

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 1194
TO BE ANSWERED ON 11.02.2021

NATIONAL POLICY ON ELECTRONICS, 2019

1194. SHRI SANJAY RAUT:

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

- (a) whether Government has taken any steps under the National Policy on Electronics 2019, (NPE 2019) to position India as a global hub for electronics system design and manufacturing;
- (b) if so, the details thereof; and
- (c) whether any institutions under this scheme are being proposed for the State of Maharashtra, the details thereof?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI SANJAY DHOTRE)

(a) and (b): The Government has notified the National Policy on Electronics 2019 (NPE 2019) on 25.02.2019, with the vision to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and create an enabling environment for the industry to compete globally. The steps taken under the aegis of NPE 2019 to position India as a global hub for ESDM are annexed.

(c): Under the Electronics Manufacturing Clusters (EMC) Scheme, Ministry of Electronics and Information Technology (MeitY) has approved two (2) Common Facility Centres (CFCs) in the State of Maharashtra with a project cost of Rs. 95.57 crore, including central Grant-in-aid of Rs. 70.58 crore from MeitY. The details of these CFCs in the State of Maharashtra are given below:

(Rs. in crore)				
Location of CFC	Implementing Agency	Project Cost	Grant-in-aid	Status
Pimpri Industrial Area, Pune	MCCIA Electronic Cluster Foundation (MECF)	67	50	Under Implementation
Shendra Industrial Area, Aurangabad	Deogiri Electronics Cluster Private Limited	28.57	20.58	

Further, as part of National Policy on Electronics 2019 (NPE 2019), MeitY has notified Modified Electronics Manufacturing Clusters 2.0 (EMC 2.0) on 1st April, 2020 for providing 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.

Annexure

Steps taken under National Policy on Electronics 2019 (NPE 2019) to position India as a global hub for ESDM

I. Notification of New Schemes by MeitY

- i. Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing** notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020 provides 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. The guidelines for PLI Scheme have also been notified on 01.06.2020.
- ii. Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 provides 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 guidelines for SPECS Scheme have also been notified on 01.06.2020.
- iii. Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 provides 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 chains to set up units in the country. The Scheme shall provide financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country. The guidelines for EMC 2.0 Scheme have also been notified on 01.06.2020.

II. Tariff interventions to promote domestic manufacturing of electronic goods

Rationalization of Tariff Structure is an on-going process. Tariff Structure has been rationalized, in consultation with the electronics industry stakeholders, to promote domestic manufacturing of electronic goods, including, *inter-alia*, Cellular mobile handsets, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment. The key tariff changes carried out in the Union Budget 2020-21 to promote domestic manufacturing of electronic goods, *inter-alia*, include:

- Basic Customs Duty (BCD) on Printed Circuit Board Assembly (PCBA) of cellular mobile phones (HS 85177010) has been increased from 10% to 20% w.e.f. 01.04.2020 by increasing the tariff rate (Clause 115 (a) of the Finance Bill, 2020 refers).
- BCD@10% has been levied on the Vibrator Motor / Ringer for use in the manufacture of cellular mobile phones w.e.f. 01.04.2020. Inputs or parts and their sub-parts for use in manufacture of Vibrator Motor / Ringer have also been exempted from BCD w.e.f. 01.04.2020.
- BCD has been exempted on specified parts of Microphones (covered under HS 85181000) viz. (i) Microphone Cartridge; (ii) Microphone Holder; (iii) Microphone Grill; and (iv) Microphone Body, subject to actual user condition.
- BCD on charger or power adapter (except those covered in Information Technology Agreement-1) covered under HS 850440 has been increased from Nil / 10% / 15% to 20% by increasing the tariff rate on the items covered under HS 850440 from 10%/15% to 20% (Clause 115 (a) of the Finance Bill, 2020 refers).
- Health Cess has been imposed at the rate of 5% on import of medical devices falling under headings 9018 to 9022 w.e.f. 02.02.2020 (Clause 139 and Fourth Schedule of the Finance Bill, 2020 refers). However, Health Cess has been exempted on medical devices which are exempt from BCD including under FTA notifications. Further, inputs / parts used in the manufacture of medical devices are also exempted from Health Cess.
- In Budget 2021-22, few exemptions have been withdrawn on parts / sub-parts of specified electronics goods, including mobile phones, to increase the domestic value addition.

III. New provision in Corporate Income Tax rate

To attract fresh investments in manufacturing and boost Make in India, a new provision has been made which allows new domestic companies incorporated on or after October 1, 2019, making fresh investment in manufacturing and starting operations before March 31, 2023, an option to pay income tax @15%.

IV. Setting up of CoE on Medical Electronics

A Centre of Excellence (CoE) for Medical Electronics and Bio-Physics has been approved to be set up at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam, in the State of Andhra Pradesh with a total outlay of Rs.32.02 crore, out of which Grant-in-Aid (GIA) from Ministry of Electronics and Information Technology (MeitY) is Rs.18.67 crore for a period of three years.

V. Steps taken for development of semiconductor manufacturing eco system

- **Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator:** The project for “Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator for High Power and High Frequency Electronics” has been approved. The project will be implemented by Society for Innovation and Development (SID), being converted to a Section 8 company titled “Foundation for Science, Innovation and Development” under the auspices of Indian Institute of Science (IISc) at Centre for Nano Science and Engineering (CeNSE), Bengaluru.
- A notice has been issued inviting Expression of Interest (EoI) from global companies / consortia desirous of setting up of Semiconductor FABs in India or Indian companies / consortia desirous of acquisition of Semiconductor FABs outside India on 15.12.2020.
