



Government to develop 500 champion MSMEs in electronic sector

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“Government of India is taking efforts to develop 500 champion MSMEs in the electronic sector. Global and Indian electronic companies have committed USD 100 billion production, 80% of which is for exports, under the production linked incentive scheme so far. This revenue positive scheme will create 2.5 lakh direct and indirect employment and also generate significant tax revenue for government. In the last two months, we received 44 applications under another scheme, known as SPECS, which provides capital subsidy for investors. We expect at least Rs. 50,000 crore investment in electronic component manufacturing under this scheme in the next few years.” said by **Mr. Saurabh Gaur, IAS, Joint Secretary, Ministry of Electronics & Information Technology, Government of India** at a webinar to mark the official release of MVIRDC Research Study on ‘Promoting Electronic Manufacturing’.

Mr. Gaur further added, “India will soon join the league of leading mobile phone exporters such as China and Vietnam, that annually export USD 140 billion and USD 60 billion worth of phones respectively. We want to replicate our success in mobile phone manufacturing in computing devices such as laptops, tablets, notebooks and servers. In the case of set top boxes, India domestically develops conditional access systems (CAS), although we are dependent on imports to a large extent. India will also make progress in domestic manufacturing of Internet of Things (IoT) and wearable devices

Speaking about roadmap for developing semiconductor manufacturing in India, Mr. Gaur said, “Government is engaged at high level to attract global semiconductor players by way of direct investment and joint ventures with Indian companies. To start with, India will soon approve major investment in ATMP (Assembly-Test-Mark-Pack) segment.”

Speaking on this occasion, **Dr. Ajai Chowdhry, Founder – HCL, Padma Bhushan Awardee (2011)** said, “India has the potential to capture a significant size of the USD 360 billion global market for IT and datacom products. Government of India should support manufacturers of desktops, tablets, networking products by providing production linked incentives (PLIs). We also have potential for domestic manufacturing of set top box, surveillance cameras, tablets and smart meters. India should aim for indigenous design and production, right from chip to the entire electronic system.”

Dr. Chowdhry further added, “India should start domestic manufacturing of semiconductors, by initially creating capacity for high volume segments such as 28 nanometer plant and then gradually moving up the value chain. We should also strengthen capacity for fables semiconductor industry.”

Dr. Chowdhry concluded by pointing out that domestic electronic manufacturing can address the digital divide by meeting demand of under-served sections of the population. “Students in most schools and colleges of India are deprived of tablets for learning purpose. India should work on designing and manufacturing of low cost tablets. India can also meet demand for similar tablets in Africa and other foreign markets.”

Speaking on this occasion, **Dr. (Ms.) Rashmi Banga, Senior Economic Affairs Officer, Unit on Economic Cooperation and Integration Among Developing Countries (ECIDC), UNCTAD** said, "India needs to block extension of the WTO Moratorium on Electronic Transmissions in the upcoming WTO Ministerial Meeting as the Moratorium not only allows duty free imports of many luxury items like video games, movies, music and e-books into the country but can also have severe adverse implications for the manufacturing sector. Unregulated imports of software which is electronically transmitted can be used in digital technologies like 3D printers by foreign firms to 3D print many of the currently manufactured products, within the national boundaries of India but without physical presence."

Dr. Banga further remarked, "India also needs to stay out of the ITA Expansion Agreement (of WTO) as this agreement includes reducing tariffs to zero on many new age digital products which do not yet have corresponding HS codes. Nobody knows how digital revolution will unfold in future and countries should not take any binding commitments which may restrict their policy space to develop their domestic digital sector, including digital rules which are being negotiated under Joint Statement Initiative."

In her remarks, **Ms. Smita Purushottam, Ambassador (Retd.), Founder & Chairperson, Science, Indigenous Technology and Advanced Research Accelerator (SITARA)** said, "Electronics and digitisation undergird every aspect of national life including the economy, society and defence. As critical infrastructure, they must be secured, which can only be guaranteed through indigenously manufactured products and solutions. Government should emphasise domestic procurement and R&D to reverse the damage wrought on the domestic sector by premature trade liberalisation."

Ms. Purushottam emphasized, "The skewed domestic procurement ecosystem must be purged of the influence of import lobbies which has denied massive opportunities to domestic manufacturers. The Preferential Procurement Make in India (PPP-MII) policy must be implemented in telecommunications, electronics, defence, Smart Cities, Railtel orders and State Government projects, where they are still being flouted. A carrot and stick policy of withholding financial transfers, individual promotions and other benefits unless PPP-MII Orders are followed – must be implemented."

Speaking about promoting R&D, Ms. Purushottam said, "Incentives for domestic R&D must be restored and direct funding given to small businesses for R&D as per America's SBIR model. Businesses must, in turn, invest more in R&D. R&D intensive companies must be held up as national models and not harassed and penalised. The National Electronics Mission under PM must ensure that India generates disruptive technologies. After all, it is our scientists and engineers who create enormous IP in cutting-edge products for foreign companies and Governments."

Earlier in his welcome remarks, **Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Center Mumbai** said, "India's electronic manufacturing kick started since 1984 and the then government provided thrust to advance towards electronic age by encouraging domestic manufacturing and exports. Now, we are advancing towards digital age that requires big thrust from government in terms of incentives; or else, it may be difficult to achieve the grand vision of Self-Reliant India. Local manufacturing lost steam in the last two decades because of cheap imports. Imposition of anti-dumping duty used to take lot of time because of lengthy investigation. India can reclaim its dominance in electronic manufacturing by revitalizing loss making electronic companies. We need government support, in terms of financial assistance to loss making companies, capital and interest cost subsidies to jumpstart local electronic manufacturing."

Mr. Kalantri further remarked that India can be a global leader in electronic manufacturing and join the league of leading exporters such as China, South Korea and Japan through concerted policy thrust on this sector. The realignment of supply chain in the post-pandemic world offers huge opportunity for India to become self-reliant in electronic manufacturing. WTC Mumbai will support government and industry by offering in-depth research insights and drafting detailed policy recommendations to promote the sector."

A key highlight of the event was the release of MVIRDC Research Study on 'Promoting Electronic Manufacturing in India'. The study suggests more than 10 policy measures to transform India into a global hub for electronic manufacturing. The study covers major electronic manufacturing segments such as consumer electronics, computer peripherals, smart phones, smart watches, printed circuit boards, SMT lines, telecom equipments, LED lighting and electric vehicles.

Ms. Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai proposed vote of thanks for the event.

The webinar was attended by representatives from trade and industry, consular corps, research institutions and government departments.



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While releasing a MVIRDC Research Study on 'Promoting Electronic Manufacturing', Saurabh Gaur, Joint Secretary, Ministry of Electronics & Information Technology (MoEIT) informed "Government of India is taking efforts to develop 500 champion MSMEs in the electronic sector. Global and Indian electronic companies have committed USD 100

billion production, 80% of which is for exports, under the production linked incentive scheme so far."

This revenue positive scheme will create 2.5 lakh direct and indirect employment and also generate significant tax revenue for the government. In the last two months, the ministry received 44 applications under another scheme, known as SPECS, which provides capital subsidy for investors, he said.

"Government expect at least Rs. 50,000 crore investment in electronic component manufacturing under this scheme in the next few years", he added.

Gaur stated that India will soon join the league of leading mobile phone exporters such as China and Vietnam, that annually export USD 140 billion and USD 60 billion worth of phones respectively.

In the case of set-top boxes, India domestically develops conditional access systems (CAS), although we are dependent on imports to a large extent. India will also make progress in domestic manufacturing of Internet of Things (IoT) and wearable devices by March 2020, he said.

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Dr. Ajai Chowdhry, Founder – HCL, Padma Bhushan Awardee (2011) said, "India has the potential to capture a significant size of the USD 360 billion global market for IT and datacom products. The government of India should support manufacturers of desktops, tablets, networking products by providing production linked incentives (PLIs). India should aim for indigenous design and production, right from chip to the entire electronic system."

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Government to develop 500 champion MSMEs in electronic sector, Experts call for thrust on indigenous design and procurement of Made in India electronic products

POSTED BY: SUMANT OCTOBER 15, 2020

MUMBAI, 15th October 2020 (GNI): "Government of India is taking efforts to develop 500 champion MSMEs in the electronic sector. Global and Indian electronic companies have committed USD 100 billion production, 80% of which is for exports, under the production linked incentive scheme so far. This revenue positive scheme will create 2.5 lakh direct and indirect employment and also generate significant tax revenue for government. In the last two months, we received 44 applications under another scheme, known as SPECS, which provides capital subsidy for investors. We expect at least Rs. 50,000 crore investment in electronic component manufacturing under this scheme in the next few years." said by Mr. Saurabh Gaur, IAS, Joint Secretary, Ministry of Electronics & Information Technology, Government of India at a webinar to mark the official release of MVIRDC Research Study on 'Promoting Electronic Manufacturing'.

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