

China virus pushes govt to fast-track tech manufacturing

Cabinet likely to take up new scheme for consideration soon

ARUP ROYCHOUDHURY &
NEHA ALAWADHI
New Delhi, 27 February

The Union Cabinet is soon expected to take up for consideration a scheme that will aim at boosting the manufacturing of smart phones, semi-conductors, and other high-value tech goods.

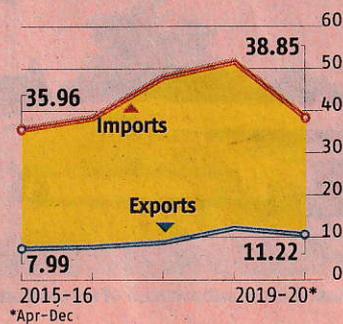
This proposal is likely to replace existing schemes like the Modified Special Incentive Package Scheme (MSIPS), Electronic Manufacturing Clusters (EMC), and Electronics Development Fund (EDF), *Business Standard* has learnt.

The scheme was first announced by Finance Minister Nirmala Sitharaman in the Union Budget this year. Work on the scheme is being speeded up because India sees opportunities in the light of companies looking to shift their manufacturing base from China due to the coronavirus epidemic.

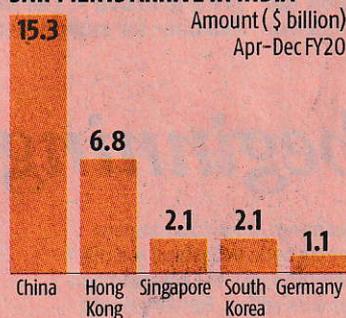
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WIDENING GAP

India's trade in all forms of electronics and electrical machinery (in \$ billion)



TOP NATIONS FROM WHERE SHIPMENTS ARRIVE IN INDIA



Source : Commerce and Industry Ministry

China virus...

"The process of drafting the scheme, deciding its contours, and getting it started are being expedited in the light of the situation in China. Based on our conversations with companies that are interested in moving their manufacturing bases out of China, we

do see opportunities," said a senior finance ministry official.

It is learnt that the scheme will require multiple proposals that will require Cabinet approval, mostly from the Ministry of Electronics and Information Technology (MEITY). "The proposals have to be sent to the Cabinet and may be approved in a few weeks. Because of the coronavirus situation, they might look at the proposals more favourably," said a MEITY official.

"Because of the coronavirus, there is an overlap and some proposals are being discussed with the finance ministry," the official said. Some details, like the outlay, are still being worked out, officials said.

It is likely the outlay of the new scheme will slightly exceed the allocations for the one it will replace. In MEITY's budget, the total for programmes have been allocated ₹980 crore for 2020-21, compared with the 2019-20 revised estimates of ₹690 crore and budgeted estimates of ₹986 crore.

"I propose a scheme focused on encouraging the manufacture of mobile phones, electronic equipment, and semi-conductor packaging. The details would be announced later," Sitharaman had said in the Budget.

In their meetings with Sitharaman last week, representatives of a number of sectors spoke about the need for India to build manufacturing capacity long-term for goods like raw materials, components and active pharmaceutical ingredients, for which they have a huge dependence on China.

Earlier this month, at a post-Budget media interaction, Sitharaman had said she had spoken to 12 companies, among those searching for alternatives to China, had spoken to the government. "I feel their expectations from us are quite realistic and reasonable," she

said. It is learnt that these talks are being held by multiple government departments, including the finance ministry, commerce ministry, NITI Aayog and MEITY.

The Electronics Manufacturing Clusters scheme was notified in 2012 to support creation of infrastructure to attract investment in the Electronics Systems Design and Manufacturing sector. The new scheme is likely to include features and sops from the scheme that will be replaced. MEITY Minister Ravi Shankar Prasad has said a big focus of the government is to make India a big export hub for electronics