

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

STARRED QUESTION NO:348

ANSWERED ON:05.09.2012

MANUFACTURE OF ELECTRONIC ITEMS

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

- (a) the funds allocated for Modified Special Incentive Package Scheme for Twelfth Five Year Plan and the estimated number of persons likely to be provided job under the scheme;
- (b) whether India has geared its machinery to tackle situations arising out of spike which is expected to rise manifold by 2020;
- (c) if so, the details thereof and the measures proposed for stepping up of indigenous manufacture of electronic items in the National Policy on Electronics;
- (d) whether the Government also proposes to invite foreign players to set up units in the country on technology transfer basis; and
- (e) if so, the details thereof and the result achieved in this regard so far?

**Answer**

MINISTER FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI KAPIL SIBAL)

(a) to (e): A statement is laid on the Table 6f the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO 348 FOR 5.9.2012 REGARDING MANUFACTURE OF ELECTRONIC ITEMS

(a): The allocation for the Twelfth Five Year has not been finalized. However, while approving Modified Special Incentive Package Scheme (Modified SIPS). Government has indicated that the financial ceiling for the scheme will initially be limited to Rs. 10,000 crres during the Twelfth Five Year Plan. The investment in this sector is likely to create several lakhs direct and indirect opportunities for employment.

(b) and (c): The demand for electronic products in India is expected to reach USD 400 billion by 2020 as per the Task Force Report, 2009. The manufacturing base of electronic products in the country is inadequate in comparison to the demand. In order to tackle this situation following key measures have been approved for promoting manufacture of electronic products in the country:-

1. The Department of Information Technology has been renamed Department of Electronics and Information Technology to reflect the importance being provided to the electronics sector.
2. Government has notified a policy to provide preference to domestically manufactured electronic goods. The preference is available to all electronic goods procured by Government and for those electronic goods which have security implications.
3. A policy for providing fiscal incentives called Modified Special Incentive Package Scheme has been approved. The policy provides financial incentives including 25% of capital expenditure for units in non-SEZ area and 20% in SEZ area.
4. Support for developing Electronics Manufacturing Clusters has been approved. The scheme provides upto 50% of the project cost subject to a ceiling of Rs. 50 crores per 100 acres for Greenfield electronic clusters. Support upto 75% of the project cost subject to a ceiling of Rs. 50 crores is available for Brownfield electronic clusters.
5. Government has approved constitution of an Empowered Committee with the mandate to recommend technology, investors and the quantum of incentives for two semiconductor wafer fabs to be set up in the country. The Empowered Committee floated an Expression of Interest and pursuant to the response received, the process of examination of proposals is at an advanced stage.

(d) and (e): The guidelines to operationalise schemes mentioned in answer (b) and (c) above are under formulation. The application for incentives/ benefits under these schemes will be accepted after these guidelines are issued.

The Government proposes to attract both domestic and foreign companies to invest in the Electronics Systems Design and Manufacturing (ESDM) sector in the country. All incentives and benefits mentioned above are available to both domestic and foreign companies investing in the country. Moreover 100% Foreign Direct Investment through the automatic route is permitted for manufacture of most items of electronics. The Government is also undertaking efforts to market the investment opportunities in the

sector, both nationally and internationally.