

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA

UNSTARRED QUESTION NO.3643

TO BE ANSWERED ON THE 2ND JANUARY, 2019

ELECTRONIC INDUSTRY IN DEFENCE

3643. SHRI N.K. PREMACHANDRAN:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government proposes to use the development of electronic industry in defence sector considering its large scope in aerospace and defence and if so, the details of the initiatives;
- (b) whether the Government proposes to modernize its A&D capital equipment base and if so, the details thereof;
- (c) whether the domestic electronic industry is sufficient for meeting the demand of defence and if so, the details thereof;
- (d) if not, the action taken by the Government for development of domestic electronic industry and modification of weapons; and
- (e) whether the Government proposes private participation for development of electronic industry in defence sector and if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(DR. SUBHASH BHAMRE)

रक्षा राज्य मंत्री

(डा. सुभाष भामरे)

(a) to (d): The Government proposes to promote indigenous product development and manufacturing in the entire value chain of the Defence Electronic sector and to develop capacities for manufacturing of strategic electronic within the country with increasing value addition. It proposes to use it to leverage India's strength in IT / software area to support Aerospace and defence driven Ecosystem. The steps taken by the Government for promotion of domestic electronic industry is given in Annexure.

(e) As a part of Government efforts to develop specialized zones dedicated to defence production including electronic industry in defence sector, the Government has announced setting up of two defence corridors, one in Uttar Pradesh and other in Tamil Nadu. Detailed project report on defence corridors is under preparation.

ANNEXURE REFERRED IN THE REPLY GIVEN IN PARTS (a) to (e) OF LOK SABHA UNSTARRED QUESTION NO. 3643 FOR ANSWER ON 2.1.2019

Following are the steps taken by Government for promotion of domestic electronics manufacturing:

1. Modified Special Incentive Package (MSIPS) provides financial incentives to offset disability and attracts investments in the Electronic Systems Design and Manufacturing sector. The scheme is available for both new projects and expansion project, and is open to receive applications till 31.12.2018.
2. Electronics Manufacturing Clusters (EMC) Scheme to provide financial support for creation of state-of- the art infrastructure for electronics manufacturing units.
3. Tariff Structure has been rationalized to promote domestic manufacturing of electronic goods, including inter-alia mobile handsets, Televisions etc.
4. 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.
5. For promotion of exports in the sector, Merchandise Exports from India Scheme (MEIS) and Export promotion capital goods (EPCC) are available under Foreign trade policy, 2015-20.
6. The imports of used plant and machinery having a residual life of at least 5 years or use by the electronics manufacturing industry has been simplified through the amendment of Hazardous and other wastes Rules, 2016.
7. Notified capital goods for manufacture of specified electronic goods are permitted for import at 'Nil' Basic customs duty.
8. The Department of Revenue vide Notification No.60/2018-Customs dated 11.09.2018 has amended the Notification No.158/95-customs dated 14.11.1995, relaxing the ageing restriction from 3 years to 7 years for specified electronic goods manufactured in India and re-imported into India for repairs or reconditioning.

Steps taken to promote innovation and R&D:

1. **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.**
2. **Ministry of Electronics and Information Technology (MeitY) provides grant-in- aids support to institutes of higher learning like IITs, IISc, Central Universities and R&D Organizations to conduct research in identified thrust areas.**
3. **An Electropreneur park has been set up in New Delhi for providing incubation for development Electronic System Design & Manufacturing (ESDM) sector which will contribute IP creation and Product Development in the sector.**
4. **National Centre of Excellence for Technology on Internal Security (NCETIS) has been set up at IIT-Mumbai 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.**
5. **Centre of Excellence on Internet of Things (IoT) has been set up in Bengalure jointly with NASSCOM.**
6. **An incubation centre with focus on medical electronics has been set up at IIT- Patna.**
