



**MAIT Releases report on
Enhancing Export Competitiveness
of
India's Electronic Hardware Manufacturing Ecosystem**

Key recommendations to move from an Import Substitution led manufacturing to an Export led Electronic Manufacturing Ecosystem

New Delhi, September 19, 2019: Manufacturers' Association of Information Technology (MAIT), today, released the report titled "**Enhancing Export Competitiveness of India's Electronic Hardware Manufacturing Ecosystem**". The report commissioned by MAIT, focuses on analysing the current ecosystem to outlining a combination of policy reforms, consisting of reimbursements of state and central tax levies, relaxation on corporate income tax and production-based incentives to boost the electronics manufacturing in the country. In the presence of the Electronics and IT manufacturing industry, Niti Aayog & Invest India the study was launched by **Shri Ajay Prakash Sawhney, Secretary, MeitY**. Present on the occasion were Industry captains Mr. Richard Hopkins, Global President, Manufacturing Operations - Flex Group, Mr. Muralikrishnan B, COO Xiaomi India & Mr Prashanth Mani, MD - Motorola.

As part of its mandate of enhancing 'export-led electronics manufacturing', MAIT has worked out a roadmap for the electronics sector with specific emphasis on Mobiles, Datacom and PCs. In the backdrop of the recent announcement by the Finance Minister about introduction of Remission of Duties or Taxes on Export Products (RoDTEP), the report emphasizes that in order to compensate for the discontinuation of the Merchandise Export from India Scheme (MEIS) framework, India needs a policy framework that gives a net compensation of minimum 8% needs to be given to the electronics manufacturing sector to overcome India's disability.

With India now looking at massive scaling in local manufacturing, MAIT strongly recommends setting up of component hub to decrease India's disability.

In addition, the study encapsulates the technical reasoning for the harmonization of incentives for both mobiles and chargers to provide impetus for export-led mobile manufacturing in the country.

Speaking at the event, **Mr. Nitin Kunkolienker, President, MAIT** said, "We are committed to bringing a positive change in the sector by moving from a domestic-consumption led manufacturing to an export-led approach. This report is also a step in this direction and the intention is to voice the industry's requirements and recommendations while identifying key opportunities that can be leveraged to enhance the electronics and IT manufacturing ecosystem in the country."



Mr. Nitin Kunkolienker also said that India is looking at a foreign exchange bill of Rs 5.37 lakh crores on Mobiles, PC and Datacom product consumption by the domestic market in the year 2025 if India does not develop an export led manufacturing ecosystem soon.

However, if India aims and achieves 20% share in the global production by 2025, then India can generate a net positive foreign exchange of Rs. 1.19 lakh crores and contribute Rs. 4.71 lakh crores to India's GDP. Further PCs as a category has the potential of generating a net foreign exchange positive of Rs 72000 crore.

Mr Kunkolienker further emphasised that the incentive framework strategy needs to include the component ecosystem so that along with volume, India also builds on value.

The report identifies and estimates India's disabilities and recommends short-term and long-term interventions to create an export-led electronics manufacturing ecosystem in the country. Some of the key observations in the report are –

- The study recommends incentives be given under following heads which are WTO compliant:
 - Rebate of State & Central Taxes and Levies
 - Complete tax holiday to the electronics manufacturing industry for the initial 5 years following which a corporate tax of 15%
 - Production based incentives on ITA 1 products that are meant for both domestic consumption and exports from India

About MAIT

MAIT is the apex body representing ICT and electronics manufacturing sector for India. MAIT is recognized by both the Government, as well as the industry, for its role in the growth and development of the IT Hardware industry.

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