

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2328
TO BE ANSWERED ON: 17.12.2021

IMPORT OF ELECTRONICS AND COMPONENTS

2328 SHRI SANJAY SINGH:

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

- (a) the details of volume of electronics and component imports in the last three years;
- (b) whether Government proposes to promote electronics manufacturing in order to reduce import dependency and generate employment;
- (c) if so, the action taken by Government for promotion of electronics manufacturing along-with the employment generated due to these actions; and
- (d) whether Government has taken up any initiative for collaboration with States in this regard, if so, the details thereof?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a): The Government's strategy is to ensure broadening and deepening the electronics manufacturing ecosystem in India. National Policy on Electronics 2019 (NPE 2019) envisions positioning 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. The volume of electronics and component imports in the last three years is as under:

IMPORTS	(In USD Million)		
Items	2018-19	2019-20	2020-21
Computer Hardware, Peripherals	8955.43	9033.44	10432.82
Consumer Electronics	4842.56	5017.60	4560.22
Electronics Components	15745.86	16319.10	15295.37
Electronics Instruments	8009.68	7927.56	7413.59
Total	37553.53	38297.70	37702.00

* Source: Directorate General of Commercial Intelligence and Statistics (DGCIS)

(b) and (c): Yes, Sir. Initiatives taken by the Government for promotion of electronics manufacturing and generate employment are listed at **Annexure I**.

(d): Ministry of Electronics and Information Technology (MeitY) notified Electronics Manufacturing Clusters (EMC) scheme in October, 2012 to provide support for the creation of world-class infrastructure along with common facilities and amenities for attracting investments in the country in the electronics sector. Under Electronics Manufacturing Clusters (EMC) scheme, Nineteen (19) Greenfield Electronics Manufacturing Clusters and Three (3) Common Facility Centres (CFCs) were accorded approval in Fifteen (15) states across the country. The details of these EMCs/CFCs are enclosed at **Annexure-II**. These EMCs

are projected to attract an investment of Rs. 52,000 crore and have the potential to generate 6 Lakh employment opportunities.

Based on further requirement for strengthening of infrastructure for creation of robust electronics manufacturing ecosystem in the country, MeitY introduced Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme on 1st April, 2020. Its objective is to provide infrastructure support for attracting major electronics manufacturers along with their supply chain to set up their production facility in the country through such clusters. These clusters are being developed in collaboration with State Government or their agency, Central Public Sector Units (CPSUs) /State Public Sector Units (SPSUs), Industrial Corridor Development Corporations (ICDCs) or Joint Venture of such agencies with Anchor unit(s) or industrial park developers. Under Modified Electronics Manufacturing Clusters (EMC 2.0) scheme, two (2) applications for setting up of EMC have been approved till date. The details of these EMCs are placed at **Annexure-III**.

Steps taken by Government to promote domestic electronics manufacturing and generate employment:

1. **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 three Schemes have been notified under the aegis of NPE 2019:

- (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.**
Employment: Approx. 7,00,000 jobs are expected to be generated.
- (ii) **Production Linked Incentive Scheme (PLI) for IT Hardware** notified vide Gazette Notification No.CG-DL-E-03032021-225613 dated March 03, 2021 provides 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) years** The Target Segment under PLI Scheme includes (i) **Laptops (ii) Tablets (iii) All-in-One PCs and (iv) Servers**
Employment: 36,066 additional direct jobs and three times indirect employment are expected to be generated.
- (iii) **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.
Employment: 1,50,000 direct jobs and 4,50,000 indirect employments are projected. The total employment potential of the scheme is approximately 6,00,000.
- (iv) **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 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.

Employment: The scheme is projected to generate 10 Lakh employment opportunities.

2. **100% FDI:** As per extant Foreign Direct Investment (FDI) policy, **upto 100% FDI 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.
3. **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. Under the Scheme, **308 applications with proposed investment of ₹ 83,598 crore** have been approved. Further, **incentives amount of ₹ 1372.33 crore have been disbursed** under this Scheme. Direct and indirect employment of **2,68,519 persons** has been provided under the scheme.
4. **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. Under the Scheme, **19 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,464 acres with total project cost of ₹ 3,762 crore including Government Grant-in-Aid of ₹ 1,538 crore** have been approved. After becoming fully operational, these EMCs are projected to attract an investment of ₹ 52,119 crore and **generate about 6.30 lakh direct and indirect employment opportunities**.
5. **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 Electronics and Information Technology (IT). This fund is expected to foster R&D and innovation in these technology sectors. MeitY has released **₹ 210 crore** to EDF since 2015, and EDF has invested **₹ 199 crore** in **8 Daughter Funds**. **316 IPs** have been created / acquired by the Startups who have also provided **employment to more than 14,500 people**.
6. **Phased Manufacturing Programme (PMP) for Mobile Phones** has been notified to promote domestic value addition in mobile phones and their sub-assemblies / parts manufacturing by putting tariffs progressively on finished product (mobile phone) and its 14 sub-assemblies over a period of 5 years. The manufacturing of mobile phones has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition.
7. **Tariff Structure** has been rationalized to promote domestic manufacturing of electronic goods, including, *inter-alia*, **Televisions, Set Top Boxes, LED Products, Medical Electronics Equipment, Electronic Components etc.**
8. **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**.

9. **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 Transboundary Movement) Rules, 2016, vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.
10. **Relaxing the ageing restriction:** Department of Revenue vide Notification No.60/2018-Customs dated 11.09.2018 has amended the Notification No.158/95-Customs dated 14.11.1995, **relaxing the ageing restriction from 3 years to 7 years for specified electronic goods manufactured in India and re-imported into India for repairs or reconditioning.**
11. **Public Procurement (Preference to Make in India) Order 2017:** To encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment, the Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department for Promotion of Industry and Internal Trade (DPIIT) Order dated 15.06.2017 and subsequent revisions vide Orders dated 28.05.2018, 29.05.2019, 04.06.2020 and 16.09.2020. In furtherance of the aforesaid Order, **MeitY has notified mechanism for calculating local content for 13 Electronic Products** viz., (i) Desktop PCs, (ii) Thin Clients, (iii) Computer Monitors, (iv) Laptop PCs, (v) Tablet PCs, (vi) Dot Matrix Printers, (vii) Contact and Contactless Smart Cards, (viii) LED Products, (ix) Biometric Access Control / Authentication Devices, (x) Biometric Finger Print Sensors, (xi) Biometric Iris Sensors, (xii) Servers, and (xiii) Cellular Mobile Phones, for procurement to be made from local suppliers.
12. **Compulsory Registration Order (CRO):** MeitY has notified "Electronics and Information Technology Goods **(Requirement of Compulsory Registration) Order, 2012**" for **mandatory compliance** to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India. **63 Product Categories have been notified** under the CRO.
13. **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 is being implemented by Society for Innovation and Development (SID), Indian Institute of Science (IISc), Bengaluru at Centre for Nano Science and Engineering (CeNSE).

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 Yerpadu Mandal, Chittoor District	113.27	Andhra Pradesh Industrial Infrastructure	104.41	46.53

3		EMC-II @ Tirupathi, Vikruthamala Village, Yerpadu Mandal, Chittor District	501.40	Corporation Ltd. (APIIC)	339.8	111.42
4	Assam	Bongora, Kamrup District, Assam	100	Assam Electronics Development Corporation Limited (AMTRON)	119.85	50
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)	140.01	50
10	Madhya Pradesh	Badwai-Bhopal	50	Madhya Pradesh State Electronics Development	47.19	20.86

11	Madhya Pradesh	Purva-Jabalpur	40	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)	78.98	31.68
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
18	West Bengal	Falta , South 24 Parganas District	58.04	West Bengal Electronics Industry Development Corporation Limited (WEBEL)	58.86	25.64
19	West Bengal	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)	28.57	20.58

22		Pimpri Industrial Area, Pune	0.61	MCCIA Electronic Cluster Foundation (MECF)	67	50
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Annexure III

S.No.	State	Location	Area (Acres)	Implementing Agency	Financial Outlay (Rs. in crore)	
					Project Cost	Grant-in-aid
1	Andhra Pradesh	Kopparthy Village, Kadapa Y.S.R District	540	Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC)	748.76	350
2	Haryana	Industrial Model Township (IMT) Sohna, Nuh District	500	Haryana State Industrial and Infrastructure Development Corporation (HSIIDC)	662.08	331.04
