

Government of India

Ministry of Communication & Information Technology

12-07-2012

Modified Special Incentive Package Scheme to offset design and attract Investments in Electronics Systems Design and Manufacturing Industries

The Union Cabinet today approved the proposal to provide a special incentive package to promote large –Scale manufacturing in the Electronic System Design and Manufacturing (ESDM) sector. The scheme is called the Modified Special Incentive Package Scheme (M-SIPS). The main Features of M-SIPS are as follows:

- I. The Scheme provides subsidy for investments in capital expenditure -20% for in SEZs and 25% in non SEZs it also provides for reimbursement of CVD / excise for capital equipment for the non-SEZ units. For high technology and high capital investment units, like fabs, reimbursement of central taxes and duties is also provided.
- II. The incentives are available for investments made in a project within a period of 10 years from the date of approval.
- III. The incentives are available for 29 category of ESDM products including telecom, IT hardware, consumer electronics, medical electronics, automotive electronic, solar photovoltaic, LEDs, LCDs, strategic electronics, avionics, industrial electronics, nano-electronics, semiconductor chips and chip components, other electronic components and EMS. Units across the value chain starting from raw materials including assembly, testing, packaging and accessories of this category of products are included. The scheme also provides incentives for relocation of units from abroad.
- IV. The scheme is open for three years from notification.

Approvals for incentives not exceeding Rs.10, 000 cores will be granted during the XII Plan period.

The Projects with incentives of Rs.10, 000 cores have potential to create employment for nearly 0.5 million persons.

The policy is expected to create an indigenous manufacturing eco-system for electronic in the country. It will foster the manufacturing of indigenously designed and manufactured chips creating a more cyber secure ecosystem in the country. It will enable India to tap on the great economic potential that this knowledge sector offers. The increased development and manufacturing in the sector will lead to greater economic growth through more manufacturing and consequently greater employment in the sector