

Electronic Component Manufacturing Scheme

Prelims – General Science & Sustainable Development | Current events of national & international importance.

Mains (GS III) – Technology, Economic Development

Why in news?

Recently, the Union Cabinet had approved the Electronics Component Manufacturing Scheme to make India Atmanirbhar in electronics supply chain.

What is Electronic Component Manufacturing Scheme?

- It is a central sector scheme to expand electronics manufacturing beyond semiconductors, IT hardware, and mobile phones.
- **Nodal agency** - Ministry of Electronics and Information Technology (MeitY).
- **Objectives** - Developing a robust component ecosystem by attracting large investments (global/domestic) in electronics component manufacturing ecosystem.
- Increasing Domestic Value Addition (DVA) by developing capacity and capabilities.
- Integrating Indian companies with Global Value Chains (GVCs).
- **Budget** - Rs.22,919 crore.
- **Tenure** - 6 years with 1 year of gestation period.
- **Targets**
 - Rs59,350 crore in investments
 - Production worth Rs4,56,500 crore
 - Creation of 91,600 direct jobs in the coming years.

Status of Electronics Segment in India

- Electronics is one of the highest-traded and fastest-growing industries globally.
- **Role of electronics** - It is expected to play a pivotal role in shaping the global economy and advancing a country's economic and technological development.
- Since electronics permeates all sectors of economy it has economic and strategic importance.
- With various initiatives of Gol, the electronics manufacturing sector has witnessed remarkable growth in the last decade.
- **Domestic production of electronic goods** - It has increased at a CAGR of more than 17% from FY 2014-15 to FY 2023-24.
- **Exports of electronic goods** - It have also increased from FY 2014-15 to to FY 2023-24 at a CAGR of more than 20%.

What are its features?

- It provides differentiated incentives to Indian manufacturers tailored to overcome specific disabilities for various categories of components and sub-assemblies.

- Thus, manufacturers can acquire technological capabilities and achieve economies of scale.
- **Electronic Component Manufacturing Scheme** - They are classified under 4 categories.
 - Sub-assemblies
 - Bare components
 - Selected bare components
 - Supply chain ecosystem & capital equipment for electronics manufacturing
- **Incentives** - Turnover linked incentive, Hybrid incentive and capex incentives.
- Unlike previous schemes, it is **not based on a production-linked incentive**, where manufacturers will be rewarded for incremental manufacturing.

***Turnover linked incentives** are based on the total revenue generated by a manufacturing unit from the sale of its products over a specific period.*

- Payout of a part of the incentive is linked with employment targets achievement.

What are the benefits of the scheme?

- **Boosts domestic manufacturing** - It can reduce import dependency by promoting the production of semiconductors, circuit boards, and batteries.
 - It aims for Rs59,350 crore in investments, encouraging factories and R&D centers.
- **Generates employment** - It is expected to create 91,600 direct jobs and more in related sectors.
- **Enhances value addition** - It shifts focus from assembly to component manufacturing, strengthening economic resilience.
- **Supports self-reliance** - It advances Make in India and Secures the Electronics Supply Chain.
- **Strengthens tech leadership** - It can aid AI, Internet of Things, and EV development, boosting India's global tech position.
- **Stable incentives model** - Rewards turnover and employment creation over mere production increases.

Quick Facts

Ministry Of Electronics and Information Technology

- **Establishment** - 2016.
- It is carved out from the Ministry of Communications and Information Technology, based on Narayana Murthy Committee recommendations)
- **Mission** - To advance Digital Governance, foster inclusive growth in electronics and IT, strengthen Internet Governance, promote R&D and innovation, and ensure cybersecurity.
- **Key Objectives**
 - **e-Government** - Develop e-infrastructure for digital services.
 - **e-Industry** - Support electronics manufacturing and IT-ITeS sector.
 - **e-Innovation/R&D** - Build research and innovation infrastructure.
 - **e-Learning** - Promote digital skills and knowledge networks.
 - **e-Security** - Secure India's cyberspace.
 - **e-Inclusion** - Leveraging ICT for Inclusive Growth.

Reference

[PIB| Approval of New Electronic Component Manufacturing Scheme](#)

