



Department of Industrial Policy  
and Promotion

Ministry of Electronics &  
Information Technology

# Electronics & IT Sector

## Achievements Report

November 8, 2016 \*



**MAKE IN INDIA**

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# Electronics & IT Sector

The Government is driving forward reforms in IT and electronics manufacturing sector through major initiatives like 'Make in India' and by creating favourable policies to enable an investor friendly environment.

The Electronic System Design & Manufacturing (ESDM) sector \* offers investors a wealth of opportunities for growth and is among the top five sectors in India attracting highest FDI. As the demand for high-end products rises in the domestic market, the **Indian ESDM sector is projected to grow at a CAGR of 24%** from USD 70 billion in 2014 to USD 400 billion by 2020.

With a target of '**Net Zero Imports**' by 2020, the Government has embarked on several initiatives to promote manufacturing in the country. In FY 2014-15, approximately 1.9 lakh crore of electronics products were manufactured indigenously.

## Policy Initiatives & Major Investments

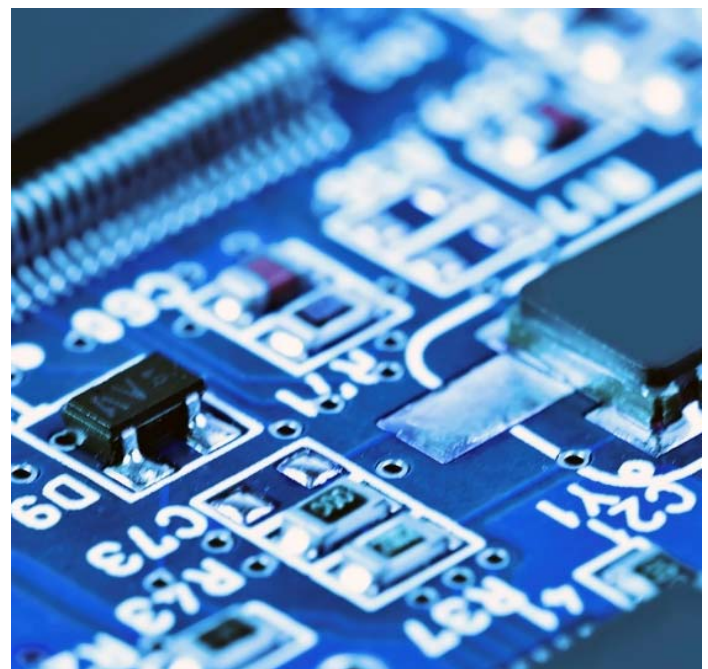
### FDI Policy:

100% FDI under automatic route is permitted in the manufacturing of electronic items.

Total FDI equity Inflows in Computer Software & Hardware sector grew by 409% from 2.3 billion to 5.9 billion and in Electronics Sector by 79% from USD 97 million to USD 208 million in April 2014-March 2016 compared to April 2012-March 2014.

During Apr-Dec 2016, Computer Software & Hardware sector witnessed USD 1.8 billion equity inflow.

SI No	Sub Sector	Apr 2014 - Mar 2015 (USD million)	Apr 2015- Mar 2016 (USD million)
1	Computer Software & Hardware	2296.04	5904.36
2	Electronics	96.84	208.39
	<b>Total</b>	<b>2392.88</b>	<b>6112.75</b>



\* (ESDM) industry comprising of Electronics Products, Electronic Components, Semiconductor Design and Electronics Manufacturing Services.



## Fiscal Incentives

- Basic customs duty (BCD) and special additional duty have been withdrawn and importers of mobile handset components such as chargers, adaptors, batteries and wired headsets need to pay only the countervailing duty of 12.5% .
- 10.5% duty advantage for local manufacturers of mobile speakers and batteries and 8.5% duty advantage to local manufacturers of routers, set top boxes, CCTV cameras etc.
- Correction of inverted duty structure in products like:
  - BCD of 7.5% imposed on e-Readers and BCD on raw materials or parts for use in manufacture of e-Readers reduced to 5%
  - BCD exempted on inputs/raw materials such as Capacitor grade polypropylene granules or resins
  - BCD exempted on Magnetron of up to 1.5KW used for the manufacture of domestic microwave ovens
  - BCD has been exempted on specified raw materials and capital goods for use in manufacture of subminiature fuses, micro fuses, resettable fuses and thermal fuses
  - BCD exemption has been withdrawn on certain telecommunication equipment (soft switches, VoIP equipment, optical transport equipment, carrier, Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products; · Multiple Input / Multiple Output (MIMO) and Long Term Evolution (LTE) Products.
- The medical devices and semiconductor sectors have received a fillip through the correction of the inverted duty structure by reducing BCD to 2.5% along with full exemption from Special Additional Duty (SAD) on raw materials, parts and accessories for manufacture of medical devices.
- BCD and SAD have been exempted for assembly-test-mark-pack for semiconductor wafer fabrication/LCD fabrication.
- **Export Promotion Capital Goods (EPCG) scheme:** Under zero duty Export Promotion Capital Goods (EPCG) scheme, imports of capital goods for pre-production, production and post-production (including Completely Knocked down(CKD)/Semi Knocked Down(SKD) thereof as well as computer software systems) enter at zero custom duty.

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

The M-SIPS scheme, developed to boost manufacturing and attract investments in the electronic sector, was modified in **August 2015** by **extending the scheme for 5 more years to 2020**, and adding **15 new product categories** like smart cards, liquid crystal modules, consumer appliances, Internet of Things products, multi-functional electronic devices and optical fibre etc.

An **electronic M-SIPS (e-MSIPS) Application System** has been put in place to enable online submission by applicants and allow scrutiny of applications submitted to MeitY.

- 192 M-SIPs applications worth 1.1 lakh crore have been received between April 2014-September 2016, from global OEMs/ ODMs and component manufacturers in various segments of electronics like IT & telecom, strategic, energy conservation, consumer, automotive, industrial, medical, EMS
- MeitY has approved 67 proposals worth INR 16,845 crores from Tata Power SED, Continental Automotive, Samsung, Bosch, Nidec, Tejas Networks, Motherson Sumi Systems, Nippon Audiotronix, Continental Automotive, GE BE Private Limited, Philips, Jabil, Flextronics, Sterlite, Giesecke & Deverient, LG, Lava, Haier, Mitsubishi, Delphi, Schneider Electric and WiproGE healthcare.

**Electronics Development Fund:** 4 venture funds worth INR 179 crore have been approved and 12 venture funds approved for in principle commitment of INR 510 crore.



## Innovation & R&D

### National Centre of Excellence in Technologies for Internal Security (NCETIS):

The centre has been set up at IIT Bombay, with an outlay of Rs 83.39 crore for 5 years to develop state-of-art-technologies vital to national security and for providing rescue and relief operations. With the help of 14 faculty members and a central grant of Rs 100 crore, NCETIS has initiated 10 internal R & D/Technology Development projects of 18 months to 2 Years duration.

### National Centre of Excellence for Large Area Flexible Electronics (NCFlexE):

This has been set up at IIT Kanpur as a resource centre in the emerging area of flexible electronics with a budget outlay of Rs. 132.99 Cr for 5 years. At its full capacity, the centre will have a dedicated team of about 50 researchers and project staff working under the mentorship of IIT Kanpur faculty members from various departments. Five joint technology development projects are in progress.

### Centre of Excellence for Internet of Things:

India's first Centre of Excellence on Internet of Things (CoE- IoT) was launched in Bengaluru, Karnataka on July 7, 2016. The CoE- IoT has been jointly set up in PPP mode by NASSCOM, MeitY, Education and Research Network (ERNET) and Government of Karnataka. MeitY is funding 50% of the cost for 5 years while remaining 50% is being funded by industry/NASSCOM. The Karnataka Government has provided space for the Centre. The CoE is also supported by Cisco, Accenture, HCL Technologies, Intel, TCS, Qualcomm and L&T Technology Services among others. The centre has the capacity to incubate 40 start-ups, allowing them to build a prototype and test them. The CoE focus on building solutions for applications such as agriculture, automobile, telecom, healthcare and consumer goods. A lab with all tools and equipment to be used by start-ups and entrepreneurs has been set up at the centre and guidelines to enroll start-ups have been formulated.

### Promoting Collaborative Industrial R&D Funding through Global Innovation and Technology Alliance (GITA)

Focused on priority areas of Large Area Flexible Electronics, Internet of Things (IOT) and Technology for Internal Security with a timeline of not more than two years. Medical Electronics, Strategic Electronics and Micro Electronics Mechanical Systems (MEMS) are also covered for funding under the scheme The Request for Proposals (RFP) have been launched bilaterally with South Korea, Finland, UK, Spain and Canada.

### Electropreneur Park (Startups @ EP):

An incubation centre was launched by MeitY in August 2016 in association with Software Technology Parks of India (STPI), Delhi University (DU), and Indian Electronics and Semiconductor Association (IESA). It will offer assistance and support during prototyping and commercialisation of products that are conceptualised at the centre.

Electropreneur Park has received more than 175 applications for incubation, and eight incubatees are already onboard.

**R&D Achievements supported by MeitY** has resulted in the **Transfer of Technologies** to various companies for commercialization. Some of the major outcomes of domestic R&D efforts are:

- Wireless Traffic Control System
- Red Light Violation Detection System
- Medical Linear Accelerator (LINAC) System
- Microwave Hospital Disinfectant System
- Digital Programmable Hearing Aid

Two major technologies in areas of Advanced Communication, Convergence and Broadband Technologies that have been recently developed and transferred to industry to enable manufacturing are:

- Software Defined Radio for Naval Communication (SDR-NC), and
- TETRA - Terrestrial Trunked Radio technology for usage by Police and Army



### Indian Conditional Access System (iCASTM) for Set Top Boxes (STBs):

Under a project funded by MeitY for promotion of Electronics design and manufacturing in the country in PPP mode, in November 2015, M/s. ByDesign India Private Limited of Bangalore completed development of iCASTM for Set Top Boxes (STBs). iCASTM supports 7 Indian Languages and shall support 15 more languages in the near future. The iCAS is available to domestic STB manufacturers at a price of USD 0.5/ license for a period of three years, as against market price of USD 4-5/ license for other competing products. The implementation of iCAS in the cable networks have already started. More than 1.5 lakh STBs with iCAS have been deployed across the country from Haldwani in the North to Madurai in the South and Durgapur in the East to Satara District in the West. iCASTM exemplifies successful collaboration between industry and Government for R&D and IPR generation in Electronics design and manufacturing.

### Mobile handset manufacturing units

38 new Mobile manufacturing units with over 20 million units/month capacity have been set up since September 2015. These units have generated 38,300 employment opportunities.

List of the mobile manufacturing units in Annexure III.

### Ease of doing business

- An Investment Facilitation Cell managed by Invest India and specific Help-Desks for Japan and Israel, has been established at MeitY to handhold and help investors during their various stages of transition. 836 queries have been received and responded to in the Electronics sector in the 2 year period since September 2014.
- Customs Rules 1996 (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) has been substituted with the Customs Rules 2016 (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods), effective from April 1, 2016, with a view to simplify the rules,

including allowing duty exemptions to importer/manufacture based on self-declaration instead of obtaining permissions from the Central Excise authorities. Need for additional registration has also been done away with.

### Skill Development

#### Digital Saksharta Abhiyan (DISHA)

Under Digital Saksharta Abhiyan and National Digital Literacy Mission, around 99.56 lakh candidates have been enrolled for training, 82.74 lakh candidates have been trained and more than 47.13 lakh candidates have been certified so far.

#### Visvesvaraya PhD Scheme for Electronics & IT

Launched by MeitY in March 2014, the scheme was **revised in November 2015** and the budget outlay increased to Rs 466 crores for a period of 9 years with an objective to enhance the number of PhDs in Electronics System Design and Manufacturing (ESDM) and IT/IT Enabled Services (IT/ITES) sectors in the country. Supporting up to 3000 PhDs. 1436 Fellowships have been approved till date and 1104 Students have been enrolled.

#### India BPO Promotion Scheme (IBPS):

48,300 seats have been approved under India BPO scheme and over 5000 seats have been approved for BPOs in North East. In-Principle Approval (IPA) has been issued to successful bidders for a total of 1250 seats (500 in Assam, 400 in Nagaland, 200 in Meghalaya and 150 in Manipur).



# Annexure

## Annexure I

Details of Major Foreign investments in Indian Companies in Electronics Sector are as below:

Foreign Collaborator	Country	Indian Company	FDI (USD Millions)
Videocon Mauritius Energy Limited	Mauritius	Millennium Appliances India Limited(USD 30.82 Million),sky APPLIANCES LTD(USD 35.4),grand Electronic Private Limited(USD 6.91 Million)	73.1
Mastercard Singapore Holding Pte Limited	Singapore	Electracard Services Private Limited	50.02
Harman Industries Holding Mauritius Limited	Mauritius	Harman International (India) Private Limited	33.45
Haier Singapore Investment Holding Pte.	Singapore	Haier Appliances India Private Limited	14.91
JMTC FZCO	UAE	Veto Electropowers India Private Limited	8.1
Vishay Precision Asia Investments Pte Lt	Singapore	Vishay Precision Transducers India Private L	6.66
Dong Kwang Precision Co Limited	South Korea	Dongkwang Precision India Private Limited	6.29
Sankyo Buhin Co. Limited	Japan	Sanac India Private Limited	4.87
Delta Energy Systems (Singapore) Pte Limited	Singapore	Delta India Electronic Private Limited	4.84
Tyco Electronics Singapore Pte Limited	Singapore	Te Connectivity India Private Limited	4.43
Foxconn Singapore Pte Limited	Singapore	Foxconn Technology India Development Private	2.98
Circuit Makers (S) Pte Limited	Singapore	Cipsa Tec India Private Limited	2.91
Abdul Rahman Ali Al-khudair Holding Comp	Saudi Arabia	Omya Healthcare Limited	2.69
Norma Group Asia Pacific Holding Pte Limited	Singapore	Norma Group Products Private Limited	2.49
Elentec Co. Limited	South Korea	Elentec India Private Limited	1.98
SDP Telecom Inc.	Canada	Sdp Telecom India Private Limited	1.95
Telesystem Participation Llc	U.S.A	Tele System Electronic India Private Limited	1.79
Eurocircuits N.V.	Belgium	Eurocircuits India Limited	1.71
Ripe Korea Co. Limited	South Korea	Elentec India Private Limited	1.69



# Annexure

## Annexure II

Details of major Foreign Investments in Computer Hardware & Software sector are as below:

Foreign Collaborator	Country	Indian Company	FDI (USD Millions)
Starfish I Pte Limited	Singapore	Jasper Infotech Private Limited	719.26
Alipay Singapore E-commerce Pte Limited	Singapore	One 97 Communications Limited	473.05
Alibaba.Com Singapore E-commerce Pte Limited	HongKong	One 97 Communications Limited, Jasper Infotech Private Limited	344.22
SIMI Pacific Pte Limited	Singapore	Ani Technologies Private Limited	332.06
DST	Mauritius, Caymen Islands	Ani Technologies Private Limited	229
MIH India Ecommerce Pte Limited	Singapore	Ibibo Group Private Limited	213.86
Ebay Singapore Services Pte Limited	Singapore	Jasper Infotech Private Limited(USD 86.94 Million), Ebay India Private Limited(USD 93.74 Million)	180.23
Astro Entertainment Networks Limited	Mauritius	Getit Infoservices Private Limited	163.64
Wonderful Stars Pte Limited	Singapore	Jasper Infotech Private Limited	152.98
Sequoia Capital	Mauritius	Jasper Infotech Private Limited(USD 108.26 Million), Urban Ladder Home Decor Solutions Private (USD 25.23 Million)	133.49
Thomson Reuters	Singapore	Integrascreen Services Private Limited(USD 115.3 Million), Omnesys Technologies Private Limited(USD 13.47 Million)	128.77
Amazon Asia Pacific Resources Private Limited	Singapore	Amazon Seller Services Private Limited,Amazon Internet Services Private Limited	114.9
Internet Fund Ii Pte. Limited	Singapore	Solv Tech Solutions Private Limited(USD 12.71 Million), Ani Technologies Private Limited(USD 56.3 Million)	113.23
General Atlantic Singapore Fund Pte Limited	Singapore	Indiaideas Com Limited(USD 15.72 Million), Citius It Solutions Private Limited(USD 17.16 Million), INDIADEAS COM Limited(USD 74.48 Million)	107.36
FO Mauritius I Limited	Mauritius	Ani Technologies Private Limited	103.77
Lathe Investment Private Limited	Singapore	Ani Technologies Private Limited	96.78
Singapore NST Pte Limited	Singapore	Quest Global Engineering Services Private Limited	92.48
Aon Singapore Center For Innovation SSTR	Singapore	Aon Consulting Private Limited	84.14
Tiger Global Six India II Holdings	Mauritius	Ani Technologies Private Limited(USD 52.42 Million), Maxheap Technologies Private Limited(USD 29.43 Million),	81.85





# Annexure

## Annexure III

### New mobile handset manufacturing units established in India during Sep 2015 – Oct 2016

NAME OF THE BRAND / COMPANY / EMS COMPANY	No. of Units	Location of Units	Mnfc. Capacity (Mn Units / month)	Employment (In Nos.)
Foxconn (Rising Star Mobiles India (P) Ltd.)	5	1. Sri City	2.5	8000
		2. Sri City		
		3. Sri City		
		4. Sri City		
		5. Maharashtra		
Micromax (Bhagwati Products Ltd.)	1	Hyderabad, Telangana	0.3	600
MCM (Million Club Manufacturing)	1	Noida, UP	1	1500
Lava International	2	1. Noida, UP	2	5000
		2. Noida, UP		
Intex Technologies	4	1. Noida, UP	3	5000
		2. Noida, UP		
		3. Jammu		
		4. Baddi, HP		
Celkon Mobiles	1	Medchal, Telangana	0.5	1200
Dixon Technologies (India) Private Limited	1	Noida, UP	1	900
GDN	1	Greater Noida, UP	1	1200
Vivo Mobile	1	Greater Noida, UP	0.3	500
Videocon	2	Aurangabad, Maharashtra	1	2000
		Kasipur, Uttarakhand		
Flextronics	1	Sriperumbudur, TN	1.3	2500
SEPL	1	Haridwar, Uttarakhand	0.5	1000
TMB Electronics	1	Kundli, Haryana	0.4	800
Innovative Industries	1	Delhi	0.4	700
Labanyo Electronics	1	Noida, UP	0.2	500
KMC Electronics	1	Kotdwar, UP	0.7	1000
Champion Computers	1	Delhi	0.3	500
BGM Electronics	1	Shahibabad, UP	0.4	500
SST Electronics	1	Kundli, Haryana	0.4	500
Hye Mobiles	1	Delhi	0.3	300
Bingo Mobiles Tech.	1	Noida, UP	0.2	300
Delhi Phone Battery	1	Haridwar, Uttarakhand	0.5	800
ADCOM	1	Delhi (Kirti Nagar)	0.1	300
VSUN	1	Bawal, Haryana	1.7	1800
Hi-Tech	1	Kolkata, WB	0.2	600
Higher Industries (India) Pvt. Ltd.	1	Mundka, Delhi	0.5	300
Runsheng Technologies Pvt. Ltd.	1	Faridabad, UP		
Compal (Mnfc. for LeEco)	1	Greater Noida, UP		
Penguin Electronics	1	Daman		
<b>Total</b>	<b>38</b>		<b>20.7</b>	<b>38300</b>

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