Sectoral

Electronic Systems

1. Are there any incentives or schemes for electronics system design and manufacturing sector unit?

Yes, Department of Electronics and Information Technology has launched the following schemes to promote domestic manufacturing of electronics items: Under the Modified Special Incentive Package Scheme (M-SIPS), 25% of Capex is eligible for subsidy (20% for units in Special Economic Zones) for all investments made in manufacturing of ESDM products. Production subsidy @10% of production turnover (ex-factory) in select high-tech units such as fabrication and ATMP of analog/mixed signal semiconductor chips, power semiconductors, LEDs etc. Preferential Market Access (PMA)- Preference to domestic manufacturers in Government procurement to promote domestic manufacturing in the country. Specified items must meet the specified safety standards under the Compulsory Registration Order (CRO) which has been brought into force from January 3, 2014. The CRO provides a framework to add other electronic items under this regime, thereby providing a quality barrier for unsafe and sub-standard electronic goods. For common facilities to be used by a set of units as part of a supply chain or in any other form of a cluster, assistance @ 50% subject to a ceiling of $ 8 million is available for common facilities. Such common facilities could include testing facilities, training facilities, social infrastructure, as also up gradation of hard infrastructure including supply of water, power, roads and other logistics. Under the skill development scheme, 75-100% of the training fee is reimbursed for any specialized skills that may be required for prospective employees in India (training provided in any training facility recognized by Electronics Sector Skills Council) A scheme to support 3000 additional PhD (1500 in ESDM and 1500 in IT/ITES) was approved in 2014. Out of 1500 additional PhDs in ESDM, 500 are would be full time and 1000 would be part time. In addition, 100 PhDs (full-time) are to be supported by industry/State Government as a part of this scheme. Please refer link for details on incentives.

2. What is Electronics Development Fund Policy?

Electronics Development Fund Policy provides a framework to set up an Electronics Development Fund (EDF) as a Fund of Funds which will foster R&D and innovation in technology sectors like electronics, IT and nano-electronics. EDF will support Venture Funds and Angel Funds, which will be professionally managed and are dedicated to these sectors.

3. What is the duration of the SPECS scheme?

SPECS shall be open for receiving applications for a period of 3 (three) years from the date of notification. Since the scheme was notified on 01.04.2020, applications under the scheme, complete in all respects, shall be received upto 31.03.2023. No application received after three years from the date of notification of the Scheme shall be considered for approval.

4. Will capital expenditure made before the date of application also be considered for determining eligible capital expenditure under SPECS?

Capital expenditure made on or after the date of acknowledgement of an application and within 5 years of date of acknowledgement of such application shall only be considered for determining eligible capital expenditure under the Scheme. Capital expenditure made before the date of acknowledgement of application under the Scheme shall not be considered for calculation of eligible capital expenditure under the Scheme. However, Capital expenditure made before the date of acknowledgement of application, but on or after the date of application, on the approved list of capital items, shall be considered for calculation of threshold.

5. Will the expenditure incurred on Land and Building be considered towards determining eligible capital expenditure under SPECS?

No, the expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered and, therefore, will not be considered towards determining eligible capital expenditure under the Scheme.

6. Can an applicant make more than one application under SPECS?

There is no restriction on any applicant from making multiple applications under the Scheme. A Project / Unit proposed under the Scheme may include manufacturing facilities at one or more proposed locations.

7. Is the total size of Ready Built Factory (RBF) sheds limited to 10% as under the EMC 2.0 scheme?

10% of the total saleable / leasable land area is the minimum requirement. The Project Implementation Agency may decide to earmark additional area for Ready Built Factory sheds depending upon the market / industry requirements.

8. What is the MSIPS scheme and is it still active?

In order to promote large scale manufacturing in the country, M-SIPS was announced by the Government in July, 2012 to offset disability and attract investments in Electronics System Design and Manufacturing (ESDM) Industries. The scheme provided incentives for investments on capital expenditure- 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. Applications under this scheme were received till December 31st 2018. The incentives however, will be made available for investments spanning a period of 5 years from the date of approval of the project.

9. What is the National Policy on Electronics 2019?

The National Policy on Electronics is a policy roadmap that has been created to position India as a global hub of 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. It aims to promote domestic manufacturing in the entire value chain of ESDM, to increase domestic value addition and reduce dependence on import of electronic goods, strengthen global trade linkages, facilitate programs & incentive frameworks to boost ESDM exports, develop capacities in all sub-sectors and promote the R&D ecosystem within India. The policy can be accessed from here.