

Cabinet nod for policy to boost mfg of electronics

TIMES NEWS NETWORK

New Delhi: The Cabinet on Tuesday cleared a new policy to boost electronics manufacturing in the country, offering cheaper loan-financing rates as well as easier credit access to companies to achieve a local production of \$400 billion by 2025. The government wants a phased manufacturing programme (PMP) plan for electronics, just like it had introduced for making mobile phones.

The new scheme replaces the previous policy, which was announced in 2012. "There is a perceptible change in the electronics manufacturing environment of the country and a strong push at this stage will deepen and increase the pace of investments in this

\$400BN BY '25

sector. There has also been a strong demand from the domestic electronics manufacturing industry for a revised and forward-looking framework for incentivising the sector," IT minister Ravi Shankar Prasad said.

The New Electronics Policy 2019 will usher in a slew of new incentive schemes. These include an interest-subsidy scheme that provides lower financing rates for loans up to Rs 1,000 crore. The credit guarantee fund scheme will provide default guarantee to the banks up to 75% of the financing on plant and machinery for loans up to Rs 100 crore.

"This will eliminate the need for small and new investors to provide third-party collateral currently being demanded by banks for giving such loans," Prasad said.

The policy aims to increase domestic value addition in manufacturing with a key thrust on exports to position India as a global sourcing hub.