

Govt to give ₹10,000-cr incentive to electronic manufacturers

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The Cabinet on Wednesday amended the Modified Special Incentive Package Scheme (M-SIPS) to boost electronic manufacturing.

Under the amended rules, companies that invest in manufacturing would get up to ₹10,000 crore as incentives. New investment proposals would be accepted till December 31, 2018, the government said in a statement.

In case of a single investment in excess of ₹6,850 crore (\$1 billion), a separate committee headed by the cabinet secretary would approve the proposal. M-SIPS provides subsidy for capital expenditure — 20 per cent for investments in Special Economic Zones (SEZs) and 25 per cent in non-SEZs.

Under the amended rules, companies will receive incentives within five years from the date of approval — down from 10 years that was laid down earlier. To ensure time-bound delivery, now eligible proposals will be approved within 120 days of their complete submission. The units receiving incentives under the scheme will have to provide an undertaking to remain in commercial production for at least 3 years.

“This is a noteworthy step towards boosting the local manufacturing as it will discourage the import of components and parts required for (mobile) handsets. These initiatives, if implemented, will not only create an ecosystem of Electronic System Design and Manufacturing (ESDM) but will also help realise the Make in India vision,” said Manish Sharma, president, Consumer Electronics and Appliances Manufacturers Association (CEAMA).

Launched in 2012, M-SIPS has been promoted to attract various consumer electronic and component manufacturing companies to set up units here. Import of electronic goods puts pressure on India's current account, which runs into deficit every year, as it continues to import 65 per cent of its total consumption. Local manufacturing will be even more crucial in the coming days as the market for electronics hardware in India is projected to increase to ₹27,40,000 crore (\$400 billion) by 2020.

So far, 243 applications have been received under M-SIPS, out of which 75 applications have been approved

by the Ministry of Electronics and Information Technology (MeitY), involving investment proposals of ₹17,997 crore, since its inception in July 2016. The scheme has so far attracted investment of ₹1,26,838 crore in the sector.

To expand its scope, the cabinet had amended M-SIPS in August 2015 and added consumer durable items like air conditioner, refrigerator, fully automatic washing machines, wearable electronic items, automated teller

machines (ATM), CCTV and surveillance equipment among others.

According to information and technology minister Ravi Shankar Prasad, during the past one-and-a-half years 42 mobile handset and 30 com-

ponent manufacturing units have come up in India. The government is aggressively trying to promote local manufacturing of electronic goods which may attract ₹34,25,000 crore (\$500 billion) in investment, he said.