

(d) Specific mechanism proposed by government to increase postal and telecom services comparatively with private operators are as follows:-

- (i) Speed Post is being operated with web based Track and Trace system called Speed Net.
- (ii) Department of International Postal System software at Mumbai, Chennai, Kolkata and Delhi for tracing of international Speed Post articles.
- (iii) 12604 Post Offices have been computerized.
- (iv) 1305 locations have been given Wide Area Network (WAN) connectivity.
- (v) Govt. has allotted 3G spectrums to BSNL/MTNL almost one year ahead of private telecom service providers.
- (vi) In order to compensate for losses in providing telecom services in rural and remote areas, Govt. has agreed to provide a support of Rs. 2000 crores annually for three years starting from 2008 to BSNL from Universal Service Obligation Fund (USOF).
- (viii) Govt. reviews the performance of BSNL and MTNL regularly, on the MoU parameters, where parameter relates to Quality of Service and customer satisfaction are also included.

Computer Hardware

1963. SHRI ANIL MADHAV DAVE:

SHRI BALAVANT ALIAS BAL APTE:

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

- (a) whether Government has taken any initiative to promote computer hardware industry in the country;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT): (a) Yes, Sir.

(b) Steps taken by the Government to promote electronics hardware (including computers) manufacturing industry are given in the Statement (*See below*).

(c) Does not arise.

Statement

*Steps taken by the Government to promote electronics hardware
(including computers) manufacturing industry*

1. Foreign Direct Investment:

- Approvals for all foreign direct investment upto 100% in the electronics hardware manufacturing sector, including computer hardware are under the automatic route.

2. Customs Duty:

- Peak rate of customs duty is 10%. Customs duty on 217 tariff lines covered under the Information Technology Agreement (ITA-1) of WTO is 0%.
- All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to actual user condition.
- Customs duty on specified raw materials / inputs used for manufacture of electronic components is 0%.
- Customs duty on specified capital goods used for manufacture of electronic goods is 0%.

3. Excise Duty:

- The standard rate of excise duty (CENVAT) is 10%.
- Microprocessors, Hard Disc Drives, Floppy Disc Drives, CD ROM Drives, DVD Drives/DVD Writers, Flash Memory and Combo-Drives meant for fitment inside the CPU housing/laptop body are exempted from excise duty.

4. Special Incentive Package Scheme (SIPS):

- A Special Incentive Package Scheme (SIPS) to encourage investments for setting up Semiconductor Fabrication and other micro and nano technology manufacture

industries in India, has been announced by the Government *vide* Gazette Notification dated 21st March, 2007.

5. Export Promotion Capital Goods scheme (EPCG):

- The general Export Promotion Capital Goods (EPCG) Scheme allows import of capital goods at 3% customs duty, subject to an export obligation equivalent to 8 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 8 years reckoned from Authorization issue-date. However, a Zero duty EPCG Scheme is available to exporters of electronic products. It allows import of capital goods at zero percent customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date.
- The export obligation under EPCG Scheme can also be fulfilled by the supply of Information Technology Agreement (ITA-1) items to the DTA provided the realization is in free foreign exchange.

6. Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the Domestic Tariff Area (DTA):

- Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the Domestic Tariff Area (DTA) by Electronics Hardware Technology Park (EHTP)/Export Oriented Unit (EOU) units are counted for the purpose of fulfilment of positive Net Foreign Exchange Earnings (NFE).

7. Special Economic Zones (SEZs):

- Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes.
- Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/ DEPB benefits, CST exemption and Service Tax exemption.
- 100% Income Tax exemption on export profits available to SEZ units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

8. Information Technology Investment Regions (ITIRs)

- The Policy Resolution for Setting up of ITIRs has been published in the Gazette of India dated 29.5.2008. The regions would be a combination of IT/ITES and Electronics Hardware Manufacturing Units; public utilities, residential areas, social infrastructure and administrative services. Such regions could include new integrated townships, SEZs, industrial parks etc.

9. Promotion of Research & Development:

Weighted deduction of 200% of expenditure incurred on in-house R&D in case of a company engaged in the business of electronic equipment, computers, and telecommunication equipment is available under clause (1) of sub-section (2AB) of Section 35 of the Income Tax Act.

Department of Information Technology has put in place the following Schemes :

- **Support International Patent Protection in Electronics & IT (SIP-EIT):** Under this scheme SMEs and Technology Start-up units will be reimbursed costs incurred in filling international patent applications in Electronics & ICT domain for their indigenous invention to the extent of 50% of the actual cost incurred by the applicant on filing International Patent, subject to a maximum of Rs. 15 lakhs per application.
- **Multiplier Grants Scheme:** The objective of the scheme is to encourage industry to collaborate with premier Academic and Government R&D institutions for development of innovative and commercially viable products/packages. Under this scheme the Government would provide grants up to the maximum of twice the amount invested by the industry/industry consortium / association towards the innovation at academic/R&D institution.
- **Scheme for Technology Incubation and Development of Entrepreneurs (TDE) in the area of Electronics, ICT and Management:** The Scheme aims to assist Institutions of Higher learning (IITs, IIITs and NITs) to strengthen their Technology Incubation Centres and thus enable young entrepreneurs to initiate technology start up companies for commercial exploitation of technologies developed by them.