



MAKEIN

INDIA

**ELECTRONIC
SYSTEMS
DESIGN &
MANUFACTURING**



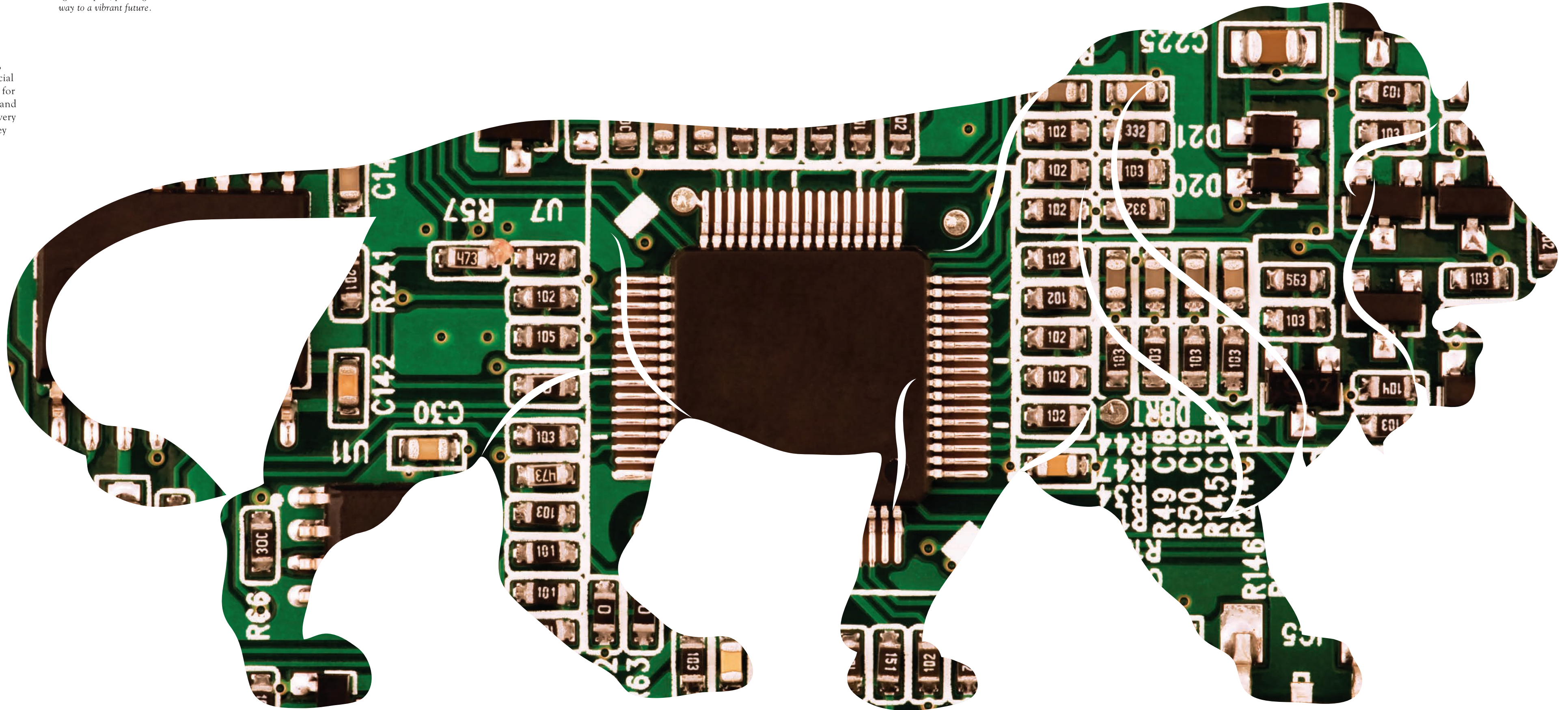
**FROM AGRICULTURE TO AUTOMOBILES
FROM HARDWARE TO SOFTWARE
FROM SATELLITES TO SUBMARINES
FROM TELEVISIONS TO MOVIES
FROM BRIDGES TO BIOTECHNOLOGY
FROM PAPER CLIPS TO POWER PLANTS
FROM ROADS TO CITIES
FROM FRIENDSHIP TO PARTNERSHIP
FROM PROFIT TO PROGRESS
WHATEVER YOU WANT TO MAKE:
MAKE IN INDIA**



सत्यमेव जयते

The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.

Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



MESSAGE ALERT.

HANDSETS TO SERVERS, TABLETS TO FLAT TELEVISIONS, INDIA HAS A HUGE APPETITE FOR DEVICES.

3RD LARGEST POOL
OF SCIENTISTS IN
THE WORLD

USD 29 BILLION
CONSUMER
ELECTRONICS
MARKET BY 2020

USD 94.2 BILLION -
DEMAND PROJECTED
BY 2015

9.88% INDUSTRY
GROWTH RATE
BETWEEN
2011-15

2 GOVERNMENT-DRIVEN
INCENTIVES - NATIONAL
KNOWLEDGE NETWORK
& NATIONAL OPTICAL
FIBRE NETWORK

NEW INITIATIVES

THE MAKE IN INDIA PROGRAM INCLUDES MAJOR NEW INITIATIVES DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.

1 NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2 NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3 NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE, CONSTRUCTION AND RAILWAYS FOR FDI

4 NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME INVESTORS FROM TIME OF ARRIVAL
- FOCUSED TARGETTING OF COMPANIES ACROSS SECTORS

FACTS + FIGURES

REASONS TO INVEST

- Global demand to reach USD 94.2 Billion by 2015.
- Large demand generated due to government schemes like the National Knowledge Network (NKN), National Optical Fibre network (NOFN), tablets for the Education sector, a digitisation policy and various other broadband schemes.
- Adequately developed Electronic Manufacturing Services (EMS) industry is set to be a significant contributor to the entire industry's development.
- India has the third largest pool of scientists and technicians in the world.
- Skilled manpower available in abundance in semiconductor design and embedded software.
- Strong design and R&D capabilities in auto electronics and industrial electronics.

GROWTH DRIVERS

- Significant local demand.
- Rising manufacturing costs in alternate markets.
- 65% of the current demand for electronic products is met by imports.

GOVERNMENT POLICIES:

- Modified Special Incentive Package Scheme (MSIPS) (USD 13.4 Billion investment proposals till March 2014).
- Electronics Manufacturing Clusters Scheme (EMC).
- Skill Development Scheme.
- Huge consumption in the Middle East and in emerging markets such as North Africa and Latin America.
- Existing R&D capabilities can be encouraged to develop 'Made in India' products and generate local IP.

INFORMATION TECHNOLOGY INVESTMENT REGIONS (ITIR):

- Karnataka (42.5 sq. km, near Bengaluru, a USD 17.6 Billion investment).
- Andhra Pradesh (202 sq. km, near Hyderabad, USD 36.4 Billion investment).
- Electronics Manufacturing Clusters (EMC) are being established across the country by GMR (near Bangalore), Andhra Pradesh Government Corporation (near Hyderabad), Electronics Components Industries Association (near Delhi), MP State Electronics Development Corporation (Bhopal and Jabalpur); Kerala Industrial Infrastructural Development Corporation (near Kochi).
- Semiconductor Wafer Fabrication (FAB) manufacturing facilities being set up in India in Uttar Pradesh and Gujarat with a total investment of USD 10.5 Billion.
- Venture funds with a strong focus on electronics planned includes the Electronics Development Fund, Walden India Fund, KITVEN Fund and the SIDBI Fund.
- Electronic Sector Skills Council and Telecom Sector Skills Council have been set up for establishing an effective and efficient ecosystem for developing and imparting outcome-oriented skills for the ESDM sector. A total of 90,000 people are to be supported under the Skill Development Scheme in 6 different states.

STATISTICS

- The Indian ESDM industry was estimated to be worth USD 68.31 Billion in 2012 and is anticipated to be worth USD 94.2 Billion by 2015 with a CAGR of 9.88% between 2011-15.
- The sector comprises Electronic Products, Electronic Components, Semiconductor Design and Electronics Manufacturing Services (EMS).
- Top 10 electronic products by total revenue: mobile phones, flat panel display TVs, notebooks, desktops, digital cameras, inverters/UPS, memory cards/USB drives, EMS/LCD monitors and servers.

INVESTMENT OPPORTUNITIES

- Setting up of Electronics Manufacturing Clusters.
- Semiconductor Wafer Fabrication (FAB).
- Electronic Components.
- Semiconductor Design.
- Electronics Manufacturing Services (EMS).
- Telecom products.
- Industrial/ Consumer electronics.
- Expected electronics market in India by 2020: Telecom Equipment (USD 34 Billion), Laptops, Desktops, Tablets (USD 34 Billion), LED (USD 35 Billion), Consumer Electronics (USD 29 Billion), Set Top Boxes (USD 10 Billion), Automotive Electronics (USD 10 Billion), Medical Electronics (USD 8.5 Billion).

FDI POLICY

- 100% FDI is allowed under the automatic route in the Electronics Systems Design & Manufacturing sector and is subject to all applicable regulations and laws.
- In case of electronics items for defence, FDI up to 49% is allowed under the government approval route, whereas anything above 49% is allowed through the approval of the cabinet committee on security.



FINANCIAL SUPPORT

PROVISIONS OF THE 2014-2015 UNION BUDGET:

- Basic customs duty on LCD and LED TV panels below 19 inches is being reduced from 10% to NIL.
- Basic customs duty is being exempted on specified parts of LCD and LED panels for TVs.
- Basic customs duty on colour picture tubes for manufacture of cathode ray TVs is being reduced from 10% to NIL.
- Special additional duty on all imports/components used in the manufacture of personal computers is being exempted.
- Education cess and secondary and higher education cess is being levied on imported electronic products.
- Full exemption from SAD is being provided on specified inputs i.e. PVC sheets and ribbon used in the manufacture of smart cards.
- Basic customs duty is being reduced from 7.5% to nil on e-book readers.
- Either of the following two deductions can be availed:
 1. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 to 31.03.2015 provided the aggregate amount of investment in new P&M during the said period exceeds INR 1 Billion.
 2. In order to provide a further fillip to companies engaged in the manufacture of an article or thing, the said benefit of an additional deduction of 15% of cost of new P&M, exceeding INR 250 Million which is acquired and installed during any previous year, until 31.3.2017.
- Under the existing provisions of Section 35 AD of the Act, investment-linked tax incentive is available by way of allowing deduction of the whole of any expenditure of a capital nature (other than expenditure on land, goodwill and financial investments) incurred wholly and exclusively for purposes of the "specified business" during the previous year in which such expenditure is incurred.
- In order to promote investment in new sectors few more businesses has been added under the above section.
- Setting up and operating a semiconductor wafer fabrication manufacturing unit, if such a unit is notified by the board in accordance with the prescribed guidelines.
- The above business shall begin operations on or after 01.04.2014.
- It has also been decided to provide for a lock-in period of 8 years for use of assets in respect whereof a deduction under Section 35 AD has been claimed.

MODIFIED SIPS:

- Capital subsidy up to 20-25% for 10 years on capex.
- Reimbursement of CVD/excise for capital equipment in non-SEZ units.
- Reimbursement of central taxes and duties for 10 years in select high tech units like fabs and ATMPs.
- Available for the entire value chain of identified electronics products.
- Incentives available for 10 years from the date of approval.

PREFERENTIAL MARKET ACCESS:

- Preference to domestically manufactured electronics goods in government procurement.
- Extent of government procurement from domestic manufacturers will not be less than 30% of the total procurement.

ELECTRONIC MANUFACTURING CLUSTERS:

- Subsidy of 50-75% - up to USD 10 Million per 100 acres of land.
- Applicable to both greenfield and brownfield projects.

EXPORT INCENTIVES:

- Focus product scheme - 2% duty credit scrip.
- Special focus product scheme - 5% duty credit scrip.

AREAS-BASED INCENTIVES:

- Incentives for units in SEZ/NIMZ as specified in respective acts or the setting up of projects in special areas such as the North-east, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.
- National Scheme for Supporting MSMEs in the ESDM sector.
- For compliance of electronic goods with Indian Standards, both testing and certification are required for exports.
- Development of Electronic Manufacturing Clusters by MSMEs.

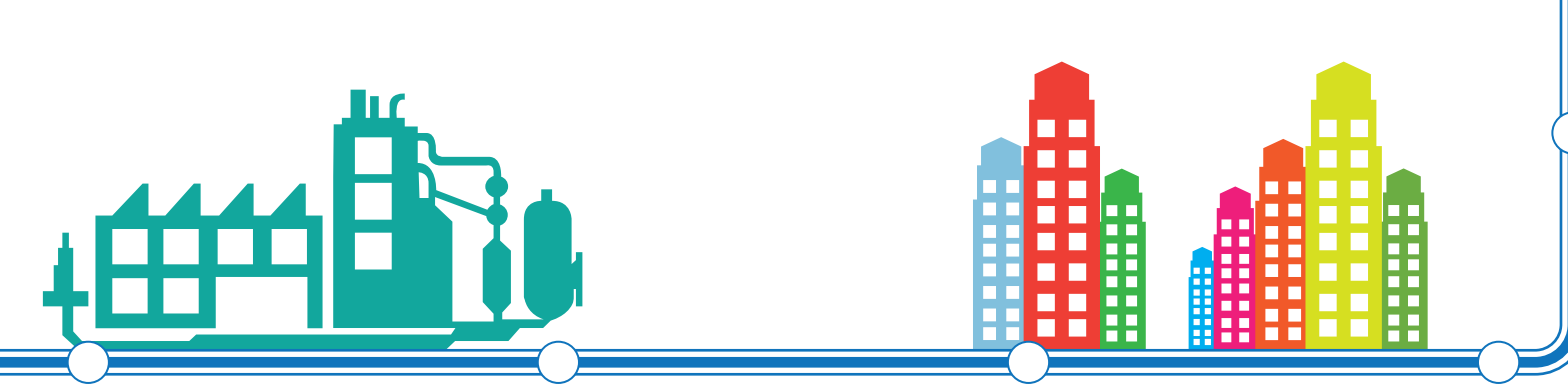
STATE INCENTIVES:

- Apart from the above incentives, India offers additional incentives for industrial projects, while some states offer separate policies for this sector.



SECTOR POLICY

NATIONAL POLICY ON ELECTRONICS (NPE):

- NPE's vision is to create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market.
 - The objective is to build an ecosystem for a globally competitive ESDM sector in the country by attracting investment of about USD 100 Billion and generating employment for 28 Million people at various levels.
 - The ultimate aim of the policy is to develop core competencies in strategic and core infrastructure sectors like telecommunications, automobile, avionics, industrial, medical, solar, information and broadcasting, railways, intelligent transport systems, etc.
 - A number of state governments have also defined policies in electronics.
 - Other important policies include the National Telecom Policy and the National Manufacturing Policy.
- 



FOREIGN INVESTORS

- Samsung (South Korea)
- IBM (USA)
- LG (South Korea)
- Tower Semiconductor Limited (Israel)
- Dell (USA)
- GE (USA)
- Jabil (USA)
- Motorola (USA)
- Lenovo (China)
- Flextronics (USA)
- Nokia (Finland)
- Lite-On (Taiwan)
- Foxconn (Taiwan)
- Bosch (Germany)

AGENCIES

→ The Department of Electronics & Information Technology, Ministry of Communications & Information Technology, Government of India (<http://deity.gov.in>)

INDUSTRY PARTNERS:

- Manufacturers Association for Information Technology (<http://mait.com>)
- Electronic Industries Association of India (<http://elcina.com>)
- Consumer Electronics and Appliances Manufacturers Association (<http://ceama.in>)
- India Electronics Semiconductor Association (<http://iesaonline.org>)
- Indian Cellular Association (<http://ica-ind.org>)
- Indian Electrical & Electronics Manufacturers Association (<http://ieema.org>)
- LED Products Manufacturers Association (<http://ledma.org>)
- Automotive Component Manufacturers Association of India (<http://acma.in>)
- Association of Indian Medical Device Industry (<http://aimedindia.com>)



GOVERNMENT OF INDIA

Department of Industrial Policy & Promotion
Ministry of Commerce & Industry
Investor Facilitation Cell
Tel: +91-11-23487411



MAKEININDIA.COM