

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 45
TO BE ANSWERED ON 18.07.2018

INCENTIVES TO BOOST ELECTRONIC EXPORTS

45. SHRI KONAKALLA NARAYANA RAO:

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

- (a) whether the Government is proposing to announce special packages to boost the electronics export and remove the hindrances in electronics export as a part of facilitating the ease of doing business programme;
- (b) if so, the details thereof; and
- (c) the details of the incentives being given to the electronic industry and included in the National Electronics Policy?

ANSWER

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

(a) to (c): Promotion of electronics hardware manufacturing is one of the pillars of “Digital India” programme of the Government. Several initiatives have been taken by the Government for promotion of indigenous manufacturing and export of electronic goods, which are as follows:

- (i) 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. The scheme is open to receive applications till 31.12.2018. Under the scheme, so far, 172 projects with proposed investment of Rs.37,317 crore have been approved.
- (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 applicant. 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) 10 electronic products have been notified by MeitY on 14.09.2017, in furtherance of the Department of Industrial Policy and Promotion's Public Procurement (Preference to Make in India) Order 2017.
- (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) 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 manufacturing of mobile handsets, a Phased Manufacturing Programme (PMP) has been notified.
- (vii) Electronics Development Fund (EDF) is 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.169 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) 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.
