

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION. NO. 3218
TO BE ANSWERED ON: 19.03.2025

ELECTRONICS MANUFACTURING EXPANSION

3218. SHRI BENNY BEHANAN:

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

- (a) whether the Government is aware of recent initiatives to expand iPhone manufacturing in the country;
- (b) the extent of current and projected manufacturing operations within the country; and
- (c) the measures being taken by the Government to support foreign investments and to develop a robust local supply chain ecosystem for electronics manufacturing?

ANSWER

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

(a): Government of India has taken several initiatives to expand electronics manufacturing in the country including mobile phones. To boost domestic manufacturing and attract investment in mobile phones value chain including electronic components and semiconductor packaging, Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing was notified on 01.04.2020. Since the inception of PLI Scheme i.e. 2020-21, the mobile phone production has grown at impressive compound annual growth rate of more than 24% from INR 2,20,000 crore in FY2020-21 to INR 4,22,000 crore in FY2023-24, and mobile phone export have grown at CAGR of 78% from INR 22,868 crore in FY2020-21 to INR 1,29,074 crore in FY2023-24 (*Source: Industry Estimates*).

(b): Industry estimates indicate that the production of electronic goods in the country reached INR 9.52 lakh crore in FY2023-24. For FY2024-25, electronics production is expected to rise to INR 11.7 lakh crore, with mobile phone production alone projected to reach INR 5.25 lakh crore. Furthermore, it is expected that India's electronics manufacturing sector could reach USD 500 billion by 2030.

(c): The measures taken by Government to attract and incentivize large investments in the electronics value chain and to develop a robust local supply chain ecosystem for electronics manufacturing are placed at Annexure -1.

Measures taken by Government to attract and incentivize large investments in the electronics value chain and to develop a robust local supply chain ecosystem for electronics manufacturing

1. **Modified 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 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.
- **Modernization of Semi-Conductor Laboratory:** Government has also approved modernization of Semi-Conductor Laboratory, Mohali to enhance efficiency and cycle time
- **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”.

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. 5 semiconductor units with cumulative investment of Rs 1.52 Lakh Crore 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.

The approved semiconductor manufacturing facilities under Semicon India Programme are expected to generate direct employment of about 25,000 advanced technology jobs and about 60,000 indirect jobs.

2. **Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing** was notified on April 01, 2020 to provide an incentive of 3% 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. Till Feb'2025, the scheme has led to cumulative investment of INR 10,905 Cr, leading to cumulative production of INR 7,15,823 Cr, cumulative exports of INR 3,90,387 Cr and has generated additional employment of 1,39,670 (Direct jobs).
3. **The Production Linked Incentive (PLI) Scheme for IT Hardware**, notified on March 3, 2021, offers 4% to 2%/1% incentives on net incremental sales of Laptops, Tablets, All-in-One PCs and Servers for four years. The PLI Scheme 2.0 for IT Hardware, notified on May 29, 2023, provides an average 5% incentive on net incremental sales of Laptops, Tablets, All-in-One PCs, Servers and Ultra Small Form Factor devices for six years. Till Feb'2025, both PLI Scheme for IT Hardware and PLI Scheme 2.0 for IT Hardware have combinedly led to a total cumulative production of Rs. 10,365.05 crore, total cumulative investment of Rs. 522.15 crore and total cumulative employment of 5132 (direct jobs).
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. Till Feb'2025, the scheme has attracted cumulative investment of INR 10,723 Cr, leading to cumulative production of INR 27,429 Cr, and has generated employment of 38,206 persons.
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.
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. Till Feb'2025, the scheme has attracted cumulative investment of INR 48,437 Cr, leading to cumulative production of INR 13,98,184 Cr, and has generated employment of 1,52,039 persons.

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.
8. **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.
9. **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.
10. **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.
