

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

**LOK SABHA**

**UNSTARRED QUESTION NO. 1306.  
TO BE ANSWERED ON MONDAY, THE 11<sup>TH</sup> FEBRUARY, 2019.**

**MANUFACTURING OF MOBILE HANDSETS**

**1306. SHRI RAM KUMAR SHARMA:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

**वाणिज्य एवं उद्योग मंत्री**

- (a) whether many industrial houses are in the business of manufacturing mobile handsets in the country;
- (b) if so, the number of such companies engaged in this business as on December 2018 and the number of such manufacturing units amongst them functioning in special Economic Zones;
- (c) whether these companies are getting tax rebates from the Government as they are functioning in Special Economic Zones; and
- (d) if so, the details of the benefits provided to these companies by the Government?

**ANSWER**

**वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री सी.आर. चौधरी)**

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRI C.R. CHAUDHARY)**

**(a) & (b):** Yes, Madam. As per information received from the Ministry of Electronics and Information Technology, presently, 127 units are manufacturing mobile handsets in the country and all of them are operating from the Domestic Tariff Area (DTA). Further, as per information received from the Department of Commerce, two units namely M/s Flextronics Technologies (I) Pvt. Ltd. and M/s Pertech Exports Pvt. Ltd. have been granted letter of approval for manufacture of mobile handsets in SEZs.

**(c) & (d):** As per information received from the Ministry of Electronics and Information Technology, the mobile handset manufacturing operations in DTA are governed by the applicable duty structure. The benefits available to manufacturer of mobile handsets, inter-alia, include rationalized tariff structure and a Phased Manufacturing Programme (PMP) and their sub-assemblies/ parts; availing Capex benefits under the Modified Special Incentive Package Scheme (M-SIPS); 100% FDI

permitted for manufacture of mobile handsets and their sub-assemblies/ parts; export incentive of 4% of FoB value of export under the Merchandise Export from India Scheme (MEIS); and specified capital goods for manufacture of mobile handsets are permitted for import at 'Nil' Basic Customs Duty (BCD).

Further, the Department of Commerce has informed that benefits available to the units under SEZ Act, 2005 & SEZ Rules, 2006 inter-alia, includes duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units; 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years; exemption from Central Sales Tax, exemption from Service Tax and exemption from State sales tax (These have now subsumed into GST and supplies to SEZs are zero rated under IGST Act, 2017); and exemption from other levies as imposed by the respective State Governments.

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