

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:2128

ANSWERED ON:14.03.2007

SETTING UP OF FAB UNITS

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

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- (a) whether the Government proposes to formulate a policy for development of electronic and IT hardware production in the country;
- (b) if so, the details thereof;
- (c) whether the Government proposes to announce special incentive package for setting up of FAB (fabrication) units in the country;
- (d) if so, the details thereof; and
- (e) the extent to which IT industry is likely to be benefited by such initiatives?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(DR.SHAKEEL AHMAD)

(a) to (e): In the last few years, the Government has taken a number of measures to promote the growth of Electronics /Information Technology Hardware Manufacturing Industry, as given at Annexure. This is an on going process.

The Government has accorded approval to the Special Incentive Package Scheme to attract investments for setting up Semiconductor Fabrication and other micro and nano technology manufacture industries in India. The incentive would be 20% of the capital expenditure if the units are set up in the Special Economic Zones (SEZ). For units set up outside SEZ, the incentive would be 25% of the capital expenditure plus exemption from countervailing duty (CVD). `Fab units` with threshold Net Present Value (NPV) investment of Rs.2500 crore would be covered by the Special Incentive Package Scheme. For other units in the eco- system, there would be a threshold NPV investment of Rs.1000 crore. The details to implement the scheme are being finalized.

The Special Incentive Package will attract investments to set up Semiconductor Fabrication and other micro and nano technology manufacture industries in India, which will also create an eco system for the development of Electronics/IT Hardware manufacturing.