

## ESDM Demand in Brief

- i. Most of the electronic Products are importable at zero basic customs duty under the ITA. In addition, major free trade agreements preferential trade agreements comprehensive economic cooperation agreements (CECAs) etc. have also provided for concessional tariff/ zero duty to electronic products. This has led to global competition for domestic industry. The electronics manufacturing in the Country also suffers from various disabilities including poor infrastructure, higher cost of finance and power issues.
- ii. To address this issue has been, the modified special incentive package scheme (M-SIPS) was announced by the Government. The salient Features of the policy are :
  - a) The scheme provides subsidy for investments in capital expenditure-20% for investments in special economic zones (SEZs) and 25% in non-SEZs. It also provides for reimbursements of CVD/ excise for capital equipment for the non SEZ units. For select very high technology and high capital investment units like fabs, reimbursement of central taxes and duties which include customs duty, service tax and excise Duties is also provided. The incentive are provided on reimbursement basis.
  - b) The incentives are available for a period of 10 years from the date of approval of application.
  - c) The incentives are available for selected electronic products categories/ verticals. Units across the value chain starting

from raw materials including assembly, testing, packaging and accessories of these products and their chips, components are included.

- d) The threshold of investment for each project has been prescribed. The threshold vary from Rs. 1 crore for manufacture of accessories to Rs 5000 crore for memory semiconductor wafer fabrication unit.
- e) The policy is open for application for three years from its notification, i.e. up to July 2015.
- f) The policy provides for an inter-ministrial appraisal committee to evaluate investment applications. Based on the recommendation of appraisal committee, approval of competent authority is obtained.
- g) The overall financial ceiling under the modified SIPS is initially limited to Rs 10,000 crore during the 12<sup>th</sup> five year plan.

### **States of MSIP Approved**

40 application involving investment of nearly Rs 14624 crore have been received under M-SIPS till august 2014. Out of these 16 projects for Rs 2230 crore, investment have been approved.

### **Discussion has been held with Industry Association & following modification have been suggested by Industries**

- i. Extend M-SIPS to additional electronic products like Smart Cards, Liquid Crystal Modules, Consumer Appliances like Refrigerator, air-

conditioners, microwave and fully -automatic washing machines, Electronic Product Design, Internet of Things products, Multi-functional Electronic Devices, Home-fuel Cells, Raw Materials for Electronic Products, Capital Equipment for Electronics manufacturing.

- ii. Incentives be allowed from the date of submission of application.
- iii. Incentives be available in any location in an industrial area notified by center/ state/local authority for a project appraised and recommended by DIT.
- iv. The M\_SIPS benefits will be disbursed on achieving the threshold of investment and thereafter the disbursements on quarterly basis as against annual basis in current policy.
- v. To allow investor to show ability to raise funds for the proposed project during the project period.
- vi. Reimbursement of central taxes and duties for fabrication and ATMP of power semiconductors, OLEDs, LCDs, fabrication of chip components, Discrete semiconductors, SPV, LED, chip modules for smart cards and manufacturing of PCBs and nano- Electronic components. This will be over and above any adjustment that the unit may claim.