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

UNSTARRED QUESTION NO:396
ANSWERED ON:25.02.2015
DOMESTIC SOURCING OF IT PRODUCTS
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**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

(a) whether the Government has mandated Government agencies to source goods from domestic market and if so, the details thereof;

(b) whether there is an urgent need to boost electronic goods manufacturing in the country instead of depending of the foreign countries and imports;

(c) if so, the details thereof and the steps taken in this regard during the last three years and the current year;

(d) whether the U.S. has objected to India sourcing IT products locally; and

(e) if so, the details thereof and the present status thereof?

# Answer

MINISTER FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD)

(a): Yes, Sir. The Government has notified a policy for providing preference to Domestically Manufactured Electronic Products (DMEPs) in Government procurement vide Notification No. 33(3)/2013-IPHW dated 23.12.2013. The policy is appli- cable to all Ministries / Departments (except Ministry of Defence) and their agencies for electronic products purchased for Governmental purposes. The policy is also applicable for procurement of electronic products made under all Centrally Sponsored Schemes and grants made by Central Government. The Department of Electronics & Information Technology (DeitY) has notified 9 electronic products viz. Desktop PCs, Dot Matrix Printers, Laptop PCs, Tablet PCs, Smart Cards, LED Products, Biometric Access Control/ Authen- tication Devices, Biometric Finger Print Sensors & Biometric Iris Sensors and Department of Telecommunications (DoT) has notified 23 telecom products.

(b) and (c): There is an immediate need to boost electronics goods manufacturing in the country. It is estimated that demand of electronic products in India would grow about USD 400 Billion by 2020. At the conventional rate of growth of domestic produ- ction, it would only be possible to meet demand of about USD 100 Billion by 2020. The Government attaches high priority to electronic & IT hardware manufacturing. Under the Digital India programme, the Government has set a target of "Net Zero Import by 2020". Government has taken various initiatives and imple- mented policies & schemes to promote electronic hardware manu- facturing in the country. The key steps taken are as under:

# The National Policy on Electronics 2012 has been notified with a vision to create a globally competitive Electronics System Design & Manufacturing (ESDM) industry to meet the country`s needs and serve the international market.

# Electronics hardware manufacturing is one of the thrust areas in the "Make In India" campaign of the Government.

# Modified Special Package Incentive Scheme (M-SIPS) to provide subsidy of 20-25% on capital expenditure for setting up units in Electronic System Design & Manufa- cturing (ESDM) sector has been implemented.

# Policy for providing preference to domestically manufac- tured electronic products in government procurements.

# Electronic Manufacturing Clusters (EMC) Scheme to provide financial assistance for capital expenditure for developing basic infrastructure, amenities and other common facilities for the Electronic System Design & Manufacturing (ESDM) units

# Setting up of two Semiconductor Wafer Fabs in Greater Noida (Uttar Pradesh) and Prantij (Gujarat) and providing 25% subsidy on capital expenditure

# Electronic Development Fund Policy has been approved to support daughter funds including early stage angel funds and venture funds in the area of Electronic System Design & Manufacturing (ESDM), Nano-electronics and IT.

# Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.

# Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required

by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.

# Under the Focus Product Scheme of the Foreign Trade Policy, exports of listed electronic products are entitled to duty credit scrip equivalent to 2% / 5% of FOB value of exports.

# Tariff Structure has been rationalized to promote indigenous manufacturing of electronic items.

# Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods.

# Taken steps for the development and implementation of the Indian Conditional Access System (CAS) to promote indigenous manufacturing of Set Top Box (STB) for Cable / DTH TV, keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector.

# National Centre of Excellence in Large Area Flexible Elec- tronics is being set up in IIT Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercia- lization.

# An Electropreneur Park in Delhi providing Incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.

# The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.

# To promote Innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years, a proposal submitted by Global Innovation and Technology Alliance (GITA) has been approved.

# A Scheme for skill development of 90,000 persons in the ESDM sector has been approved to provide human resource for ESDM industry.

# The Department of Electronics and Information Technology (DeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Elec- tronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.

# A new initiative has been taken to recognize the achievements of successful industry by presentation of National Awards in the Electronics System Design and Manufacturing (ESDM) sector, to encourage entrepreneurs and to encourage new investments and innovation in the sector.

(d) and (e): The policy for providing preference to domes- tically manufactured electronic goods was earlier notified vide DeitY Gazette Notification dated 10.02.2012. The policy was applicable in procurement of those electronic products which have security implications for the country 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. Several representations were received from organizations, industry and trade bodies and some countries (including USA) expressing concerns regarding the policy notification dated 10.2.2012, especially regarding provisions relating to Electronic Products having Security Implications (EPSIs) and its application to the private sector. The policy was reviewed and revised policy was notified by the Government vide Notification No. 33(3)/2013- IPHW dated 23.12.2013 in supersession of the policy dated 10.02.2012. The revised policy is applicable to all Minis- tries/ Departments (except Ministry of Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in goods for commercial sale. This would also be applicable for procurement of electronic products made under all Centrally Sponsored Schemes and grants made by Central Government.