

posal for manufacture of paper on a mechanised basis within the investment limits applicable to the small scale sector.

Development of Electronic Watch Industry

4519. SHRI ARVIND NETAM: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government are considering to develop electronic watch industry soon;

(b) if so, the details thereof; and

(c) the time by which it will start working and production?

THE PRIME MINISTER (SHRIMATI INDIRA GANDHI): (a) and (b). Yes Sir. The Industrial and Technology Policy on Electronic Watches as approved by Government in April, 1980, is shown in the statement below:

(c) It is expected that domestically assembled electronic watches will be available in the market during 1981-82.

Statement

Industrial and Technology Policy for the Electronic Watch Industry

Government have decided that electronic watch production for the domestic market must be set up from the very beginning as a genuine industry. This means that even in the initial stages, when the four basic electronic components going into such a watch viz., the large scale integrated semi-conductor circuit, the display, the special quartz watch crystal and the special battery will need to be imported, these components will be procured as discrete elements and assembled together to form the basic electronic watch module. The approach would be similar in regard to the cases in which the module is

enclosed, and the mechanical piece parts involved in the finished watch.

2. Industrial approvals for the assembly of complete Digital Electronic Watches (DEW) would be issued to HMT, a suitable number of public sector companies of/floated by the State Electronics/Industrial Development Corporations who have applied, and an appropriate number of new small scale units having the necessary competence, who have applied. This would be apart from the few units (in both large and small scale sectors) actually assembling DEWs today. The mechanical cases and piece parts for DEWs would be approved for manufacture only by HMT and another public sector company engaged in the manufacture of mechanical watches and watch cases.

3. The electronic watch is a consumer durable of such character that its efficient marketing and more importantly technical after-sales-service, on a national basis, is of critical importance for protecting the consumer interest. This calls for considerable technical, managerial, organisational and financial capacity. Therefore, the marketing and after-sales-service of DEWs would be undertaken only by HMT and the public sector companies of State Electronics/Industrial Development Corporations referred to in para 2 above, apart from the existing DEW assembling units. DEWs assembled by the new small scale units to be approved, would be marketed and serviced by HMT or any of the State Corporations, based on tie-ups to be promoted by the Department of Electronics.

4. None of the four basic electronic components needed to assemble electronic watches is made in the country today. All of them, except the special battery, are also needed for other electronic products, if with some variations. The increase in demand for these electronic components which the setting up of electronic watch production as a genuine industry will generate, is an extremely important

objective in Government's overall decision to launch electronic watch production for the domestic market. However, if that demand boost for our electronic component industry is to be actually realised in practice, maximum standardisation of the watch components is essential. Only then will the market for each of these components be large enough and uniform enough in terms of technical specifications/types, to make their local production techno-economically viable. This standardisation would be ensured by the initial import of the complete electronic modules for DEW, and the subsequent import of the electronic components going into that module—Large Scale Integrated (LSI) circuit, Display, Crystal etc.—being canalised through the Semiconductor Complex Ltd. (SCL) and directly allotted by SCL to all DEW assemblers, including the units actually assembling DEWs on date. Such direct allotment would be against registered Actual User requirements subject to the maximum required to meet licensed/approved capacities, and uniformly at the import and associated duties specified in the Import Tariff during 1980-81 and onwards. However, approved DEW assemblers will be allowed to import directly such modules/components against REP licences earned by them through the export of Digital Electronic Watches. After the initial import of complete electronic modules, SCL would undertake assembly and supply of the complete electronic module to all DEW manufacturers, with progressive indigenisation, of the LSI circuit by SCL itself, and the Display and the Crystal by other public sector companies.

5. The units actually assembling DEWs today, will continue to market the watches assembled by them. During 1980-81, SCL will supply, through its canalised imports, the types of complete electronic module needed for the watches those units are assembling today, or the individual electronic components in the case of

those units already engaged in local assembly of modules. These units will be permitted to import the mechanical cases they need for their 1980-81 production directly. However, from 1981-82, these units would get an increasing proportion of their requirements of electronic modules/LSI circuits from domestic supplies made by SCL. The same will be the case with the Displays and Crystals to be made by other public sector companies. Such residual imports as may be needed will continue to be supplied by SCL on a canalised basis. A similar phased change-over to domestic source of supply viz., HMT or the other public sector company involved, will be effected by Government in regard to the case and mechanical piece parts needed by these units.

6. The single point supply of electronic watch modules by SCL to all assemblers (including the units already engaged in such assembly) initially through canalised imports and progressively from local production, would be used by government to implement a pricing policy for the finished DEW which would ensure that the mechanical watch industry is not affected by the introduction of the DEW. The difference between this price of the complete electronic module fixed on the basis of public policy, and the actual price based on normal commercial production by SCL, will be credited to the Consolidated Fund of India.

7. As for Analogue Watches i.e. watches which have a conventional dial, but where the normal watch movement is replaced by an LSI device and a quartz crystal, industrial licensing would be according to the general policy applicable to mechanical watches. However, the supply of the LSI device, the quartz crystal and the Stepper Motor, would also be directly allotted to all parties approved to make such Watches, solely by SCL on a canalised basis as in the case of DEW and for the same reasons.