

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

STARRED QUESTION NO:289

ANSWERED ON:28.07.2014

PROMOTION OF DOMESTICALLY MANUFACTURED ELECTRONIC PRODUCTS

Sreeramulu Shri B.

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

- (a) whether the demand of electronic products is on the increase in the country over the years;
- (b) if so, the details thereof including the percentage of electronic hardware products manufactured or imported in the country;
- (c) the total number of branded electronic hardware products manufacturing companies in the country;
- (d) whether the Government proposes to promote domestically manufactured electronic products in the country and if so, the details thereof including the policy/guidelines laid down for the purpose; and
- (e) the steps taken/being taken by the Government to stimulate the growth of manufacturing of electronic hardware products in the country?

Answer

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

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

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 289 FOR 28.07.2014 PROMOTION OF DOMESTICALLY MANUFACTURED ELECTRONIC PRODUCTS

(a) and (b): Yes, Sir. As per the estimates of the Task Force set up by Department of Electronics & Information Technology, the demand for electronics in the country is expected to rise from USD 45 Billion in 2009 to USD 400 Billion by 2020. On the other hand, the production of electronic goods was Rs. 97260 crore in the year 2008- 09 and it has risen to Rs. 177500 crore in 2012-13.

(c): This Department does not maintain such data.

(d) and (e): Yes, Sir, The steps taken/being taken by the Government to promote Electronics design and manufacturing in the country are mentioned in the Annexure-I and recent initiatives announced by the Government in the Budget 2014-15 for promoting the sector are also enunciated in the Annexure-II.

Annexure-I

Steps taken by the Government for promotion of manufacturing of Electronic Goods

1. 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.
2. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the sector.
3. Government has approved setting up of two semiconductor wafer fabrication (FAB) manufacturing facilities in India.
4. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
5. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units.
6. 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.
7. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
8. 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.
9. An Electropreneur park providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.
10. 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.

11. 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.

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

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

14. 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.

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

Annexure - II

BUDGET ANNOUNCEMENTS ON PROMOTION OF DOMESTICALLY MANUFACTURED ELECTRONIC PRODUCTS

To provide thrust to promotion of Electronics System Design and Manufacturing (ESDM) sector, several fiscal and other policy measures have been announced in the Budget for 2014-15. These, inter-alia, includes:-

Hardware Manufacturing Region: Kakinada and its adjoining area and the port will be developed as the key driver of economic growth in the region with special focus on hardware manufacturing.

Semiconductor Wafer Fab: Investment linked deduction extended to semiconductor wafer fab manufacturing units for units specified by CBDT.

TV Manufacturing:

BCD on LCD and LED TV panels below 19 inches reduced from 10 percent to zero.

BCD on Colour picture tubes for manufacture of cathode ray TV reduced from 10 percent to zero.

BCD on Specified parts of LCD and LED TV (including open cell, plate diffuser, film diffuser) reduced from 10%/7.5% to zero.

Telecommunication Equipment Manufacturing : BCD on Telecommunication equipments not covered under ITA increased from zero to 10 percent.

LED : Excise Duty on LED (Light Emitting Diode) driver and MCPCB (Metal Core Printed Circuit Board) for use in manufacture of LED lights and fixtures or LED lamp reduced from 12/10 percent to 6 percent.

Smart Cards: Excise on Recorded smart cards increased from 2 percent without CENVAT and 6 percent with CENVAT to 12 percent. SAD exempted on import of PVC sheet and ribbon used in the manufacture of smart cards.

Personal Computers (Desktops/Laptops/Tablets): SAD exempted on import of inputs/ components used in the manufacture of personal computers (laptops/desktops) and tablet computers falling under heading 8471.

Investment Allowance : Investment Allowance at the rate of 15 percent to a manufacturing company which invests more than Rs. 25 Crore in any year in new plant and machinery. This benefit will be available for 3 years i.e. for investments made upto 31.3.2017. The scheme announced last year will continue to operate in parallel till 31.3.2015.