

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO.557
TO BE ANSWERED ON 17.09.2020

IMPACT ON ELECTRONICS SECTOR DUE TO SHUTTING DOWN OF FACTORIES IN CHINA

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Will the Minister of Electronics and Information Technology be pleased to state:

- (a) whether it is a fact that 75 per cent of electronic components come from China for using in various electronic items in the country;
- (b) to what extent the electronics manufacture sector in the country is going to be impacted with COVID-19 pandemic and subsequent shutdown of factories in China;
- (c) whether it is also a fact that 85 per cent of smart phone component also come from China and, if so, its impacts on the mobile phone manufacturing sector in the country; and
- (d) the steps Ministry is taking to help electronic and smart phone sector to come out of this problem?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI SANJAY DHOTRE)

(a): As per the data available from the Directorate General of Commercial Intelligence and Statistics (DGCIS), the total electronic component imports in the country in FY 2019-20 was INR 1,15,558 crore, out of which the import from China was INR 42,983 crore, which amounts to about 37%.

(b): The outbreak of COVID-19 in China coincided with the Chinese New Year festivities which extended till Mid-February 2020. Indian electronics companies had already stocked raw material / components till end-February 2020. Though most factories in China were able to resume operations and achieve around 50% capacity utilization by mid-March 2020, the virus had spread in other parts of the world, including India, by such time and a nation-wide lockdown was imposed on 23rd March, 2020. This led to a complete halt in all production activities, including electronics manufacturing, with the exception of few companies who were manufacturing electronic components for essential medical equipment such as ventilators. It was only after the lockdown was lifted that the domestic companies in electronics sector resumed production and other associated activities. The shutdown of factories for about two months has impacted the domestic electronics manufacturing sector. According to the India Electronics & Semiconductor Association (IESA), there will be production loss of 20%-25% in 2020-21, compared to 2019-20.

(c): As per the data available from the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the total import of smart phone components imports in the country in FY 2019-20 was INR 56,039 crore, out of which import from China was INR 25,441 crore, which amounts to about 45%.

(d): Steps are being taken to broad-base the sources of electronic components / raw material imports in India while promoting domestic electronics production at the same time, in order to reduce dependency on a single market/geographical region, so that any sudden/abrupt/unforeseen event such as the COVID-19 outbreak in China does not cause large-scale shortage of inventory in the domestic market. To promote domestic electronics manufacturing, Ministry of Electronics and Information Technology (MeitY) has launched three new schemes, viz., Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECs) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme, on April 1, 2020, to attract and incentivize large investments in the electronics value chain and promote domestic value addition and exports. Further, alternate supply lines are also being explored in coordination with Indian Embassies, Industry Associations and domestic Industry. Electronics industry is also being encouraged to take advantage of the aforementioned new schemes to strengthen the domestic electronics sector. Extensive efforts are being made to reach out and engage with domestic and global electronics manufacturing companies and their supply chains to take advantage of the aforesaid schemes and start manufacturing in India.
