

National Policy on Electronics 2019

written by Kulin Dave | April 24, 2019

Introduction

The National Policy on Electronics 2019 ("Policy") was notified by the Ministry of Electronics and Information Technology ("MeitY") on 25.02.2019. The Policy, which recognises the electronics industry as the "world's largest and fastest growing industry", seeks to "position India as a global hub for Electronics System Design and Manufacturing ("ESDM") by developing core components and creating an enabling environment for the industry to compete globally".

Mission

1. Promotion of domestic manufacturing and reduction of imports.
2. Integration of India's electronics hardware manufacturing sector with global value chains.
3. Development of capacities for manufacturing in all sub sectors of electronics.
4. Incentivising startups focused on emerging technology.
5. Promotion of ease of manufacturing through fiscal incentives.
6. Protection of domestic ESDM industry from dumping of electronics goods.
7. Promotion of research and development.
8. Facilitation of the setting up of global manufacturing bases for components and sub-assemblies in India.

Objectives

1. Turnover of USD 400 billion has been set as a target for the ESDM industry for 2025. This is to include the production of 1 billion mobile handsets by 2025, valued at USD 190 billion of which 600 million handsets worth USD 110 billion are earmarked for export.
2. Ease of doing business must be improved for the ESDM industry.
3. Research, development and innovation in electronics are to be encouraged.
4. A comprehensive ecosystem must be created for start-ups working on emerging technologies, including 5G, internet of things, machine learning, drones, robotics, additive manufacturing, phonotics and nano-based devices to encourage them to develop "real-life" applications of such technologies in agriculture, defence, health, cyber security amongst others.
5. Availability of skilled manpower in the ESDM sector must be incentivised.
6. Fiscal incentives and support must be provided to encourage export-led growth,

including enhancing economies of scale in electronics manufacturing.

7. Core

competencies must be developed in all sub sectors of electronics, including electronic components, telecommunication and broadcasting equipment, medical electronics amongst many others.

8. India

must become a global leader in the Electronics Manufacturing Services (“EMS”) segment by progressive value addition in manufacturing of electronic products.

9. Policy

support and incentives must be provided for capital intensive projects.

10. Indigenisation

in microchips used by strategic and critical infrastructure sectors such as defence, space and atomic energy must be encouraging.

11. Specialised

governance structures for the ESDM sector are to be created.

12. Loans

for setting up or expanding electronics manufacturing units must be facilitated.

13. Research,

innovation and support to the industry in areas of packaging, interconnects and micro photonics must be promoted to counter the problems posed by the continued use of silicon in equipment.

14. Transfer

of technologies must be incentivised for core technologies.

15. Research,

innovation and support in green processes, including e-Waste management, citizen engagement programmes and e-Waste recycling must be promoted.

Strategy

The strategy section provides the blue print of the initiatives and interventions which the MeitY will take in collaboration with concerned ministries/departments to achieve the goals mentioned under the ‘objectives’ section. States may also play an important role in implementing these strategies, as they have been encouraged to play a proactive role in electronics manufacturing, and have been directed to create institutional mechanisms to implement the schemes/programmes under the Policy.

As per the Policy, MeitY shall facilitate initiatives on the measures listed below:

a. Ecosystem for a globally competitive ESDM sector:

This includes providing tax benefits, exploring defence offsets to promote component manufacturing, and modifying or replacing the Electronics Manufacturing Clusters (“EMC”) scheme to attract investments in the complete value chain of the identified verticals. The Policy further suggests exemptions from import duty on identified capital equipment to promote domestic manufacturing. The Policy gives an impetus to ‘high performance computing’ capabilities and advocates supplying electronic units/systems for national

critical infrastructure from domestic industry.

b. Developing and mandating standards:

The Policy advocates the creation of a framework for developing standards based on global benchmarks for the electronics industry and mandating compliance through the MeitY. It also stresses on creating domestic electronics' testing capacities.

c. Ease of doing business:

The Policy suggests strengthening and leveraging Invest India and the National Investment Promotion and Facilitation Agency to facilitate investment in India and coordinate with government agencies on behalf of investors till they become functional.

d. Industry led R&D and innovation:

The Policy recommends the creation of a Sovereign Patent Fund ("SPF") to promote intellectual properties in the ESDM sector and make such patents available to the industry. The Policy provides an impetus to emerging technology

such as 5G, artificial intelligence, internet of things, virtual reality, as well as strategic electronics, defence and medical electronics. Research and development is also encouraged through "Chairs" for research in premier institutes, incubation centres, academia and freelancer-led innovation.

e. Human resource development:

This focuses on skilled manpower development for emerging technologies and strategic electronics. The Policy also talks about a skilled manpower/research base at the Post Graduate/Ph.D. level to work in emerging technologies. The Policy also talks about sending Post Graduate/Ph.D.

scholars

on foreign deputation for a period of 2 years to carry out research, subject to

serving in India for the next 5 years.

f. Export promotion:

The Policy envisages a package of promotions to develop exports in electronics goods.

g. Trusted electronics value chain:

The Policy advocates the creation of trusted electronics value chain initiatives to improve cyber security, contribute to national defence and

critical national infrastructure.

h. Cyber security:

The Policy calls for the development of adequate testing facilities and the promotion of secure chips to reduce cyber security risks. The Policy seeks to engage the start-up ecosystem to develop cyber security products.

i. Promotion of Electronics Components Manufacturing Ecosystem:

The Policy calls for incentives to support the manufacturing of core electronic components, lithium-ion cells, optical fibre, assembly-testing-marking-packaging ("ATMP") of semi-conductors amongst other products.

j. Mega projects:

This calls for incentives for mega projects entailing high investment and investment in mega facilities abroad.

k. Preferential market access:

The Policy calls for leveraging the Government e-Market Place (“ATMP”) and the Public Procurement (Preference to Make in India) Order 2017[62] to create a market for electronic and cyber security products.

l. Developing Core competencies in all sub-sectors:

The Policy argues for special support for developing core competencies in the following strategic sub-sectors:

1. Fabless
chip design industry,
2. Medical
electronics devices industry,
3. Automotive
electronics industry and power electronics for mobility,
4. Strategic
electronics industry (such as defence, atomic energy, space, railways, telecommunications etc.).

m. Electronics Manufacturing Services (EMS):

The Policy advocates the promotion of certain activities to create the requisite component manufacturing eco-system in India such as, engineering and design and assembly of Printed Circuit Boards (“PCBs”), functional testing and maintenance services for PCBs.

n. Promotion of ATMP:

ATMP is to be promoted for certain semiconductor ICs, including memory chips, on security grounds.

o. Others:

Certain other measures have been encouraged, such as warehousing facilities for components and raw materials, mining or acquiring mines of rare earth metals in foreign countries required for electronic manufacturing. The Policy also proposes to develop an index for indicating status and growth of the electronics manufacturing industry in various states

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