

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
STARRED QUESTION NO. *122
TO BE ANSWERED ON 10.02.2021

**EMPLOYMENT GENERATION IN ELECTRONICS
AND IT INDUSTRY**

***122. DR. BHARATI PRAVIN PAWAR:**

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

- (a) the details of the total employment generated in the Electronics and Information Technology industry in the country;
- (b) whether it is true that India has become a promising centre in recent years for manufacturing mobiles;
- (c) if so, the details of the number of mobile factories set up in the country during each of the last three years and the current year, State-wise;
- (d) whether the Government is taking any measures to encourage setting up of more mobile manufacturing factories in the country; and
- (e) if so, the response received by the Government in this regard?

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.*122 FOR 10.02.2021 REGARDING EMPLOYMENT GENERATION IN ELECTRONICS AND IT INDUSTRY

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(a): As per the National Association of Software and Services Companies (NASSCOM), the Information Technology (IT) industry employs over 43 lakh persons in the country. As per the Confederation of Indian Industry (CII), employment in Electronics hardware manufacturing industry in the country is estimated to be about 30 lakh persons.

(b) and (c): As a result of various initiatives of Government including Phased Manufacturing Programme (PMP), India has become a promising centre for mobile phones and their sub-assemblies/ parts manufacturing in recent years. The production of mobile phones has gone up significantly from around 6 crore units valued at INR 19,000 crore in 2014-15 to around 33 crore units valued at INR 2,14,000 crore in 2019-20.

As per Industry estimates, over 200 units are manufacturing mobile phones and their sub-assemblies / parts in the country, up from only 2 units manufacturing mobile phones in 2014. Most of the major brands (both foreign and Indian) either have already set up their own manufacturing facilities or are in the process of doing so or have sub-contracted manufacturing to Electronics Manufacturing Services (EMS) companies operating from the country.

The details of the number of factories producing mobile phones and their sub-assemblies / parts/ components in the country approved under the Modified Special Incentive Package Scheme (M-SIPS) of Ministry of Electronics and Information Technology (MeitY), year-wise and State-wise are at **Annexure-1**.

(d): Promotion of electronics hardware manufacturing, including manufacturing of mobile phones and their sub-assemblies / parts is one of the important pillars of both “Make in India” and “Digital India” programmes of the Government of India. The measures taken by the Government to promote electronics hardware manufacturing, including setting up of mobile phone manufacturing factories in the country are listed at **Annexure-2**. The key measures *inter-alia* include:

- (i) Government has notified the National Policy on Electronics 2019 (NPE 2019) 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 promotion of domestic manufacturing and export in the entire value-chain of mobile phone manufacturing.
- (ii) To attract and incentivize large investments in the electronics value chain and promote exports, Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing has been notified on 01.04.2020 under the aegis of NPE 2019. The Scheme provides an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.

(e): The PLI Scheme was announced in April 2020 and the last date for receipt of applications was 31.07.2020. The scheme has been a huge success in terms of the interest received from applicant companies and projected outcomes. The PLI Scheme is designed to attract global champion companies into India and promote Indian champion companies in electronic manufacturing. Over the next five years, the scheme is expected to lead to a total production of about INR 10.5 lakh crore. The scheme is expected to boost exports significantly and of the total estimated production, more than 60% is expected to be contributed by exports. The scheme is also expected to bring in additional investment in electronics manufacturing to the tune of INR 11,000 crore. Value addition by the approved companies is expected to go up from 20-25% presently to 35-40% by 2025.

Annexure-1

Factories producing mobile phones and their sub-assemblies / parts / components in the country approved under the Modified Special Incentive Package Scheme (M-SIPS)

State / Year	2014	2015	2016	2017	2018	2019	2020	Total
Uttar Pradesh	1	5	5	1	2	3	1	18
Maharashtra	2	3	4	1	1	-	2	13
Haryana	-	2	6	1	1	-	-	10
Tamil Nadu	-	2	2	2	1	1	-	8
Karnataka	-	2	2	-	2	1	-	7
Andhra Pradesh	-	1	3	-	-	-	1	5
Gujarat	-	1	3	-	-	-	-	4
Rajasthan	-	1	-	-	1	-	-	2
Telangana	-	-	1	-	-	-	1	2
Daman	-	-	1	-	-	-	-	1
Himachal Pradesh	-	-	1	-	-	-	-	1
Total	3	17	28	5	8	5	5	71

Annexure-2

Measures taken by the Government to promote electronics hardware manufacturing, including setting up of mobile phone manufacturing factories in the country

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.

To attract and incentivize large investments in the electronics value chain and promote exports, following three Schemes have been notified under the aegis of NPE 2019:

- (i) **Production Linked Incentive Scheme (PLI)** for Large Scale Electronics Manufacturing notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020 shall provide an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.
 - (ii) **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 shall provide financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods.
 - (iii) **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 shall provide support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers along with their supply chain to set up units in the country. The Scheme provides financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country.
2. **100% FDI:**As per extant Foreign Direct Investment (FDI) policy, FDI up-to 100% under the automatic route is permitted for electronics manufacturing (except from countries sharing land border with India), subject to applicable laws/ regulations; security and other conditions.
3. **Modified Special Incentive Package Scheme (M-SIPS):** The Scheme was notified on 27thJuly, 2012 to provide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It was 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 Clusters Scheme was notified on 22ndOctober, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. Under the Scheme, 19 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,464 acres with total project cost of INR 3,743 crore including Government Grant-in-Aid of INR 1,527 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 409 crore has been committed through EDF to 9 Daughter Funds with a targeted corpus of INR 2,626 crore.

6. **Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile phones and their sub-assemblies / parts 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 phones 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 phones, 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 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, 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 Orders dated 28.05.2018, 29.05.2019, 04.06.2020 and 16.09.2020. In furtherance of the aforesaid Order, MeitY has notified mechanism for calculating local content for 13 Electronic Products viz., (i) Desktop PCs, (ii) Thin Clients, (iii) Computer Monitors, (iv) Laptop PCs, (v) Tablet PCs, (vi) Dot Matrix Printers, (vii) Contact and Contactless Smart Cards, (viii) LED Products, (ix) Biometric Access Control / Authentication Devices, (x) Biometric Finger Print Sensors, (xi) Biometric Iris Sensors, (xii) Servers, and (xiii) Cellular Mobile Phones, for procurement to be made from local suppliers.
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. 63 Product Categories have been notified under the CRO and the order is applicable on 44 product categories.

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 Products** 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.
16. **Centre on Excellence (CoE) on Medical Electronics and Bio-Physics** has been approved to be set up at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam with a mandate of carrying out various R&D activities, strengthening innovations, IP creation, prototype modelling for Medical device manufacturers, including Electro-Biomaterial technology product manufacturers, etc.
17. **Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator:** The project for “Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator for High Power and High Frequency Electronics” has been approved. The project will be implemented by Society for Innovation and Development (SID), being converted to a Section 8 company titled “Foundation for Science, Innovation and Development” under the auspices of Indian Institute of Science (IISc) at Centre for Nano Science and Engineering (CeNSE), Bengaluru.
