

4. Large-scale Electronics Manufacturing in India

Prelims Syllabus: Governance - Institutional Reforms

Mains Syllabus: GS-II Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Why in News?

- In a bid to boost large-scale electronics manufacturing in India, the Union Cabinet approved three schemes, including a production-linked incentive scheme, with a total outlay of almost ₹48,000 crore.
- The National Policy of Electronics 2019 (NPE 2019) replaces the National Policy of Electronics 2012 (NPE 2012).

Highlights:

- The schemes are expected to attract new investments worth at least ₹50,000 crore in the sector, while generating more than five lakh direct and 15 lakh indirect jobs.

PLI for Large Scale Electronics Manufacturing:

- The Production-linked incentive (PLI) scheme for Large Scale Electronics Manufacturing aims to attract large investments in mobile phone manufacturing and specified electronic components, including assembly, testing, marking and packaging (ATMP) units.
- It has at a budgetary outlay of Rs. 40,995 crore for five years.
- The scheme will offer an incentive of 4-6% on incremental sales of goods manufactured in India and is expected to create a total of 8 lakh jobs.

Scheme for Promotion of manufacturing of Electronic Components and

Semiconductors (SPECS):

- SPECS will provide financial incentive of 25% of capital expenditure for the manufacturing of goods that constitute the supply chain of an electronic product.
- 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. The total cost of the scheme is Rs.3,285 crore.

Electronics Manufacturing Clusters (EMC) 2.0:

- It aims at creating quality infrastructure with a minimum area of 200 acres along with industry-specific facilities such as common facility centres, ready-built factory sheds/ plug-and-play facilities.

- The scheme will provide financial assistance upto 50% of the project cost subject to ceiling of Rs.70 crore per 100 acres of land and For Common Facility Centre (CFC), financial assistance of 75% of the project cost subject to a ceiling of Rs.75 crore will be provided.
- It has outlay of Rs. 3,762 crore over a period of 8 years.

Salient Features of National Policy on Electronics 2019 NPE 2019:

- Create eco-system for globally competitive Electronics System Design and Manufacturing (ESDM) sector
- Provide incentives and support for manufacturing of core electronic components.
- Provide special package of incentives for mega projects which are extremely high-tech and entail huge investments, such as semiconductor facilities display fabrication, etc.
- Formulate suitable schemes and incentive mechanisms to encourage new units and expansion of existing units.
- 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.
- Provide incentives and support for significantly enhancing availability of skilled manpower, including re-skilling.
- Special thrust on Fabless Chip Design Industry, Medical Electronic Devices Industry, Automotive Electronics Industry and Power Electronics for Mobility and Strategic Electronics Industry.
- Create Sovereign Patent Fund (SPF) to promote the development and acquisition of IPs in ESDM sector.
- Promote trusted electronics value chain initiatives to improve national cyber security profile.

