



# TOPIC OF THE WEEK

OCT'18 (18 to 24)

## India's Draft electronics policy aims \$400 billion manufacturing ecosystem turnover by 2025

India's draft electronics policy released by the Ministry of Electronics and Information Technology has set an ambitious target of creating a \$400 billion electronics manufacturing industry by 2025, with the mobile phone devices segment accounting for three-fourths of the production. The draft National Policy on Electronics (NPE) aims to promote domestic manufacturing in the entire value-chain of ESDM (electronic system design and manufacturing) for spur economic development.

The Ministry of Electronics and Information Technology will coordinate with the concerned ministries and departments to provide incentives to industry for robust expansion of electronics hardware manufacturing. MeitY will work out the details and facilitate decisions by the government.

**Background:**

- The first National Policy on Electronics (NPE) was rolled out in 2012.
- The NPE 2012 provided the road map for the development of Electronics System Design and Manufacturing (ESDM) sector in the country.
- Implementation of the Schemes/ Programmes under the aegis of NPE 2012 successfully consolidated the foundation for a competitive Indian ESDM value chain.
- The Government now seeks to build on that foundation to propel the growth of ESDM industry in the country.

**Highlights:**

- The policy promotes a forward looking and stable tax regime, including advance intimation to the industry to plan investments in the form of Phased Manufacturing Programme (PMP) in various segments of electronics, with a sunset clause should be promoted.

- It targets production of one billion mobile handsets by 2025, valued at USD 190 billion (about Rs 13 lakh crore).
- It is targeted to export 600 million mobile handsets valued at USD 110 billion (about Rs. 7 lakh).
- It mentions that government would levy cess on identified electronic goods to be considered to generate resources for promotion of certain critical sub-sectors of electronics manufacturing such as semiconductor wafer fabrication and display fabrication units.
- 20 greenfield and three brownfield electronic manufacturing cluster projects have been sanctioned with the project outlay of Rs 3898 crore, including Rs. 1577 crore from the Government of India.

**Significance:**

- The draft policy aims to promote ease of doing business for the entire Electronic System Design and Manufacturing (ESDM) sector.

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- It aims to encourage industry-led research and development and innovation in all sub-sectors of electronics.
- Promotion of manufacturing of electronic goods covered under the Information Technology Agreement (ITA-1) of the World Trade Organization
- Replacing the M-SIPS (Modified Special Incentive Package Scheme) with schemes that are easier to implement such as interest subsidy and credit default guarantee to encourage expansion in electronics manufacturing sector
- Exempting the import duty on equipment not being manufactured in the country to reduce capital expenditure for setting up of a unit or for expansion of existing units

### **Conclusion:**

This policy aims to push the start-up ecosystem in emerging technology areas such as 5G, Internet of Things, artificial intelligence, machine learning and their applications in areas such as defence, agriculture, health, smart cities and automation.

It also involves development of core competencies in all the sub-sectors of electronics, including electronic components and semiconductors, telecommunication equipment, medical electronics, strategic electronics, defence electronics, automotive electronics and industrial electronics in general.

**Read further:**

- ✓ <https://www.businesstoday.in/current/economy-politics/india-draft-electronics-policy-aims-usd-400-billion-manufacturing-industry-by-2025/story/284581.html>
- ✓ <https://economictimes.indiatimes.com/news/economy/policy/draft-electronics-policy-aims-400-billion-manufacturing-ecosystem-turnover-by-2025/articleshow/66154589.cms>