

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 1381
TO BE ANSWERED ON 27th NOVEMBER, 2019

EXPORTS OF ELECTRONICS ITEMS

1381. SHRI MANOJ KOTAK:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the manufacturing and exports of electronic items in the country has dropped in the last five years;
- (b) if so, the reasons therefor;
- (c) the details of the manufacturing and exports of electronics in India in the last five years;
- (d) the details of the Government initiatives to boost the manufacturing of electronic items in India; and
- (e) the details of the number of electronic companies started in India under the “Make in India” Project?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)
THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) to (c) : No Sir. Manufacturing and exports of electronic items in the country has not dropped in the last five years.

The details of manufacturing and exports of electronic items for the last five years are as under :-
(Value in INR crore)

Year	Export [#]	Production*
2014-15	38,263	190,366
2015-16	39,064	243,263
2016-17	39,980	317,331
2017-18	41,220	388,306
2018-19	61,908	458,006

(Source: # Export Data taken from DGFT website / * Production data from MeitY Annual Report 2018-19)

(d) : Initiatives taken by the Government of India to boost the manufacturing of electronic items in India are at **Annexure**.

(e) : As per the information provided by India Cellular and Electronics Association (ICEA), about 268 units have come up during last 4-5 years (as against 2 units in 2014), which are manufacturing cellular mobile handsets and their sub-assemblies/ parts/ components in the country.

Under the Modified Special Incentive Package Scheme (M-SIPS), 177 applicants have started incurring investments amounting to Rs.17,144 crore, of which 160 applicants have commenced commercial production with an investment of Rs.14,591 crore.

Steps taken by the Government for promotion of domestic electronics manufacturing :

- (i) 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. Under the scheme, 409 investment proposals, involving investment of Rs.1,10,004 crore are under consideration (as on 10.10.2019).
- (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 21.10.2017. Further period of 5 years is available for disbursement of funds for the approved applicants. Under the scheme, approval has been accorded for setting up of 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) in 15 States across the country.
- (iii) Tariff Structure has been rationalized to promote domestic manufacturing of electronic goods, including, *inter-alia*, Cellular mobile handsets, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment. 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 four years. The manufacturing of mobile handsets and their parts/ components has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (SKD) level, thereby progressively increasing the domestic value addition.
- (iv) 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.
- (v) 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.
- (vi) Notified capital goods for manufacture of specified electronic goods are permitted for import at "Nil" Basic Customs Duty (BCD).
- (vii) 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.
- (viii) In order to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India, 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 have been notified under the order.
- (ix) The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019. The vision of NPE 2019 is to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally.

- (x) A graded Basic Customs Duty (BCD) structure has been provided for certain electronic goods such as mobile phone handsets, lithium ion battery, air-conditioners, LCD TVs etc. Under graded BCD structure, in general, BCD on inputs is prescribed at a lower rate than the finished goods to incentivize domestic value addition.

The BCD levied on open cell (15.6" and above) for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV Panels has been reduced to Nil from 5% vide Notification No.30/2019 dated 17.09.2019, till September 2020. BCD has also been exempted on following inputs to promote domestic manufacturing of open cells:

- Chip on Film
- Printed Circuit Board Assembly (PCBA)
- Cell (glass board/substrate)

(xi) **Corporate Income Tax Reduction:**

Domestic companies can now opt for concessional tax regime @22% (25.17% inclusive of surcharge and cess) provided that such a company has not claimed any income tax incentive or exemption. Such companies will also not be liable to pay Minimum Alternate Tax (MAT). Further, to attract fresh investments in manufacturing and boost Make in India programme, new provision has been made which allows new domestic companies incorporated on or after October 1, 2019, making fresh investment in manufacturing, and starting operations before March 31, 2023, an option to pay corporate income tax @15% (17.16% inclusive of surcharge and cess). Such company cannot avail any other income tax exemption/ incentive under the Income-Tax Act. Such companies will also not be liable to pay Minimum Alternate Tax (MAT).

MAT rate for companies availing exemptions/ incentives has been reduced from 18.5% to 15%.

Promotion of Innovation and R&D

- (xii) 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.
- (xiii) 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".
- (xiv) Indian Conditional Access System (iCAS) has been developed in Public-Private Partnership (PPP) mode to promote indigenous manufacturing of Set Top Boxes (STBs). The implementation of iCAS in the cable networks is underway.
- (xv) An Electropreneur park has been set up in New Delhi for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.
- (xvi) 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.

- (xvii) 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.
- (xviii) Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru, jointly with NASSCOM.
- (xix) An Incubation centre with focus on medical electronics has been set up at IIT-Patna.
- (xx) A fabless chip design incubation centre has been set up in IIT Hyderabad to incubate start-ups in semiconductor design and to provide one-stop service to start-ups intending to enter this space.
- (xxi) A Centre of Excellence (CoE) on FinTech at STPI Chennai has been set up to provide infrastructure, resources, coaching/ mentorship, technology support and funding to emerging start-ups in the FinTech sector through a collaborative approach including M/s intellect design as industrial partner, NPCI, UIDAI and Partner Banks as Yes Bank, PayPal, HSBC, IIT Chennai as knowledge partner and TiE Chennai to provide industrial connect.
- (xxii) An IoT OpenLab - a Centre of Excellence (CoE) for Internet of Things in partnership with Arrow Electronics at STPI Bangalore has been set up to provide academic and business mentoring of the startups in the IoT emerging technology area for developing products and/ or services around IoT.
- (xxiii) An ESDM Incubation Centre has been set up at Bhubaneswar with the objective of creating a holistic eco-system to promote ESDM innovation, R&D and create Indian intellectual property in the eastern region of the country.
