

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 2880
TO BE ANSWERED ON 03.08.2016

ELECTRONICS INDUSTRIES / SECTOR

2880. SHRI R. GOPALAKRISHNAN: SHRI A.T. NANA PATIL:

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

- (a) the present status of electronics industries/ sector of the country in comparison to other developed countries;
- (b) whether the sector receives investments including FDI in the country and if so, the details thereof along with the details of manufacturing facilities set up by MNCs in the country; and
- (c) the effective steps taken by the Government to facilitate ease of doing business in electronic sectors and for creation of more employment opportunities in this sector ?

ANSWER

MINISTER OF STATE FOR MINISTRY OF ELECTRONICS AND
INFORMATION TECHNOLOGY (SHRI P.P. CHAUDHARY)

(a): The major producers of computer, electronic and optical products are China, United States, Taiwan, Japan, Republic of Korea and Germany, which constitute nearly 77% of global electronics production. India is not among the major producers of electronics in the world, but is a net importer of electronic goods. The total import of electronics during 2015-16 is estimated at USD 40 Billion, whereas total export of electronics from India is estimated at USD 5.7 Billion. The production of electronics sector in India during 2014-15 is enclosed as **Annexure-1**.

(b): As per Department of Industrial Policy and Promotion, during the period April 2000 to May 2016, FDI worth USD 1,654 Million (Rs.8,291 crore) has been received in the electronics sector. Under the Modified Special Incentive Package Scheme (M-SIPS) of Government of India, 204 proposals with proposed investment of approximately Rs.1,22,320 crore for setting up/ expansion/ modernisation of electronics manufacturing units have been received. Out of these, 46 applications have been received from 35 MNCs for setting up/ expansion of electronic manufacturing facilities in the country.

(c): The Government of India has taken up a series of measures to improve ease of doing business. The emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective, including easing starting a business, construction permits, getting electricity, trading across borders, resolving insolvency, enforcing contracts, registering property, getting credit, paying taxes, etc. The details are available at <http://dipp.nic.in/English/Investor/easeDoingBusiness.aspx>. The Online e-biz portal is one stop access for investors. As regards electronics sector, the steps taken by the Government to promote electronics manufacturing in the country for creation of more employment opportunities in this sector are enclosed as **Annexure-2**. The Modified Special Incentive Package Scheme (M-SIPS) was revised in August'2015 along with the following simplifications in procedures:

- i. The incentives under the scheme were made available from the date of receipt of application instead of the provision of date of approval earlier.
- ii. The incentives are to be disbursed on a quarterly basis instead of the earlier provision of yearly disbursements.
- iii. The requirement of a unit to be located in a notified Electronic Manufacturing Cluster was simplified to being located in any Industrial area.
- iv. Technical Evaluation Committee has been subsumed in the Appraisal Committee.
- v. Also, the submission of applications under M-SIPS and the receipt of fees have been made online to ensure faster processes.

Annexure-1

Production of Electronics Sector

Sl. No	Item	2014-15 (in Rs. crore)
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1.	Consumer Electronics	55,806
2.	Industrial Electronics	39,374
3.	Computer Hardware	18,691
4.	Mobile phones	18,900
5.	Strategic Electronics	15,700
6.	Electronic Components	39,723
7.	Light Emitting Diodes	2,172

Source: Annual Report 2015-16 of Department of Electronics and Information Technology

Annexure-2

Steps taken by the Government to promote electronics manufacturing in the country

- Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
- The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market.
- Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects. For high technology and high capital investment units like Fabs, production subsidy @10% is also provided. The incentives are available for investments made in a project within a period of 10 years. The scheme is open to receive applications till 26.07.2020.
- Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs. 50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
- Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
- A meeting of State IT Ministers and State Government Officials was held on 26.08.2014 to encourage them to actively promote electronics manufacturing. Several States have shown keen interest.
- Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
- Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
- Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods.
- Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
- Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.
- The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.
- Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. and letters of commitment have already been given to 16 daughter funds. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
- Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed to promote indigenous manufacturing of Set Top Boxes (STBs). The iCAS is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCAS in the cable networks has already started.
- An Electropreneur park has been approved for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.

16. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) is being set up in IIT-Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
17. National Centre of Excellence for Technology on Internal Security (NCETIS) is being 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.
18. Centre for Excellence on Internet of Things (IoT) is being set up in Bengaluru jointly with NASSCOM.
19. An Incubation center with focus on medical electronics is being set up at Indian Institute of Technology-Patna.
20. The Department of Electronics and Information Technology (DeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
21. An Incubation Center at Kochi with focus on consumer electronics is being set up at IIITM.
22. DeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote Innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years.
23. DeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing challenges associated with the development of innovative medical electronics and making it available, accessible and affordable to the people at the bottom of the pyramid.
