

PRESS RELEASE

Department of Electronics and Information Technology

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Modified Special Incentive Package Scheme(M-SIPS) to offset disability and attract investments in Electronics Systems Design and Manufacturing Industries

To promote large-scale manufacturing in the Electronic System Design and Manufacturing (ESDM) sector in India, the Modified Special Incentive Package Scheme (M-SIPS) was notified vide Notification no. 175 dated 27th July 2012 in Part-I, Section 1 of the Gazette of India.

The M-SIPS scheme provides following incentives:

- Capex subsidy of 25% in non-SEZ and 20 % within SEZ
- Reimbursement of CVD/excise for capital equipment for non-SEZ units
- Reimbursement of central taxes and duties for 10 years in select high- tech units like fabs.

The capital expenditure (Capex) includes not only expenditure incurred on plant, machinery and equipments, tools etc but also expenditure incurred on captive power plant, utilities machines and captive R&D including cost of IPRs, copyrights etc. It also includes cost of land and building not exceeding 2% of the total project capital expenditure.

The above incentives are available for investments made in a project within a period of 10 years from the date of approval.

The scheme is available for both new projects and expansion projects. The incentives are available for units all across the value chain starting from raw materials including assembly, testing, packaging and accessories and covering almost all verticals of ESDM products like TELECOM EQUIPMENTS, MOBILE SETS AND ACCESSORIES, OPTO ELECTRONICS, IT HARDWARE , BIO-METRIC/ IDENTITY DEVICES, CONSUMER ELECTRONICS, POWER SUPPLY FOR ESDM PRODUCTS, MEDICAL ELECTRONICS, SEMICONDUCTOR WAFERING, SOLAR PHOTOVOLTAICS, SEMICONDUCTOR CHIPS & COMPONENTS, FABS FOR ESDM PRODUCTS, LEDS, LCDS, AVIONICS , ELECTRO-MECHANICAL COMPONENTS, NANO-ELECTRONICS, E-WASTE PROCESSING, AUTOMOTIVE ELECTRONICS AND ALSO ELECTRONICS MANUFACTURING SERVICES ETC.

Guidelines for M-SIPS are available on DeitY website. These contain the detailed terms and conditions of the scheme and procedure to apply for the scheme along with the application formats , the list of category-wise requirement of minimum investment and the list of various ESDM verticals eligible for M-SIPS.

An applicant for the purpose of the scheme can be a legal entity or consortium of legal entities registered in India proposing to invest in an ESDM

project . The M-SIPS requires applicants to submit applications with Financial Closure for the project they propose to execute. The project can be implemented in single phase or in multiple phases. In the case of a multi-phase project, the Financial Closure can be given in phases . In that case the complete project will be considered for approval and only that phase for which FC is given will be considered for implementation and incentives. Further, follow-up applications(max 4 nos. allowed) can be submitted for seeking implementation of subsequent phases of the project. M-SIPS incentives are available to units within notified Electronics Manufacturing Clusters(EMC). EMCs will be notified by the Department separately.

A project proposed under the scheme may include multiple manufacturing facilities at one or more locations and it may include one or more electronic products in a single application. An applicant can also submit one or more initial applications under this scheme.

The non- refundable application fee required to be submitted along with the application form has been separately notified. It varies from Rs 10,000/- for projects costing less than Rs 10 crores to Rs 1,00,000/- for projects costing Rs 10,000 crores and above.

The Nodal Officer(M-SIPS) has been appointed who would be the key contact for all communications related to M-SIPS . All applications under M-SIPS are required to be submitted to Nodal Officer(M-SIPS), Department of Electronics and IT, Electronics Niketan, Lodhi Road, New Delhi-110003. A portal is also expected to be ready in 4 weeks, so that, all applications can be submitted online.

All applications which will be received by DeitY on or before 26-07-2015 will be considered for incentives under M-SIPS.

M-SIPS Guidelines and details regarding the Nodal Officer and Application fee can be viewed on <http://deity.gov.in/content/electronic-hardware> .
