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Ministry of Communications &
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ELECTRONICS ***e-NEWSLETTER***

... For Electronics System Design & Manufacturing (ESDM) Sector

Year 2 | Vol. 4: February 2012

- Preference to domestically manufactured electronic goods
- IIT Mumbai develops an Ethernet Ultra-fast Router
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From Chief Editor's Desk



Dear Readers,

February has started with big bang for the ESDM sector in India. A bang which was heard in electronic capitals of the world. The Union Cabinet approved the proposal to provide preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications for the country and in Government procurement for its own use, consistent with India's World Trade Organization (WTO) commitments. This is the second of the main pillars that are being pursued, the first one relating to setting up of semiconductor fab/s in the country which was approved earlier in May 2011. More detailed coverage on this is there in this issue.

The digitalization of broadcast network, the nationwide plan to provide Aakash tablets under the National mission on Education for ICT, The National Optical Fibre Network, the UID project, just to name a few, are progressing steadily. Each of these creates significant government demand and industry should prepare and plan to cater necessary electronics devices required for the purpose. Some companies have already started planning to see how they can meet the value-addition norms under the preferential market access scheme. This is good news for EMS companies and component manufacturers too. They need to scale up, and scale up quickly, so that they seize the opportunity.

Once again, we thank you for all the feedback and good words regarding the initiative.

Dr. Ajay Kumar
Chief Editor

Preference to domestically manufactured electronic goods in procurement in Government procurement

The Cabinet has approved the proposal to provide preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications for the country and in Government procurement for its own use, consistent with India's World Trade Organization (WTO) commitments. Electronic product or products having security implications and agencies deploying them will be notified by concerned Ministry/ Department. The notified agencies will be required to procure the specified electronic product or products from a domestic manufacturer to the extent prescribed in the following paragraphs. In Government procurement, the policy will be applicable to all Ministries/Departments (except Defence) and their agencies for electronic product or products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

Each Ministry/Department would notify the sector specific electronic product or products for which preference would be accorded to domestically-manufactured electronic product or products. However, generic products which are procured across sectors, such as, computers, communication equipment etc., would be notified by the Departments of Information Technology/Telecommunications, as the case may be. The notification issued by each Ministry/Department for providing preference to domestically manufactured electronic product or products, either for reasons of security or for Government procurement, would specify the percentage of procurement to be made from domestically manufactured electronic product or products but it shall not be less than 30% of the total procurement value of that electronic product or products.

This percentage may be reckoned either on the basis of each tender or on an aggregated annualized basis with reference to total procurement by that agency. Further each Ministry/Department would also specify the domestic value addition requirement which the electronic product should satisfy for the product to qualify as domestically manufactured electronic products. However, such specification should not be below the generic value-addition of domestically manufactured electronic products provided below.

- USIBC supports Draft NPE 2011

Preference to.....contd. from page 1

The graded value-addition norm for electronic products to qualify as being domestically manufactured is described in Table below.

Domestically Manufactured Electronic Products	
Year	Percentage domestic value-addition in terms of Bill of Material (BOM)
Year 1	25%
Year 2	30%
Year 3	35%
Year 4	40%
Year 5	45%

The preference for domestically manufactured electronic goods shall be subject to matching of L1 price and on satisfying technical specifications of the tender. Detailed operational guidelines will be issued in some time.

The policy is expected to create an indigenous manufacturing eco-system for electronics in the country. Government with major expansion programmes under telecom including National Optical Fibre Network, e-governance, broadcast, citizen service centres etc., is generating significant demand and therefore offers an opportunity to support the domestic electronic manufacturing. This 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.

- 100 Per Cent FDI in Single Brand Retail Notified

USIBC supports Draft National Policy on Electronics 2011

USIBC (United States India Business Council) has supported the Draft National Policy on Electronics 2011 released by the Government of India on October 3, 2011. In their communication to DIT, USIBC has stated that it stands ready to serve as full partners in Indian government's efforts to develop innovative and effective solutions to increase local manufacturing in India while also fostering continued growth and innovation in the ICT sector. USIBC also supports USTR's (United States Trade Representative) proposal to establish a U.S. India Manufacturing Dialogue and hopes that this can become a reality.

USIBC along with their partner organizations, the Telecommunications Industry Association (TIA) and the information Technology Industry Council (ITI), has proposed further discussion in three important topics: (1) spurring innovation, (2) ICT standards and regulatory compliance, and (3) telecom equipment security testing requirements and plans to organize workshop/dialogues on these topics.

USIBC reiterated that they are committed to strengthening bilateral trade and investment between two countries with an objective to create business environment that facilitates such exchanges and strengthens the economics, commercial and cultural ties.

100 Per Cent FDI in Single Brand Retail Notified

Department of Industrial Policy and Promotion, Ministry of Commerce and Industry has notified the decision to allow 100 per cent FDI in Single brand retail. This FDI in Single Brand product retail trading will have products of a 'Single Brand' only, sold under the same brand, internationally. 'Single Brand' product-retail trading would cover only products which are branded during manufacturing and the foreign investor should be the owner of the brand. In respect of proposals involving FDI beyond 51%, mandatory sourcing of at least 30% of the value of products sold would have to be done from Indian 'small industries/ village and cottage industries, artisans and craftsmen'. 'Small industries' would be defined as industries which have a total investment in plant & machinery not exceeding US \$ 1.00 million. This valuation refers to the value at the time of installation, without providing for depreciation.

Further, if at any point in time, this valuation is exceeded, the industry shall not qualify as a 'small industry' for this purpose. The compliance of this condition will be ensured through self-certification by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts, which the company will be required to maintain. The said policy is expected to bring greater FDI in retail sector, including in electronics. A copy of the notification is available at http://dipp.gov.in/English/acts_rules/Press_Notes/pn1_2012.pdf

2/3rds of demand for electronic components met by imports

A nationwide survey has found that two-thirds of domestic electronic components demand in India is met through imports, the bulk of which are from South-East Asian countries. The survey was conducted by ELCINA with support from Department of Information Technology. The report suggest that the size of the total electronics components industry was over Rs 48,000 Crore (USD 9.2 billion) during financial year 2010, out of which over 60 percent was met through imports. Further, value addition in locally manufactured components was low because of the high dependence on imported raw materials and inputs. As a result, actual local content is much less than a third of total demand.

A report on the state of electronic components industry in India has been prepared after a gap of almost two decades and is based on information from the industry, which has been cross-checked by various government agencies, including the Directorate General of Foreign Trade. After the license raj was abolished, there was no mechanism for industry to report the production and sales figures. This report is being compiled based on over 15 months of study. An Executive Summary of the report will be made available on www.elcina.com.

• IIT Mumbai develops an Ethernet Ultra-fast Router

• 2/3rds of demand met by imports

Midea and Carrier to Form Joint Venture in India

According to reports, Chinese home appliance maker Midea and US-based Carrier have agreed to step up a new joint venture in India, wherein Midea will own 60% of the venture, with Carrier owning the rest. The venture has plans to invest up to Rs. 500 Crore over the next five to six years. Midea will offer designs and manufacturing expertise in air conditioning system while Carrier has a strong pan-India distribution net work. This alliance will also set up a manufacturing facility in India for manufacturing and distribution of residential ACs. Penetration of ACs in the India is currently at 3% vis-a-vis developed markets where it is between 40-80%.

Source: The Economics Times, 10 Jan, 2012

LG plans to increase investment by 20%

According to reports, Korean consumer durables firm LG plans to increase its investment in India in 2012 by 20 per cent to around Rs 1,800 Crore to enhance its manufacturing capacities and marketing activities. The company plans to continue to bring more innovative products, intensify focus on premium range to keep pace with the changing consumer lifestyle and introduce more technology oriented products. This year the company has invested a total of Rs 1,500 Crore, of which Rs 800 Crore was on upgrading manufacturing facilities.

Source: The Economic Times Dec 19, 2011

Sony to sell stake in LCD venture to Samsung

Sony Corp has agreed to sell its nearly 50 percent stake in an LCD JV with Samsung Electronics to Samsung for \$940 million. Sony was negotiating an exit, aiming to switch to cheaper outsourcing for flat screens. Analysts say the \$100 billion LCD TV market peaked last year and forecast that it may shrink 3-4 percent annually, as consumers in advanced countries have already traded in their bulky CRT-TV sets for flat screens, while the LCD market has been in excess since last summer.

Source: Reuters India

IIT Mumbai develops an Indigenous Ethernet Ultra-fast Router

IIT Bombay in 2011 has developed an indigenous ultra fast router called "PERISCOPE" with grants support from Internet Proliferation & Governance group, DIT. The router displays critical carrier-class features and is being seen as the world's fastest router in terms of latency and is lowest in terms of energy consumption. This low-cost technology consumes 1/15th the power of comparable network solutions at 1/25th the footprint of existing solutions.

The core of this router constitutes of an Ethernet switch which is different from other existing router solutions. The technology solution is developed by way of collapsing the lower three layers of the Internet – namely the physical, the data-link and the network layer into a single unified networking medium and taking advantage of the interconnection pattern in networks. It operates by facilitating features such as binary and source routing while adhering to service rendering attributes. It also facilitates backward compatibility with existing systems and uses the common denominator of Ethernet while supporting carrier-class features and providing an ultra-fast routing fabric. Thus the router facilitates next generation network to support data-center, mobile backhaul, carrier class transport and the metro/access market.

This indigenous router facilitates interconnection in networks giving India the ability to secure networks making them more robust and facilitates better service rendering capabilities. The router with its latency of a microsecond and a very small footprint is very useful for deployments in data-centres and Wide Area Networks (WAN) and Metropolitan Area Networks (MAN) to support cloud networks and other service oriented communication needs. It is currently being deployed for the establishment of two data-centres of MTNL Mumbai, thus building industry acceptance and confidence in this low cost indigenous network technology solution and is one of the leading examples of development of a platform from a concept.

For more details, may contact Prof. Ashwin Gumaste, IIT Bombay (ashwin@ieee.org) or Ms. Tulika Pandey, DIT (tulika@mit.gov.in, tulika@ic.in, tulika@ieee.org).

Sector Skill Council for Electronics Sector to be setup

ISA and ELCINA have collaborated to put together a proposal on the formation of the ESSC-Electronics Sector Skills Council (ESSC). It would have industry bodies like, CEAMA (Consumer Electronics and Appliances Manufacturers Association), ELCINA (Electronic Component Industries Association of India), IPCA (Indian Printed Circuit Association), ISA (India Semiconductor Association) and MAIT (Manufacturer's Association of Information Technology) as its main promoters. NSDC (National Skill Development Corporation) is to take a 26% share in ESSC and a position on Board of Directors.

To achieve the skills development objectives, the ESSC would primarily engage in three main activities, Accreditation and affiliation of its implementation partners, Certification for qualified workforce and Training of trainers. It is proposed that the ESSC will address Electronics Manufacturing, Semiconductor Design Technology, Solar Photovoltaic and Strategic Electronics (Aerospace, Defense and Security) verticals of the electronics industry for skill development as it meets the needs of the electronics sector across the participating industry bodies, in both design and manufacturing.

College Workshops on ESDM to be funded by DIT

DIT is providing support of Rs. 30,000 for workshops on Electronic System Design and Manufacturing (ESDM) to UGC approved Universities to promote awareness on electronic products, design and manufacturing. The programme envisages over 100 such workshops across the country. The workshops are expected to create greater awareness and interest among the student and academic community regarding the opportunities in the ESDM sector. Each workshop will involve speakers from industry, government and academia and will also involve a field visit to a local successful ESDM industry. For those interested in conducting the workshop, may contact Shri Akhilesh Saurikha, ESDM PMU, DIT (Email: a.saurikha@nic.in).

- Standards for batteries for portable applications

Standards for batteries for portable applications

With the growing number of mobile users in the country, the demand for batteries for mobile phones has been on rise. Batteries are being sold and consumed as a part of new handsets as well as for replacement purposes. This huge demand has led to threats concerning sale and spread of unbranded and substandard batteries containing hazardous substances affecting the health of the consumers. Since, these substandard batteries are lower in price, they pose a challenge to the manufacturer of quality batteries making it commercially hard to compete. This is also seen as a cause hampering development of battery manufacturing ecosystem in the country.

A working group was thus constituted under the convenership of Mr. Arun Sachdeva, Senior Director, DIT for formulation of standards for batteries for portable applications, under ET 11, a sectional committee at BIS (Bureau of Indian Standards). The working group decided that the edition 1.0 of IEC 62133 as well as edition 2.0 of IEC 61960 may be immediately taken up for adoption as dual number Indian standard under the fast track adoption procedure of the BIS. Based on this recommendation, the standards for batteries for portable applications which also include mobile phone batteries have been finalized by ET 11. The standards are likely to be published shortly by BIS.

With standards in place, battery manufacturing activity is likely to pick up in India. This is also expected to help build up a battery manufacturing ecosystem and overcome challenges for the ethical market players.

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- BEE notifies Voluntary Energy Standards

Energy Standards for Laptops, Color TVs, Air-conditioners and Refrigerators

Bureau of Energy Efficiency has notified Voluntary Energy Standards for Laptops and Notebooks, Color TVs, Air-conditioners (Cassette, Floor Standing Tower, Ceiling, Corner AC), and Direct Cool Refrigerator Refrigerators. Brief requirements for these standards for LCD & Plasma TVs are follows.

Any TV Combination Unit that is marketed to the consumer as such (i.e., focusing on television as the primary function), which meets the respective product type definition and is capable of being powered from either a wall outlet or a battery unit that is sold with an external power supply is eligible to earn the BEE Star Label.

This specification does not cover monitors with computer capability (e.g., a computer input port, such as VGA) that are marketed and sold as 1) computer monitors or 2) dual function television and computer monitors.

In addition, to qualify as BEE Star product, LCD, Plasma TVs must not exceed power consumption of 1 watt in Standby Mode with immediate effect. TVs that do not have a state meeting the definition of Standby are not able to qualify for BEE Star label. Additionally, this lowest power consuming Standby state must be the default Standby state for the TV as shipped to consumers.

To qualify as BEE Star labeled product, all TVs, TV Combination Units, must not exceed the maximum Annual Power Consumption (APCmax) found from the equations in the table below based on the unit's native vertical resolution and visible screen area.

The maximum annual power consumption is expressed in kilo watts per year and rounded to the nearest whole number. In the following equations, 'A' is the viewable screen area (inches) of the product, found by multiplying the display width by the display height. Star Rating Equations for LCD and Plasma TVs is as follows:

Star Rating	Maximum Annual Power Consumption
1 – Star (Max Annual Power Consumption in kWh/Year)	$P = (0.964 \times A) + 4.38$
2 – Star (Max Annual Power Consumption in kWh/Year)	$P = (0.876 \times A) + 4.38$
3 – Star (Max Annual Power Consumption in kWh/Year)	$P = (0.788 \times A) + 4.38$
4 – Star (Max Annual Power Consumption in kWh/Year)	$P = (0.701 \times A) + 4.38$
5 – Star (Max Annual Power Consumption in kWh/Year)	$P = (0.613 \times A) + 4.38$

Copies of the standards are available at www.http://220.156.189.26:8080/beeLabel/index.jsp.

Brief on Voluntary Energy Standards for Laptops and Notebooks, Air-conditioners and Refrigerators will shared in next edition of Newsletter.