

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 2103
TO BE ANSWERED ON: 04.03.2020

DOMESTIC PRODUCTION OF CONSUMER ELECTRONICS

2103 SHRIMATI POONAM MAHAJAN:

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

- (a) whether domestic production of consumer electronics is insufficient to meet its increasing demand within the country;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken/proposed to be taken by the Government to improve the domestic production of consumer electronics?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI SANJAY DHOTRE)

(a), (b) and (c): The domestic production of electronic items, including consumer electronics, at this point of time is not sufficient to meet its increasing demand within the country due to several disabilities which render domestic production of electronic items uncompetitive. These, *inter-alia*, include high cost of finance; logistics; and lack of electronic components eco-system.

The Government has taken several steps to improve the domestic production of electronic items, including consumer electronics as listed at **Annexure**. As a result, the domestic production of electronic items has increased substantially from Rs.1,90,366 crore in 2014-15 to Rs.4,58,006 crore in 2018-19. The production of consumer electronic items has increased from Rs.55,806 crore in 2014-15 to Rs.77,000 crore in 2018-19.

Annexure

The steps taken by the Government to improve the domestic production of electronic items, including consumer electronics

1. **National Policy on Electronics 2019:** 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.
2. **100% FDI:** As per extant Foreign Direct Investment (FDI) policy, FDI up-to 100% under the automatic route is permitted for electronics manufacturing, subject to applicable laws/ regulations; security and other conditions.
3. **Modified Special Incentive Package Scheme (M-SIPS):** The scheme was notified on 27.07.2012 to provide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further

amended in January, 2017 to expedite the investments. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories/ verticals of electronic products and components covering entire electronics manufacturing value chain. The scheme was open to receive applications till 31.12.2018 and is in the implementation mode.

4. **Electronics Manufacturing Clusters (EMC) Scheme:** Electronics Manufacturing Cluster Scheme has been notified on 22.10.2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,565 acres with total project cost of INR 3,898 crore including Government Grant-in-Aid of INR 1,577 crore have been approved.
5. **Electronics Development Fund (EDF):** 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 startups and companies developing new technologies in the area of electronics and Information Technology (IT). This fund is expected to foster R&D and innovation in these technology sectors. INR 659 crore has been committed through EDF to 11 Daughter Funds with a targeted corpus of INR 5,500 crore.
6. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile handsets and their parts/ components manufacturing. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country. The manufacturing of mobile handsets and their parts/ components has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition.
7. **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.
8. **Exemption from Basic Customs Duty on capital goods:** Notified capital goods for manufacture of specified electronic goods are permitted for import at “NIL” Basic Customs Duty.
9. **Simplified import of used plant and machinery:** 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.
10. **Relaxing the ageing restriction:** 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.
11. **Public Procurement (Preference to Make in India) Order:** 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, the Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department for Promotion of Industry and Internal Trade (DPIIT) Order dated 15.06.2017 and subsequent revisions vide Order dated 28.05.2018 and 29.05.2019. In furtherance of the aforesaid Order, MeitY has notified 11 Electronic Products viz., Desktop PCs, Laptop PCs, Tablet PCs, Dot Matrix Printers, Contact and Contactless Smart Cards, LED Products, Biometric Access Control/ Authentication Devices, Biometric Finger Print Sensors, Biometric Iris Sensors and Servers vide Notification dated 14.09.2017 and Cellular Mobile Phones vide Notification dated 01.08.2018.
12. **Compulsory Registration Order (CRO):** MeitY has notified “Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012” for mandatory compliance to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India. 44 Product Categories have been notified under the CRO.
13. **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.
14. **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.

15. **National Centre of Excellence for Next Generation AMOLED Displays, OLED Lighting and OPV**
2193Products has been set up at IIT-Madras with a mandate to collaborate with stakeholders to develop next-generation, state-of-the-art, high-volume and cost effective electronic components based on organic devices to address requirements through joint technology developments, to realize indigenous technologies for manufacturing.
