

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

UNSTARRED QUESTION NO:1781

ANSWERED ON:22.08.2012

ELECTRONICS MANUFACTURING UNITS

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

- (a) whether the Government proposes to give incentives and subsidies to encourage firms to set up electronics manufacturing units in the country;
- (b) if so, the details thereof and the funds allocated for this purpose along with the modalities adopted for the same;
- (c) whether the already established manufacturing units are likely to be benefitted by this initiative;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the time by which the proposal is likely to be implemented?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

(a): Yes, Sir.

(b): Government has notified Modified Special Incentive Package Scheme (M-SIPS) to offset disability attract investments in Electronics Systems Design and Manufacturing (ESDM) Industries on July 27, 2012. The scheme provides subsidy for investments in capital expenditure- 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. It also provides for reimbursement of CVD/excise for capital equipment for the non-SEZ units. For high technology and high capital investment units, like Semiconductor Wafer Fabrication (Fabs), reimbursement of Central taxes and duties is also provided. The incentives are available for investments made in project within a period of 10 years from the date of approval. The scheme is open for three years from notification. M-SIPS will be available for units set up within Electronics Manufacturing Clusters to be notified by the Department of Electronics and Information Technology.

The overall financial ceiling under the M-SIPS will initially be limited to Rs.10,000 crores during the 12th Five Year Plan. A review of the scheme in the ultimate year of the 12th Five Year Plan could make a realistic estimate of the likely demand for the 13th Five Year Plan.

(c): Yes, Sir.

(d): M-SIPS shall be applicable to investments in new ESDM units and expansion of capacity/modernization and diversification of existing ESDM units. Expansion of an existing unit would mean increase in the value of fixed capital investment in plant and machinery of an ESDM unit by not less than 25%, for the purposes of expansion of capacity/ modernization and diversification.

(e): M-SIPS has already been notified in the official Gazette of India dated July 27th, 2012 and the scheme is open for three years from notification.