics 2012 (NPE 2012) was notified in November 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. Promotion of electronics hardware manufacturing is one of the pillars of "Digital India" programme of the Government. Several measures taken by the Government for promotion of indigenous manufacturing and export of electronic goods, listed at Annexure, have successfully laid the foundation for a competitive Electronics System Design and Manufacturing (ESDM) Industry in the country. As a result, the production of electronic goods in the country 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%. Government has held consultation with stakeholders with the purpose to update the existing policy. In the consultation meetings, steps required to encourage R&D, Innovation and manufacturing in emerging technology areas such as 5G, Internet of Things (IoT)/ Sensors, Artificial Intelligence (AI), Machine Learning, Augmented Reality (AR) and Virtual Reality (VR), including Medical and Automotive Electronics, as well as encouraging electronics exports on a large scale have also been discussed.

As per the National Association for Software and Services Companies (NASSCOM) Strategic Review 2017, the software products industry is estimated to be US\$ 413 billion globally. However, in India, the software products industry is still in its infancy stage. The revenue of software products industry in India is US\$ 7.1 billion, at present, out of which approximately US\$ 2.3 billion is from exports. This sector has the potential to grow significantly through a conducive policy and business environment. With changing paradigm of the IT Industry, where Block Chain, IoT, Cloud and other technologies are taking centre stage, a need has emerged to focus on products in order to sustain our growth and leadership position. This *inter-alia* involves promoting the ecosystem to nurture technology start-ups, up-skilling of IT professionals, providing a level playing field to Indian software product companies, facilitating ease of doing business, creating an enabling environment for innovation, R&D and IP

creation & protection and creating talent pool for the industry. Government has held consultation with stakeholders with the purpose to examine if a policy on software products is required.

Annexure

Steps taken by the Government for promotion of indigenous manufacturing and export of electronic goods

- (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. The scheme is available for both new projects and expansion projects, and is 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 21st October, 2017. Further period of 5 years is available for disbursement of funds for the approved applicants. Under the scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) covering a land area of 3,565 acres have been accorded final approval for development of infrastructure and common facilities at a cost of Rs.3,896 crore, including Government Grant-in-aid of Rs.1,577 crore. An area of 3,565 acres across 15 states is being developed in these EMCs for setting up of Electronics industry across the country.
 - (iii) Tariff Structure has been rationalized to promote indigenous 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. To promote domestic value addition in mobile handsets and their parts/ components manufacturing, a Phased Manufacturing Programme (PMP) has been notified. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country during the past three years.
 - (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.
- Promotion of Innovation and R&D**
- (vii) 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. Twenty two Daughter Funds have been selected for investment through EDF. The cumulative commitment of EDF to these 22 Daughter Funds is Rs.1,227 crore and the total targeted corpus of these 22 Daughter Funds is around Rs.10,900 crore. MeitY has released Rs.51.24 crore to EDF, which in turn has released Rs.46.55 crore to six Daughter Funds. As on 30th June 2018, these six Daughter Funds have invested Rs.1.69 crore in 45 Startups/ Ventures.
 - (viii) Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Indian Conditional Access System (iCAS) has been developed in Public-Private Partnership 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.
 - (ix) 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”.

- (x) 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.
- (xi) 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; Ecosystem; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
- (xii) 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.
- (xiii) Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
- (xiv) An Incubation centre with focus on medical electronics has been set up at IIT-Patna.
