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President

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Shri Anshu Prakash
Secretary
Department of Telecommunications

Sub: Leveraging the Shift of Global Telecom Manufacturing to India's Advantage
Leveraging domestic market to spur exports

Respected Sir,

At the onset, we wish to congratulate you and the GOI for the steps taken to make 2020-2030 the decade of Electronic and Telecom Manufacturing for India. At this point of time there is a no holds barred competition between economies to attract electronic manufacturing into their respective countries.

Electronics as a sector that is fiercely competed for it is the foundation of the Digital world of today and tomorrow. And this is why India must build end to end view of Electronics as a sector. US, China & India are working towards retaining or building this supremacy.

Indigenous Manufacturing capability is a key peg of this strategy and India should smartly tailor its schemes to each sub-sector of electronics to bring to Indian shores the ships of manufacturing before they dock into some other nation.

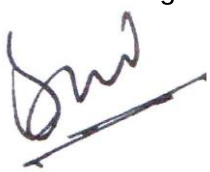
The PPO is a powerful tool in the armoury of every Government, and it should be tailored both time to time and specific to a product category to maximize the benefit for India. This is critical if PPO has to succeed as a tool. We saw how PMA (PPO's earlier avatar) brought in all the global IT hardware companies to manufacture in India in 2004-5, but as it failed to evolve with the rapidly changing nature of electronics (Some thing peculiar to electronics), we have empty factories in India.

India is the loser in the process with 90% plus imports, despite having global factories in India. Over the last year over $50Bn of IT hardware was imported and off which at the minimum at least $17Bn of local value addition was lost to the country. In a world where technology life is 2-3 years, Electronics require timely decisions before Global companies settle down elsewhere.

India has yet another opportunity today as a China +1 strategy is being set up. India has announced the much awaited Production Linked Incentive (PLI) scheme. Apart from the fact that the PLI "Disability Funding" in itself does not cover India's disadvantages, there are certain other aspects which are making implementation a challenge. For example, the scheme currently caps the maximum incentive to 20%, 40%, 70%, 100%, 100% of twenty times the investment in the five years respectively. This is restrictive for companies who want to aggressively ramp up the production and it runs counter to the scheme's objective of maximizing throughput. It is recommended that the caps be kept at 100% of 20 times the incentive from the year one. Further, the PLI for Datacom & Telecom at 6,5,4,3 is grossly insufficient. And in this context a specific, contained Sub-Category of Products is asking for PPO points against Exports from the country, (both under PLI and otherwise). This is a tipping factor (That has no cost to the GoI) beyond just the PLI to bring the Manufacturing ships to India's shores.

To put this in perspective please find attached a white paper. We seek your urgent attention and immediate action on the PPO guidelines to help us bring these companies to invest in India.

With warm regards,



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