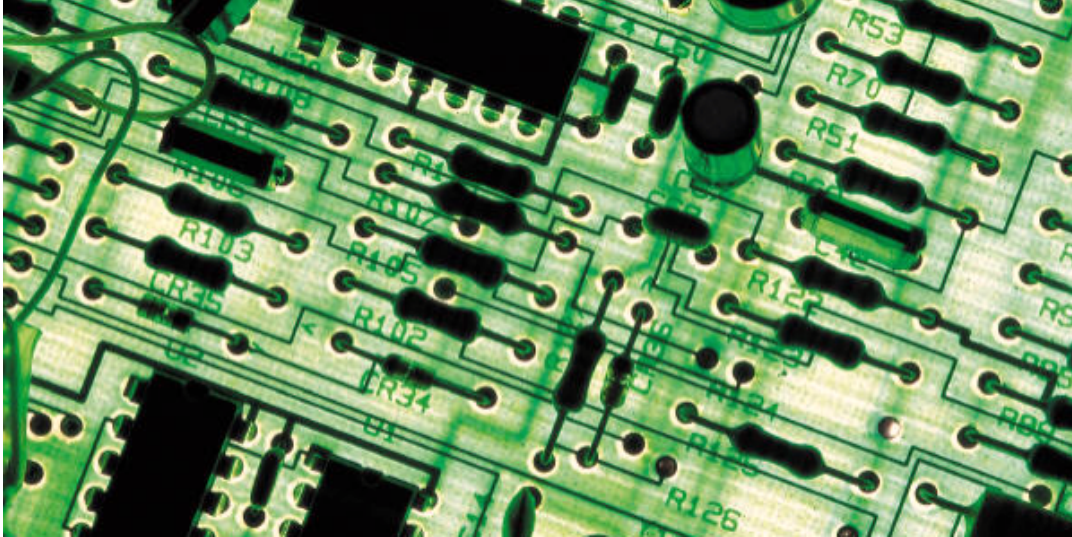


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INDIA: Boost to Electronics Patents; Government announces National Policy on Electronics, Manufacturing to be the next sunrise sector for India

The Government of India recently announced its National Policy on Electronics to position Electronic System Design and Manufacturing (ESDM) as the next sunrise sector for India.

As per the recent report published in 'The Times of India', over the last couple of decades, market for Electronics products in India has registered significant growth and the demand for electronics hardware in the country is projected to increase from USD 45 billion in 2009 to USD 400 billion by 2020. This is expected to create a unique opportunity for companies in the ESDM (Electronic System Design & Manufacturing) sector to look at India as their next destination to cater to the domestic Indian demand as well as act as an exports hub. Recent data reflects that Indian semiconductor consumption (\$6.03 billion in 2011) fared far better than the global markets riding the growth of the Indian electronics industry and is expected to grow to \$9.66 billion by 2015.

Accordingly, the Government of India has recently initiated several initiatives for the development of electronics sector in India such as:

CONDUCTIVE POLICY ENVIRONMENT FOR INVESTMENTS

The Government has set up Department of Electronics and Information Technology (DeitY) and announced National Policy on Electronics to attract investments, provide incentives, establish Electronics Manufacturing Clusters and incubation centers, support skill set development by engaging with colleges and universities and provide approvals to consortiums for investment.

Some of the proposals of this policy are as follows:

- Target to achieve turnover of USD 400 billion by 2020 involving investment of over USD 100 billion and employment to around 28 million people. This includes USD 55 billion in chip design and embedded software industry;
- Setting up over 200 Electronics Manufacturing Clusters (EMCs);
- Upscale education to over 2500 PhDs annually by 2020;
- Transform India into global hub for Electronics System Design and Manufacturing (ESDM);
- Current proposals of Rs 65000 crore (USD 10.503 billion) investment include:

Investment size (approx)	Technical field
Rs 52,000 crore (USD 8.4 billion)	Semiconductor wafer fab
Rs 791 crore (USD 127 million)	Consumer electronics and appliances
Rs 8218 crore (USD 1.3 billion)	Hand held devices and telecom products
Rs 1990 crore (USD 321 million)	LED fab and LED products
Rs 710 crore (USD 114 million)	Automotive electronics
Rs 62 crore (USD 10 million)	Solar photovoltaics
Rs 210 crore (USD 34 million)	Strategic electronics
Rs 750 crore (USD 121 million)	Semiconductor ATMP

INCENTIVES

The Government announced several incentives for ESDM, including the following:

- 100% Foreign Direct Investment (FDI) through automatic route;
- 25% Capital Subsidy under Modified Special Incentive Package Scheme (MSIPS) and 20% subsidy for Special Economic Zones (SEZs), MSIPs have already attracted investment proposals worth about USD 10 billion. Out of these investments worth USD 136 million have already been approved. Majors like Bosch and Samsung bagged the approvals for investing under this scheme;
- 2-5% benefit for export under FPS (as per select list);
- 75 – 100% skill development assistance;
- VAT reimbursement up to 100% investment in states like Andhra Pradesh and Karnataka;
- Preferential Market Access;
- Reimbursement of certain central taxes and duties for 10 years in select high tech units like fabs, LCD fabrication, semiconductor logic chips, memory chips

ELECTRONICS MANUFACTURING CLUSTERS

The Government has announced the following new Electronics Manufacturing Clusters:

ELECTRONICS MANUFACTURING CLUSTER	Developer	Location	Area	Technical Focus
GMR EMC at Hosur, Tamil Nadu	GMR	45 km from Bangalore	527.08 acres	Original design manufacturers, Original Equipment manufacturers, Contract manufacturers, R&D and design facilities
ECLINA Cluster at Bhiwadi, Rajasthan	Electronics Industries Association of India (ELCINA)	90 km from Delhi	100 acres	Electronics Components and Hardware
EMC at e-city, Hyderabad, Andhra Pradesh	Andhra Pradesh Industrial Infrastructure Corporation (APIIC)	Hyderabad	602.36 acres	Semiconductor design, VLSI & Chip Design segment industry with contract manufacturing for global players
EMC at Maheshwaram, Andhra Pradesh	Andhra Pradesh Industrial Infrastructure Corporation (APIIC)	Maheshwaram	310 Acres	Telecom and Component Manufacturing Segment
EMC at Bhopal, Madhya Pradesh	Madhya Pradesh State Electronics Development Corporation Limited (MPSEDC)	Bhopal	50 acres	Manufacturing laptops, tablets, set top boxes and accessories, solar modules, LED Lighting etc.
EMC at Jabalpur, Madhya Pradesh	Madhya Pradesh State Electronics Development Corporation Limited (MPSEDC)	Jabalpur	40 acres	Set top boxes and accessories, solar modules, LED lighting, CCTV cameras, Medical electronics, Control panels, Mobile chargers, USB etc.
EMC at Kakkanad, Kerala	Kerala Industrial Infrastructure Corporation	Kakkanad	75 acres	N.A.

HELP DESKS IN JAPAN & ISRAEL

The Government has created helpdesks with Department of Electronics and Information Technology (DeitY) in Japan and Israel to encourage engagement between Indian Government and foreign companies for setting up a manufacturing base in India.

APPROVALS TO TWO CONSORTIUMS

The Government has provided "in-principle" approval for setting up two semiconductor wafer fabrication units bringing in fresh investments of Rs 52,000 crore (USD 8.4 billion). The consortia led by:

- i. Jaiprakash Associates Ltd., IBM (USA) Tower Jazz (Israel), and
- ii. HSMC technologies India PVT. Ltd, ST Microelectronics (France/Italy) and Silterra (Malaysia),

have been approved for the said fabrication facilities.

The move will put India in a selected category of few nations, which have semiconductor-manufacturing facility.

The incentives and various schemes as mentioned by the Government will certainly give boost to R & D in the field of electronics and we expect a lot of startups coming up in this field and as a result filing of patent applications in electronics and related fields is expected to increase manifold. Also, with multinationals entering and setting up their manufacturing plants in India, 40% smart phones are expected to be produced in India as compared to only 10 % in 2011.

We believe that it would be extremely crucial to extend IP protection to India, as India would be a major player for commercialization of inventions both from manufacturing point of view as well as the large consumer base that it provides.

In case you or your clients need more information on any particular topic, please feel free to contact us.

In case you need any assistance with setting up operations in India, please let us know and we shall be happy to refer you to our General Law Firm.