

# National Policy-2019

# Electronics

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## Manifest Pedagogy

Important policies such as electronics, aviation, capital goods are important seeing the creative potential they offer in terms of growth, employment and exports etc. Mains may have straightforward questions on the policy itself where as prelims could ponder over the broad features of the policy per se.

## In news

Recently cabinet approved National Policy on Electronics

## Placing it in the syllabus

Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

## Static dimensions

- MSIPS
- ESDM-Industrial cluster.
- Electronics Development Fund.

## Current dimensions

- Electronic imports.
- Coastal Economic Zones (CEZs)
- National Electronics Policy.

# Content

## Modified Special Incentive Package Scheme(M-SIPS)

- To offset disability and attract investments in Electronic manufacturing, Modified Special Incentive Package Scheme (M-SIPS) was notified in 2012.
- The scheme is available for both new projects and expansion projects. The scheme provides capital subsidy of 20% in SEZ (25% in non-SEZ) for units engaged in electronics manufacturing.
- It was launched to encourage investment and production in the electronic goods sector. **The policy was aimed to create an indigenous manufacturing eco-system for electronics in the country.**
- But over the years, investment has not happened substantially into the sector. Hence the modifications to the scheme was made in 2015 and 2016 to enhance the level of investment by changing the various provisions of the scheme. **The latest amendment tries to achieve the goal of 'Net Zero imports' in electronics by 2020.**
- Objective of the **amendment is not only to attract more investments into the Electronics System Design and Manufacturing (ESDM) sector in India,** but also to create employment opportunities and reduce dependence on imports.

## Electronics System Design and Manufacturing (ESDM)

- **The National Policy on Electronics 2012 (NPE 2012)** envisioned creating a globally competitive Electronics System Design and Manufacturing (ESDM) industry to meet the country's needs and to serve the international market.
- The Government of India attaches high priority to electronics hardware manufacturing and it is one of the important pillars of both "Make in India" and "Digital

India” programmes. Implementation of the Schemes/ Programmes under the aegis of the National Policy on Electronics 2012 (NPE 2012) has successfully consolidated the foundations for a competitive Indian ESDM value chain.

### **Electronic Development Fund (EDF)**

As part of the “Digital India” agenda of the Government, **it is envisaged to develop the Electronics System Design and Manufacturing (ESDM) sector to achieve “Net Zero Imports” by 2020.** Setting up of Electronic Development Fund (EDF) is one of the important strategies which would enable **creating a vibrant ecosystem of innovation, research and development (R&D) and with active industry involvement.** It is with this objective that an Electronic Development Fund (EDF) is set up as a **“Fund of Funds”** to participate in professionally managed “Daughter Funds” which in turn will provide risk capital to companies developing new technologies in the area of electronics, nano-electronics and Information Technology (IT).

### **Electronic imports**

Electronics items are India’s second highest value import item. More importantly, these increasing imports come despite India’s push for local manufacturing and the Modi government’s ‘Make-in-India’ programme.

### **Coastal Economic Zones (CEZs):**

- CEZs could be **spatial economic regions comprising of a group of coastal districts or districts** with a strong linkage to the ports in that region. CEZs are also envisaged to tap synergies with the planned industrial corridor projects.
- For promoting port-led industrialization, **14 Coastal Economic Zones (CEZs)** covering all the Maritime States and Union Territories have been proposed. CEZ perspective plans have been prepared and Detailed Master

Plans will be prepared for **4 pilot CEZs (in Gujarat, Maharashtra, Tamil Nadu and Andhra Pradesh) in the first phase of development.**

- An Inter-Ministerial Committee (IMC) was constituted under the aegis of NITI Aayog for development of CEZs in India.

## **National Policy on Electronics-2019**

The Union Cabinet recently gave approval to the National Policy on Electronics 2019 (NPE 2019), proposed by the Ministry of Electronics and Information Technology (MeitY). The Policy envisions **positioning India as a global hub for Electronics System Design and Manufacturing – (ESDM)** by encouraging and driving capabilities in the country **for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally.**

## **Salient Features of NPE 2019**

1. Create eco-system for globally competitive ESDM sector: **Promoting domestic manufacturing and export in the entire value-chain of ESDM.**
2. Provide **incentives** and support for manufacturing of core electronic components.
3. Provide **special package of incentives for mega projects** which are extremely high-tech and entail huge investments, such as semiconductor facilities display fabrication, etc.
4. **Formulate suitable schemes** and incentive mechanisms to encourage new units and expansion of existing units.
5. **Promote Industry-led R&D and innovation in all sub-sectors of electronics, including grass root level** innovations and early stage Start-ups in emerging technology areas such as 5G, IoT/ Sensors, Artificial Intelligence (AI), Machine Learning, Virtual Reality (VR), Drones, Robotics, Additive Manufacturing, Photonics, Nano-based devices, etc.

6. Provide incentives and support for significantly enhancing availability of skilled manpower, including **re-skilling**.
7. **Special thrust on Fabless Chip Design Industry, Medical Electronic Devices Industry**, Automotive Electronics Industry and Power Electronics for Mobility and Strategic Electronics Industry.
8. **Create Sovereign Patent Fund** (SPF) to promote the development and acquisition of IPs in ESDM sector.
9. **Promote trusted electronics value chain initiatives** to improve national cyber security profile.

## **Background**

The implementation of the Schemes/ Programmes under the aegis of the National Policy on Electronics 2012 (NPE 2012) has successfully consolidated the foundations for a competitive Indian ESDM value chain. NPE 2019 proposes to build on that foundation to propel the growth of ESDM industry in the country. The National Policy of Electronics 2019 (NPE 2019) replaces the National Policy of Electronics 2012 (NPE 2012).

## **Implementation strategy:**

The Policy will lead to the **formulation of several schemes, initiatives, projects** and measures for the development of ESDM sector in the country as per the roadmap envisaged therein.

## **Targets:**

**Promote domestic manufacturing and export in the entire value-chain of ESDM** for economic development **to achieve a turnover of USD 400 billion** (approximately INR 26,00,000 crore) **by 2025**.

This will include **targeted production of 1.0 billion (100 crore) mobile handsets by 2025**, valued at USD 190 billion (approximately INR 13,00,000 crore), including 600 million (60 crore) mobile handsets valued at USD 110 billion

(approximately INR 7,00,000 crore) for export.

### **Major Impact**

The NPE 2019 when implemented will lead to formulation of several schemes, initiatives, projects, etc., in consultation with the concerned Ministries/ Departments, for the development of ESDM sector in the country. It will enable flow of investment and technology, leading to higher value addition in the domestically manufactured electronic products, increased electronics hardware manufacturing in the country and their export, while generating substantial employment opportunities.