

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.5221
TO BE ANSWERED ON 24.07.2019

MOBILE MANUFACTURING IN INDIA

5221. SHRI SHANMUGA SUNDARAM K.:
SHRI KANAKMAL KATARA:

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

- (a) the quantum of mobile phones and its accessories imported in the country during each of the last three years and the current year;
- (b) whether the Government proposes to promote the setting up of more manufacturing factories by mobile companies in the country;
- (c) if so, the details thereof and the steps taken by the Government in this regard;
- (d) whether the Government proposes to levy additional duties on import of mobiles and its components and if so, the details thereof; and
- (e) the other steps taken by the Government to encourage the indigenous mobile manufacturers?

ANSWER

MINISTER FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a): The quantum of mobile phones and its accessories namely, power bank, headset and USB cable imported in the country during each of the last three years and the current year are as under [Source: Directorate General of Commercial Intelligence and Statistics (DGCIS)]:

(Quantity in crore nos.)

Item	2016-17	2017-18	2018-19	2019-20 (upto May, 2019)
Mobile Phone falling under HS 851712	7.58	9.05	2.70	0.07
Power Bank (Lithium-ion) falling under HS 85076000	10.94	18.38	62.74	9.48
Headset falling under HS 85183000	30.09	37.14	44.98	7.32
USB Cable falling under HS 85444220, 85444292 and 85444299	0.75	19.72	26.91	3.01

(b) to (e): Government is promoting the setting up of manufacturing factories for mobile phones and their accessories and parts in the country. Steps taken by the Government in this regard are annexed.

The imports of mobile phones attract Basic Customs Duty (BCD) of 20% and there is no proposal under consideration of Government to levy additional duty on import of mobile phones. However, BCD is being imposed on the specified sub-assemblies and parts of mobile phones, in accordance with the Phased Manufacturing Programme (PMP).

Notification of PMP has enabled the mobile phones and related sub-assemblies/ parts manufacturing industry to plan their investments in the sector.

Annexure

Steps taken by the Government for the promotion of setting up of manufacturing factories for mobile phones and their accessories and parts in the country

- (i) Tariff Structure has been rationalized to promote domestic manufacturing of electronic goods, including, mobile phones and their accessories and parts.
- (ii) To promote domestic value addition in mobile phones and their accessories and parts, 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 four years. The manufacturing of mobile phones and their accessories and parts has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (SKD) level, thereby progressively increasing the domestic value addition.
- (iii) The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019. The objective of the NPE 2019, *inter-alia*, include targeted production of 1.0 billion (100 crore) mobile phones by 2025, valued at USD 190 billion (approximately INR 13,00,000 crore), including 600 million (60 crore) mobile phones valued at USD 110 billion (approximately INR 7,00,000 crore) for export.
- (iv) Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the electronics manufacturing sector. The scheme was open to receive applications till 31.12.2018 for new projects as well as expansion projects. The scheme provides 20-25% subsidy for investments in capital expenditure for setting up of an electronic manufacturing facility (20% for SEZ Units and 25% for non-SEZ Units). The incentives are available for 44 categories of electronic products and product components, including mobile phones and their accessories and parts.
- (v) 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 21.10.2017. Further period of 5 years is available for disbursement of funds for the approved applicants. Under the scheme, financial assistance for Greenfield EMC was available upto 50% of the project cost subject to a ceiling of INR 50 crore for every 100 acres of land and for Brownfield EMC, 75% of the cost of infrastructure, subject to a ceiling of INR 50 crore was provided as Grant.
- (vi) As per extant Foreign Direct Investment (FDI) policy, FDI upto 100% under the automatic route is permitted for electronics manufacturing, subject to applicable laws/ regulations; security and other conditionalities.
- (vii) 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.
- (viii) 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.
- (ix) Notified capital goods for manufacture of specified electronic goods, including mobile phones and their accessories and parts are permitted for import at “Nil” Basic Customs Duty.
- (x) 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.
- (xi) In order to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India, Ministry of Electronics and Information Technology (MeitY) has notified “Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012” for mandatory compliance. As per the provisions of the order, the manufacturer has to get the product tested in laboratories recognized by Bureau of

Indian Standards (BIS), take registration from BIS and put the registration mark on the product. 44 product categories including mobile phones and their specified parts have been notified under the order.

- (xii) The Government has notified Public Procurement (Preference to Make in India) Order 2017 to encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment. In furtherance of the aforesaid Order, MeitY has notified local content for 11 Electronic Products, including mobile phones.
