

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

UNSTARRED QUESTION NO:573

ANSWERED ON:27.02.2013

MANUFACTURING OF ELECTRONIC PRODUCTS

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

:

(a) whether nearly 90 percent of electronic hardware products are imported in the country;

(b) if so, the details thereof;

(c) whether the Union Government is considering to make it mandatory for Government departments to procure at least 30 percent of their electronic products from domestic manufactures under the recently approved National Electronics Policy (NEP) 2012;

(d) if so, the details thereof and the reaction of various stakeholders thereto;

(e) whether the Union Government is working on a negative list of items that cannot be imported due to security concerns and the global equipment manufactures and vendors have raised the alarm over the proposed move: and

(f) if so, the details thereof and the steps taken by the Union Government to promote manufacturing electronic goods indigenously?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRJMILINDDEORA)

(a) and (b): As per the India Semiconductor Association (ISA) - Frost & Sullivan Report on the Indian Electronics System Design and Manufacturing (ESDM) Market (2011-2015), it is estimated that 65% of the domestic demand for electronic products is met through imports.

(c) and (d): The Government, vide Notification No.8(78)/2010-IPHW dated 10 February, 2012 has laid down the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale. The extent of Government procurement from domestic manufacturers shall not be less than 30% of the total procurement value of that electronic product or products. These electronic products are required to meet the minimum specified graded domestic value-addition in terms of Bill of Material (BOM) from domestic manufacturers. Such procurement shall be subject to matching of LI price and on satisfying technical specifications of the tender. In this case, no domestic electronic product manufacturer is available, the full order will be awarded to LI bidder. The policy has been prepared after extensive stakeholder consultations.

(e) and (f): Government is not working on a negative list of items that cannot be imported due to security concerns. However, in order to extend preferential market access for domestically manufactured telecom products based on security considerations, the Department of Telecommunications (DoT) is presently having stakeholders' consultation for deciding security sensitive list. Government has received representation opposing extension of preferential market access for domestically manufactured telecom products to telecom licensees among others from some global associations.

To promote manufacturing of electronic goods indigenously, Government has notified the National Policy on Electronics (NPE) 2012 for the promotion the Electronics System Design and Manufacturing (ESDM) sector in the country. The Policy envisions creating a globally competitive ESDM industry to meet the country's needs and serve the international market. Parts of the policy such as Modified Special Incentive Package Scheme (M-SIPS) to offset disability and attract investments in ESDM industries; Electronics Manufacturing Clusters (EMC) Scheme to provide world-class infrastructure for the ESDM Sector; Policy for providing preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications for the country and in Government procurement; and Scheme for mandatory registration of identified electronic products for meeting specified safety standards have already been approved.