

Cabinet approves Scheme for Promotion of manufacturing of Electronic Components and Semiconductors

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The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has approved to offer financial incentive of 25% of capital expenditure for the manufacturing of goods that constitute the supply chain of an electronic product under the Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS).

The scheme will help offset the disability for domestic manufacturing of electronic components and semiconductors in order to strengthen the electronic manufacturing ecosystem in the country.

Financial Implications:

The total cost of the scheme is approximately Rs.3,285 crore, which includes the incentive outlay of approximately Rs.3,252 crore and the administrative expense to the tune of Rs.32 crore.

Benefits:

- i. The proposal when implemented will lead to the development of electronic components manufacturing ecosystem in the country. Following are the expected outputs/outcomes in terms of measurable indicators for the scheme:
- ii. Development of electronic components manufacturing ecosystem in the country and deepening of Electronics value chain.
- iii. New investments in Electronics Sector to the tune of at least Rs. 20,000 crore.
- iv. Direct employment of approximately 1,50,000 is expected to be created in the manufacturing units supported under the scheme, including indirect employment of about three times of direct employment as per industry estimates. Thus, total employment potential of the scheme is approximately 6,00,000.
- v. Reducing dependence on import of components by large scale domestic manufacturing that will also enhance the digital security of the nation.

Background:

The vision of National Policy on Electronics 2019 (NPE 2019) notified on 25.02.2019 is to position 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.

A vibrant electronic components manufacturing ecosystem is vital for the overall long-term and sustainable growth of electronics manufacturing in India and essential to achieve net positive Balance of Payments (BoP).

It is, therefore proposed to provide an incentive of 25% on capital expenditure on plant, machinery, equipment, associated utilities and technology, including for Research & Development to the industrial units making investment for manufacturing of electronic components, semiconductors, ATMP, specialized sub-assemblies and capital goods for these items, in the specified categories. This will cater to all segments of electronics manufacturing such as Mobile Electronics, Consumer Electronics, Industrial Electronics, Automotive Electronics, Medical Electronics, Strategic Electronics, Power Electronics, Telecom Equipment,

Computer Hardware etc.

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