

GOVERNMENT OF INDIA
 MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.616
 TO BE ANSWERED ON: 05.02.2020

M-SIPS

616. SHRI RAHUL RAMESH SHEWALE:

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

- (a) the salient features of the Modified Special Incentive Package Scheme (M-SIPS) implemented by the Government in the country;
- (b) the number of proposals received by the Government under the said scheme since inception along with the present status of such proposals;
- (c) the investment made into the electronics hardware manufacturing during each of the last three years along with the employment generated from such investment across the country so far in the same period, State/UT wise;
- (d) the details of the subsidy provided by the Government for investment in Capital Expenditure so far under the said scheme; and
- (e) the other steps taken/being taken by the Government to promote electronic hardware manufacturing in the country?

ANSWER

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

(a): Modified Special Incentive Package Scheme (M-SIPS) was notified on 27th July, 2012. The scheme 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 salient features of the scheme are as follows:

- i. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs.
- ii. The scheme was open to receive applications till 31-12-2018.
- iii. The incentives are available for a period of 5 years from the date of approval of application.
- iv. The incentives are available for both new units and expansion units.
- v. The incentives are available for 44 categories/verticals of electronic products and components covering entire electronics manufacturing value chain.

(b): Under the Scheme, 397 proposals have been received and are under consideration. The status of the proposal is as below:

	Number	Investment (Rs. Crore)	Incentives Committed (Rs. Crore)
Approved	252	72,048	7,080
Under Appraisal	145	36,076	-
Total	397	1,08,124	7,080

(c): As per Quarterly Progress Reports received from the approved applicants under M-SIPS, statewise details of investment made by these applicants for the project under MSIPS, is as given below:

state	Number of units	Capex incurred till March 2018 (Rs Cr.)	Capex Incurred from April 2018 to March 2019 (Rs. Cr.)	Capex incurred from April 2019 to Jan 2020 (Rs Cr.)	Employment (Direct + Indirect)

Andhra pradesh	5	25	43	30	978
Daman	1	-	14	0	1634
Goa	7	9	59	125	1639
Gujarat	14	124	58	3555	6668
Haryana	25	442	327	390	9719
Himachal Pradesh	3	-	20	15	519
Karnataka	28	1096	810	459	5532
Kerala	4	110	0	0	5778
Madhya Pradesh	2	-	21	46	249
Maharashtra	36	1556	369	1011	11194
Rajasthan	8	601	117	366	3930
Tamil Nadu	13	217	193	465	8368
Telangana	3	4	26	164	770
Uttar Pradesh	22	219	2991	1057	43305
Uttarakhand	3	57	5	21	2350
West Bangal	4	243	0	73	2033
Goa/Maharastra/Tamilnadu/ UP	1	-	7	0	188
Telangana, Rajasthan and Uttar Pradesh	1	96	0	24	1845
Maharashtra and Karnataka	1	7	0	69	2675
Tamil Nadu and Uttar Pradesh	1	96	17	105	11240
	182	4902	5077	7976	120614

(d): As on date, incentives of Rs.897.07crore have been disbursed to 71 applicants.

(e): Following steps have been taken by Government to promote electronic hardware manufacturing in India:

- i. **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.
- ii. **100% FDI:** 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.
- iii. **Electronics Manufacturing Clusters (EMC) Scheme:** Electronics Manufacturing Cluster Scheme has been notified on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment in Electronics System Design and Manufacturing (ESDM) sector. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,565 acres with project cost of Rs 3,898 crore including Government Grant-in-Aid of Rs 1,577 crore have been approved.
- iv. **Electronics Development Fund (EDF):** EDF has been set up to provide risk capital to companies developing new technologies in the area of electronics, nano-electronics and Information Technology (IT). Rs. 659 crore has been committed through EDF to 11 Daughter Funds, with a targeted corpus of INR 5,500 crore.
- v. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile handsets and their parts/ components manufacturing.
- vi. **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.
- vii. **Basic Customs Duty on capital goods:** Government has also exempted import of notified capital goods for manufacture of specified electronic goods from Basic Customs Duty.
- viii. **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.

- ix. **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.
- x. **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.

