

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 3877
TO BE ANSWERED ON 18.12.2024

GREENFIELD EMCS

3877. SHRI DAGGUMALLA PRASADA RAO:

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

- (a) the measures taken by the Government to regulate the import of electronics components and promote export led manufacturing of electronic components in the country during the last five years;
- (b) the total number of Greenfield EMCs and Common facility centres approved under the Electronics Manufacturing Clusters (EMCs) Scheme in the country, State-wise;
- (c) the total number of applications received from the State Government of Andhra Pradesh under the EMC 2.0 Scheme till date along with the number of projects approved and funds allocated for the same;
- (d) the total number of foreign companies permitted for electronics manufacturing units through direct investment and progress made under the same; and
- (e) the policies and programmes introduced by the Government to transform India to an Electronics System Design and Manufacturing (ESDM) hub and progress achieved till date?

ANSWER

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

(a): To broaden and deepen the electronics component manufacturing ecosystem, Government of India launched schemes, namely, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing. The SPECS provides financial incentive of 25% on the capital expenditure to offset the disability for domestic manufacturing of electronic components and semiconductors in order to strengthen the electronics manufacturing ecosystem in the country. Similarly, for scaling up production and export, the PLI for Large Scale Electronics Manufacturing for target segment Mobile Phone and Electronic Components provides an incentive of 6% to 4% on the incremental sales to the target segments for a period of 5 years. Measures undertaken by the Government to strengthen the regulatory framework and position India as a global hub for electronics manufacturing are placed at **Annexure-I**.

(b): Ministry of Electronics and Information Technology (MeitY) notified Electronics Manufacturing Clusters (EMC) Scheme on 22nd October 2012, to provide support for creation of world class infrastructure for attracting investment in Electronics System Design and Manufacturing (ESDM) Sector. The scheme was closed for receipt of applications from 21st October, 2017. Under the scheme, 19 Greenfield EMCs and 3 Common Facility Centres (CFCs) over an area of 3,464 acres with project cost of INR 3,499 crore including central Grant-in-aid of INR 1,470 crore were accorded

approval in fifteen (15) states across the country. The state wise details are placed at **Annexure-II**.

(c): Under the Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme notified on 01.04.2020, Ministry of Electronics and Information Technology (MeitY) has received one application from M/s Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for setting up of EMC project over an area of 540 acres at Kopparthi, Kadapa District, Andhra Pradesh. This has been accorded approval on 18.03.2021 with project cost of INR 748.76 crore which includes Central Financial assistance of INR 350.00 Crore.

(d): Since April 2019, India has received FDI amounting to ~USD 3,290 million from 356 companies in electronics sector. Financial progress of the FDI received since 2019-20 is as follows:

| Financial Year | Investment (in USD Mn) |
|-----------------------|-------------------------------|
| 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 |
| Total | 3289.94 |

Source: FDI Cell, DPIIT

(e): The policies and schemes undertaken by the Government to transform India as global electronics manufacturing hub is placed at **Annexure-III**. As a result of these policy interventions, the domestic production of electronic items has increased significantly from INR 1.90 lakh crore (USD 30 Bn.) in 2014-15 to INR 9.52 lakh crore (USD 115 Bn.) in 2023-24 at a CAGR of more than 17%. Export of electronic goods has increased from INR 38,263 crore (USD 5.7 Bn.) in 2014-15 to INR 2.41 lakh crore (USD 29.1 Bn.) in 2023-24 growing at CAGR of more than 20%.

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

- 1. 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>).
- 2. 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.
- 3. Public 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.
- 4. 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.
- 5. 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.
- 6. 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.
- 7. 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.
- 8. 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.
- 9. 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.
- 10. 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.

- 11. 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 Duty.
- 12. 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.

Annexure-II

| S.No. | State | Location | Area (Acres) | Implementing Agency | Financial Outlay (Rs. in crore) | |
|-------|----------------|--|--------------|--|---------------------------------|--------------|
| | | | | | Project Cost | Grant-in-aid |
| 1 | Andhra Pradesh | Sri City, Satyavedu Mandal, Chittoor District | 94 | Sri City EMC Pvt. Ltd. | 56.75 | 27.34 |
| 2 | | EMC-1@ Tirupati, Renigunta and YerpaduMandal , Chittoor District | 113.27 | Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC) | 74.27 | 37.14 |
| 3 | | EMC-II @ Tirupathi, Vikruthamala Village, YerpaduMandal, Chittoor District | 501.40 | | 248.90 | 98.46 |
| 4 | Assam | Bongora, Kamrup District, Assam | 100 | Assam Electronics Development Corporation Limited (AMTRON) | 119.85 | 50.00 |
| 5 | Chhattisgarh | Sector-22, Naya Raipur | 116.48 | Chhattisgarh State Industrial Development Corporation Ltd. (CSIDC) | 103.88 | 43.08 |
| 6 | Goa | Tuem, North Goa District | 147.55 | Department of IT, Government of Goa | 161.32 | 73.77 |
| 7 | Gujarat | Mundra, Kutch District | 631.38 | Mundra Solar Techno park Private Limited (MSTPL) | 745.14 | 315.69 |
| 8 | Jharkhand | Adityapur, Saraikela-Kharsawan District | 82.49 | Jharkhand Industrial Area Development Authority (JIADA) | 97.88 | 41.48 |
| 9 | Kerala | Kakkanad , Ernakulam District | 66.87 | Kerala Industrial Infrastructure Development Corporation (KINFRA) | 35.06 | 15.89 |
| 10 | Madhya | Badwai-Bhopal | 50 | Madhya Pradesh | 47.19 | 20.86 |

| S.No. | State | Location | Area (Acres) | Implementing Agency | Financial Outlay (Rs. in crore) | |
|--------------|--------------------------|--|-----------------|--|---------------------------------|-----------------|
| | | | | | Project Cost | Grant-in-aid |
| 11 | Pradesh | Purva-Jabalpur | 40 | State Electronics Development Corporation Ltd.(MPSEDC) | 38.57 | 17.76 |
| | | | | | | |
| 12 | Odisha | Infovalley, Bhubaneswar Industrial Area, Khurda District | 203.37 | Odisha Industrial development Corporation (IDCO) | 200.76 | 93.09 |
| 13 | Rajasthan | Salarpur Industrial Area, Khushkera, Bhiwadi | 50.3 | ELCINA Electronics Manufacturing Cluster Pvt. Ltd (EEMCPL) | 46.09 | 20.24 |
| 14 | | Karoli Industrial Area, Bhiwadi, District-Alwar | 121.51 | Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO) | 29.13 | 11.49 |
| 15 | Telangana | E-city, Hyderabad | 603.52 | Telangana State Industrial Infrastructure Corporation (TSIIC) | 667.6 | 252.42 |
| 16 | | Maheshwaram, Ranga Reddy | 310.70 | | 436.97 | 138.6 |
| 17 | Uttar Pradesh | Ecotech-VI Industrial Area, Greater Noida | 99.41 | TEGNA Electronics Pvt. Ltd. (TEPL) | 115.32 | 50.00 |
| 18 | West Bengal | Falta , South 24 Parganas District | 58.04 | West Bengal Electronics Industry Development Corporation Limited (WEBEL) | 58.86 | 25.64 |
| 19 | | Naihati, North 24 Parganas district | 70 | | 58.31 | 25.7 |
| 20 | Karnataka (CFC) | Hebbal Industrial Area, Mysore | 1.50 | Mysore ESDM Cluster | 48.53 | 32.31 |
| 21 | Maharashtra (CFC) | Shendra Industrial Area, Aurangabad District | 1.98 | Deogiri Electronics Cluster Private Limited (DECPL) | 41.09 | 29.29 |
| 22 | | Pimpri Industrial Area, Pune | 0.61 | MCCIA Electronic Cluster Foundation (MECF) | 67.00 | 50.00 |
| Total | | | 3,464.38 | | 3,499.63 | 1,470.25 |

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 schemes and interventions have been made:

- 1. Program for Development of Semiconductors and Display Manufacturing Ecosystem:** To widen and deepen electronics manufacturing, the Union Cabinet on 15.12.2021, approved a comprehensive program with an outlay of INR 76,000 crore (>USD 10 Billion) for the development of Semiconductors and Display manufacturing ecosystem. With the approval of Cabinet, this Programme has been recently modified on 21.09.2022. The modified programme offers Fiscal Support of 50% of Project Cost uniformly for semiconductor fabs across the technology nodes as well as for compound semiconductors, packaging and other semiconductor facilities.

Following Fiscal incentives are now available to eligible applicants:

- **Modified Scheme for setting up of Semiconductor Fabs:** It provides fiscal support for setting up semiconductor wafer fabrication facilities in the country. Fiscal support of 50% of the Project Cost is available for setting up of silicon-based semiconductor fabs across all technology nodes.
 - **Modified Scheme for setting up of Display Fabs:** It provides fiscal support for setting up TFT LCD / AMOLED based display fabrication facilities. It provides fiscal support of 50% of Project Cost.
 - **Modified Scheme for setting up of Compound Semiconductors / Silicon Photonics /Sensors Fab/ Discrete Semiconductor Fabs and Semiconductor ATMP / OSAT facilities in India:** It provides a fiscal support of 50% of the Capital Expenditure to the eligible applicants for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) Fab/ Discrete Semiconductor Fabs and Semiconductor ATMP / OSAT facilities in India.
 - **Design Linked Incentive Scheme:** It offers financial incentives, design infrastructure support across various stages of development and deployment of semiconductor design for ICs, Chipsets, SoCs, Systems & IP Cores and semiconductor linked design. The scheme provides both “Product Design Linked Incentive” and “Deployment Linked Incentive”.
- 2. Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing** was notified on April 01, 2020 to 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.
 - 3. Production Linked Incentive Scheme (PLI) for IT Hardware** was notified on March 03,2021 to provide an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) year. The Target Segment under PLI Scheme includes (i) Laptops (ii) Tablets (iii) All-in-One PCs and (iv) Servers.
Production Linked Incentive Scheme (PLI) for IT Hardware 2.0: PLI Scheme 2.0 for IT Hardware notified on May 29, 2023 with a budgetary outlay of 17,000 crore provides an average incentive of around 5% on net incremental sales (over base year) of target segment products for a period of 6 years. The target segment products include: Laptops, Tablets, All-in-One PCs, Servers and Ultra Small Form Factor.
 - 4. Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** was notified on April 01, 2020 to 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. The scheme is open for receipt of applications till 31.03.2024.

5. **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** was notified on April 01, 2020 to 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. The Scheme is open for receipt of application for a period upto March, 2024 and further period upto March, 2028 is available for disbursement of the funds to the approved projects.
6. **Modified Special Incentive Package Scheme (M-SIPS):** The Scheme was notified on 27th July, 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.
7. **Electronics Manufacturing Clusters (EMC) Scheme:** Electronics Manufacturing Clusters Scheme was notified on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. The receipt of application was closed on 21st October, 2017 and disbursement of funds is applicable upto March, 2026.
8. **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 sector.
