

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
STARRED QUESTION NO. *191
TO BE ANSWERED ON 04.03.2020

ELECTRONICS MANUFACTURING HUB

***191. SHRI SUNIL DATTATRAY TATKARE :
SHRI GAUTAM SIGAMAANI PON:**

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

- (a) whether the Government has earmarked huge funds to ensure that big international manufacturing firms set up their global supply chains in the country to make it an electronics manufacturing hub in the next five years and if so, the details thereof;
- (b) whether the Government proposes to disburse funds to these firms through production-linked incentive and replace the popular Modified Special Incentive Package Scheme, if so, the details thereof and the reasons therefor;
- (c) the criteria fixed by the Government for eligibility of companies for availing funds under the production linked incentive;
- (d) the targeted jobs, exports and direct tax likely to be generated through production linked incentive; and
- (e) whether the Government has set any tough qualification criteria to ensure that the funds are not used by those who manufacture devices only for the local market and if so, the details thereof?

ANSWER

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

- (a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.*191 FOR 04.03.2020 REGARDING ELECTRONICS MANUFACTURING HUB

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(a) and (b): The Government attaches high priority to electronics hardware manufacturing and it is one of the important pillars of both “Make in India” and “Digital India” programmes. The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019, with the vision to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and create an enabling environment for the industry to compete globally. One of the objectives of NPE 2019 is to promote domestic manufacturing and export in the entire value-chain of ESDM for economic development to achieve a turnover of USD 400 billion (approximately INR 26,00,000 crore) by 2025. This will include targeted production of 1.0 billion (100 crore) mobile handsets by 2025, valued at USD 190 billion (approximately INR 13,00,000 crore), including 600 million (60 crore) mobile handsets valued at USD 110 billion (approximately INR 7,00,000 crore) for export.

In order to achieve the aforesaid objective of NPE 2019, Ministry of Electronics and Information Technology (MeitY) has formulated the following schemes to incentivize domestic electronics manufacturing and enable the big electronics manufacturing firms to set up their global supply chains in the country to make it an electronics manufacturing hub in the next five years, which are under consideration of the Government:

- (i) Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing: The scheme proposes to provide production linked incentive of 4 - 6% on incremental sales of specific categories of electronic goods manufactured in India, viz., Mobile phones, Specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.
- (ii) Scheme for Promotion of manufacturing of Electronics Components and Semiconductors (SPECS): The scheme proposes to provide financial incentive of 25% on capital expenditure for the identified list of electronic goods, mainly covering electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods.

The Modified Special Incentive Package Scheme (M-SIPS) provided subsidy for investments in capital expenditure for setting up electronics manufacturing facilities (20% for units set up in SEZs units and 25% for non-SEZ units). This scheme was open to receive applications till 31.12.2018 for new projects as well as expansion projects. The proposed PLI Scheme is a new scheme and is not a replacement of the M-SIPS. The proposed SPECS scheme intends to offer financial incentive of 25% of capital expenditure for the manufacturing of specified goods that constitute the supply chain of an electronic product.

(c), (d) and (e): The eligibility criteria and other details are under consideration.
