

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 2741**  
TO BE ANSWERED ON 11.12.2024

**ENCOURAGING FDI IN ELECTRONIC MANUFACTURING SECTOR**

**2741. SMT. SAJDA AHMED:**

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

- (a) the details of the reforms made to improve the regulatory environment for electronic manufacturing in the country;
- (b) whether the Government assesses or has assessed the opportunities emerging for electronic manufacturing across the country particularly in West Bengal and if so, the details thereof;
- (c) the details of foreign investors or companies which have entered or proposed to enter the Indian market;
- (d) the steps taken by the Government to encourage foreign investment in the electronic manufacturing sector; and
- (e) the estimated job creation possibilities through these investments and reforms?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI JITIN PRASADA)

- (a) to (e): To attract and incentivize large investments in the electronics value chain and promote exports, following schemes and interventions have been made:
- (i) **Production Linked Incentive (PLI) Scheme for Large Scale Electronics:** So far, incremental investment of Rs 9,349 Crores had been made under this PLI scheme. This has led to production of more than Rs 6 Lakh Crores.
  - (ii) **PLI scheme for IT hardware:** So far, incremental investment of Rs 501 Crores has been made under this PLI scheme. This has led to production of more than Rs 10,245 Crores.
  - (iii) **Government has approved Semicon India programme with a total outlay of Rs 76,000 crore for the development of semiconductor and display manufacturing ecosystem in the country. Following four schemes have been introduced under the aforesaid programme:**
    - a. 'Modified Scheme for setting up of Semiconductor Fabs in India' extends a fiscal support of 50% of the project cost on *pari-passu* basis for setting up of Silicon CMOS based Semiconductor Fabs in India.
    - b. 'Modified Scheme for setting up of Display Fabs in India' extends fiscal support of 50% of Project Cost on *pari-passu* basis for setting up of Display Fabs in India.

- c. 'Modified Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab / Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities in India' extends a fiscal support of 50% of the Capital Expenditure on *pari-passu* basis for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) Fab/ Discrete Semiconductor Fab and Semiconductor ATMP / OSAT facilities in India.
- d. 'Design Linked Incentive (DLI) Scheme': In addition to the design infrastructure support, the scheme provides "Product Design Linked Incentive" of up to 50% of the eligible expenditure subject to a ceiling of ₹15 Crore per application and "Deployment Linked Incentive" of 6% to 4% of net sales turnover over 5 years subject to a ceiling of ₹30 Crore per application.

Government has also approved modernisation of Semi-Conductor Laboratory, Mohali. Besides, MoU for cooperation in development of semiconductor ecosystem have been signed with Singapore, USA, European Union and Japan.

Applied Materials has set up a collaborative engineering centre in Bengaluru with an investment of 400 million dollars over 4 years. This engineering centre is focused on development and commercialisation of technologies for semiconductor manufacturing equipment. AMD has established its largest global design center, AMD Technostar, in Bengaluru. This centre is focused on the design and development of semiconductor technology including 3D stacking, artificial intelligence, and machine learning.

India is well on its path to create a robust semiconductor ecosystem in the country. 4 semiconductor units with cumulative investment of Rs 1,48,746 Cr have been approved under the Semicon India Programme. Construction on these units is going on at a rapid pace.

15 semiconductor design companies are being supported under the Design Linked Incentive Scheme. Additionally, 41 semiconductor design companies have been approved for access of the EDA tools made available by National EDA Tool Grid setup at ChipIN Centre at C-DAC Bengaluru.

As a result of these initiatives, the domestic production of the electronics has grown from INR 5,33,550 Crores in FY 2019-20 to INR 9,52,200 Crores in FY2023-24 with compound annual growth rate ('CAGR') of about 16%. As per industry estimates, approximately 25 lakhs employment (direct and indirect) has been generated in the electronics sector.

Since April 2019, India has received FDI amounting to about USD 3,290 million (about 28 thousand Crore Rupees) from 356 companies in electronics sector. The year wise FDI received in electronics sector is as follows:

<b>FY</b>	<b>Investment(in USD Mn)</b>
2019-20	422.37
2020-21	375.31
2021-22	416.99
2022-23	539.96
2023-24	695.75
2024-25 (till Q2)	839.57
<b>Total</b>	<b>3289.94</b>
<i>Source: FDI Cell, DPIIT</i>	

Opportunities in electronic manufacturing are pan-India opportunities. Many states have developed their own policies on electronics manufacturing to develop electronics manufacturing ecosystem within the region, complementing national policies in the process. Therefore, any state/UT, including West Bengal, may capitalise on the opportunity to develop electronics manufacturing ecosystem in the state.

The following reforms have been taken to improve the regulatory environment for electronic manufacturing in the country:

- (i) **Compulsory Registration Order for greater flexibility in certification:** To ensure that the electronic product manufactured in the country conform to the safety standards, the government has notified electronic products under the schedule of Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2021 as per the scheme -II of BIS conformity Assessment Regulation, 2018 under BIS Act 2016. The details are available on MeitY's website (<http://meity.gov.in/esdm/standards>).
- (ii) **Phased Manufacturing Programme (PMP):** PMP has been notified to promote domestic value addition in Cellular Mobile handsets, Wrist Wearable Devices (commonly known as smart watches), and Hearable Devices and sub-assemblies / inputs / parts / sub-parts thereof.
- (iii) **Purchase Procurement Order (PPO):** Public Procurement Order prioritizes domestically manufactured products in public procurement to enhance domestic industry capabilities by progressively increasing local value addition, contributing to the broader goal of self-reliance.
- (iv) **Amendment in Import Policy to discontinue compulsory registration on CHIMs Portal:** DGFT vide notification 41/2024-25 dated 29.11.2024 has discontinued the Compulsory Registration under Chip Import Monitoring System (CHIMs) for ITC HS Codes 85423100, 85423900, 85423200, 85429000 and 85423300 for import of semiconductor chips covered under Chapter 85 of ITC (HS), 2022, Schedule-1(Import Policy). It shall enhance ease of doing business for the electronics and semiconductor ecosystem.
- (v) **100% Foreign Direct Investment (FDI):** As per extant 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. The FDI approval to land border sharing countries are being facilitated through the Press Note 3 (PN3) notification.
- (vi) **Simplifying the Visa Issuance process for PLI sector:** The government has revised and expanded the issuance of PLI business visa for electronic manufacturing from PLI approved companies to any company falling under the PLI sector. Further, the process to apply for a PLI business visa has been made completely online.
- (vii) **Clarification on Import of Goods at Concessional Rate (IGCR) across the electronics value chain and MOOWR units:** CBIC vide Circular No. 26/2024-Customs dated 21.11.2024 clarified that the goods being imported by the intermediate goods manufacturer which is MOOWR unit for further supplying after some manufacturing/ value addition to the final manufacturer of Cellular mobile phones are duly eligible for the benefit of concessional rate of duty under IGCR Rules, 2022, as long as all other conditions are met. Further, it is also clarified that the MOOWR unit may now avail IGCR exemption along with duty deferment simultaneously, provided that it complies with the conditions prescribed in IGCR Rules and MOOWR provisions.
- (viii) **Clarification on movement of goods from section 65 unit to another warehouse/section 65 unit:** CBIC vide instruction no. 16/2024- Customs dated 25.06. 2024 has clarified that the transfer of resultant goods from section 65 unit to another warehouse/section 65 unit is permitted subject to compliance of the conditions prescribed under MOOWR.

- (ix) **Amendment to support manufacturing of hearing and wearable:** CBIC vide notification no. 33/2023-Customs dated 27.04.2023 amended PMP notification of hearing and wearable stating that the provision of rule 2 (a) of the General Rules of Interpretation of the First Schedule of the Customs Tariff Act, 1975 shall not be applicable to the import of components/inputs/parts/sub-parts even when such goods are presented together.
- (x) **Rationalisation of Tariff Structure:** 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.
- (xi) **Exemption of Basic Customs Duty on capital goods:** Notified capital goods for manufacture of specified electronic goods are permitted for import at “NIL” Basic Customs Dut
- (xii) **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 Trans boundary Movement) Rules, 2016, vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.

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