

Welcome



Dear Readers,

With the onset of a brand new year, we are excited to bring you another issue of *MAITWire*.

Over the past year, the government has outlined its crystal clear focus on increasing electronics manufacturing in India. An important subset of this effort lies in the growth of small and medium enterprises or SMEs, who, as we all know, form an

integral part of the economic fabric of any nation. Our cover story in this issue highlights the need to engage SMEs through appropriate policies and schemes. This will encourage them to reach their prime and thereby boost private sector electronics manufacturing growth.

In addition to information on events we will be organizing in the coming months, this issue also includes an article on what Budget 2015 can do to boost the 'Make in India' initiative.

As always, we urge you to write in to us with comments and pointers.

We look forward to crossing new milestones together in 2015!

Warm Regards,

Anwar Shirpurwala
Executive Director, MAIT

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MAIT 2015 Annual Diary



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In focus

Harness the potential of SMEs, Make India an Electronics Manufacturing Powerhouse

It is a well-established fact that Small and Medium Enterprises (SMEs) play a definitive role in plotting the industrial growth chart of any economy. In fact, they constitute 90 percent of all enterprises in several developed and developing economies, spawning the highest rate of employment growth as well as accounting for a significant share of manufacturing and export.

In India too, SMEs in the electronics manufacturing sector have demonstrated a great deal of innovation and flexibility to overcome challenges faced and remain competitive. This has been achieved against a tough backdrop – India has the lowest entry barrier, a complex cost structure, rising customer expectations and low adoption of Information Communication Technology (ICT) tools while compared to other countries. *MAITWire* spoke to Mr. Sanjay Lodha, Member, MAIT and CEO, Netweb Technologies, on what he felt about the growth of SMEs in the country. “Despite an exceedingly demanding market and difficult conditions, we must credit SMEs for the fact that they have moved up the value chain, from production of simple goods such as connectors to more sophisticated products such as controllers and subsystems”, he said. India is home to world class fab design outfits, qualified engineers and has the ability to execute projects at low costs – all components that could make the country an electronics manufacturing hub. At present, 15 percent of India's population is engaged in manufacturing, a figure that needs to be increased to 25 percent, for India to reach its ambitious target of becoming a sought after manufacturing destination. The demand for the electronics manufacturing industry is estimated at US\$ 100 billion across all sub-sectors in 2014.



Domestic consumption is also projected to grow at 10-15 percent CAGR across several sub-sectors, driven by the thrust on 'electronification' and 'digital India'.



“In India most SMEs are cocooned in a shell and not aware of what is going on around them. It is important that they are brought into the limelight and organized in a systematic manner so that information on government policies and schemes reach them. For SMEs to be successful there are two main aspects that need attention – funding and sales & marketing assistance. In my opinion, credit policies that stimulate growth in the IT manufacturing space will help spike growth in the SME sector”, said Mr. Rahul Gupta, Chairman, SME Chapter, MAIT and Managing Director, Smile Security & Surveillance. “There are many competent SMEs who already manufacture or have the capabilities to manufacture high-tech IT products but they need someone to guide them on how to grow their sales. Government and PSU can play an important role in encouraging them in this regard”, he added. The key for these enterprises to stay ahead is through innovation, by manufacturing hi-tech components with improved quality at an affordable cost.



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The government has recognized the need to endorse SMEs by taking concrete steps to foster their growth. Both the central and state governments have implemented a cluster approach towards promoting SMEs. Noteworthy Electronic Hardware Manufacturing Clusters (EHMC's) have been set up in Hyderabad and Visakhapatnam. These clusters encourage networking amongst enterprises and therefore make them more viable. For the most part policies have been formulated and implemented to promote growth of SMEs in the manufacturing sector - design of credit policies favouring SMEs, assisting them with technology transformation, enhancing their marketing capabilities and working with them on their entrepreneurship development skills. Mr. Mukesh Gupta, Member, MAIT and Director, Bhagwati Products, told *MAITWire*, "The cluster approach to nurture SMEs across the country has been very beneficial. This allows for forward and back ward integration and enables the introduction of value added products. This in turn will help improve competitiveness and increase domestic as well as export market share."

The SME chapter that has been constituted under MAIT will help these enterprises across the country to on-board to a single platform that keeps them updated on market trends, business opportunities, government policies, latest technologies and credit guidelines.

Moreover, MAIT has been working with SMEs with the objective of bringing them to the mainstream. A dedicated portal <http://www.maitsme.com> has been launched for SMEs to create ample B2B opportunities within SMEs. The SME chapter that has been constituted under MAIT will help these enterprises across the country to on-board to a single platform that keeps them updated on market trends, business opportunities, government policies, latest technologies and credit guidelines. It will also act as a stepping stone for start-ups by connecting them to Indian as well as foreign partners. MAIT also conducts several ICT SME conclaves across India along with the Department of Electronics and Information Technology (DeitY) and the Ministry of Micro, Small and Medium Enterprises (MSME). These conclaves serve as an open forum for SMEs to seek solutions to problems faced by them and could trigger policy and procedural level interventions so as to create a conducive business environment in the country. For instance, there is a pressing need for clarity and a long term view on SME policies for these enterprises to commit to capital expenditure.



Given that the complexities of businesses have altered phenomenally, a dedicated effort from all stakeholders to empower SMEs will facilitate sustainable growth in the sector. Going forward the MAIT SME chapter plans to tie up with leading funding agencies and business incubation organizations to promote start-ups in the sector. We plan to actively set-up operations in design, manufacturing, assembly & packaging of Electronics & IT Hardware components & systems. The aim is to create a collaborative and mutually inclusive Indian IT ecosystem that would target indigenization on a high level and end dependence on imports.

India is already the preferred destination for software development. It is imperative that we also leverage our inherent technical strengths and skilled talent base for hardware manufacturing. By channelling the strength of SMEs in the electronics manufacturing arena, India has the ability to develop robust hardware manufacturing capabilities towards creating world class products and appliances that can be exported, while at the same time fulfilling local consumption needs.

Spotlight

Joint International Association Meeting on Compulsory Registration Order (CRO)

PHD House, New Delhi, January 20, 2015

MAIT held a joint consultation meeting with Japan Electronics and Information Technology Industries Association (JEITA), Information Technology Industry Council (ITI) and Battery Association of Japan (BAJ) to help the Government of India with the smooth implementation of Compulsory Registration Order for IT products.



Upcoming Events



Electronic Product Environmental Assessment Tool (EPEAT) Training

New Delhi, February 2015

MAIT in partnership with Green Electronics Council, will offer a one-day training program on EPEAT to help India-based manufacturers understand the EPEAT green electronics system. Training will be conducted on February 19, 2015 for large companies and February 26, 2015 for MSMEs. The training is for product designers & engineers, specifiers, sustainability & government affairs managers, suppliers wishing to provide conformant components or materials and end-of-life service providers intending to provide conformant take-back and recycling services to registering companies.

Building on a combination of presentations and real world examples, the program will introduce the EPEAT System & support services available and build familiarity on technical performance specifications that products must meet to be eligible for registration in EPEAT. Through the training, India-based brands will have the opportunity to showcase their environmentally preferable products through the EPEAT system, both within the Indian market and abroad. Training on EPEAT system will enable Indian companies to support product registration and compete for business both in India and external markets, where huge purchasers (the US Federal Government, Ford Motor Company, HSBC, the University of California system, 36 US states), require EPEAT registration as a condition of purchase.

The training will provide an overview of the EPEAT® system from product declaration through verification, including the business relationships involved (registration services, verification authorities, sliding scale fee structure). It will also review the environmental performance criteria of the standards that underlie EPEAT:

IEEE 1680.1 standard for computers and computer displays,
IEEE 1680.2 standard for imaging equipment, and
IEEE 1680.3 standard for televisions

The program will also highlight the support options open to brands wishing to register for India – conformity assessment bodies, consultancy services, technical training opportunities.



National Conclave on IT & Electronics Manufacturing in India: Opportunities for ICT Channel Partners, System Integrators & SMEs

Mumbai, February 2015

A national conclave on IT & Electronics Manufacturing in India will be organized by MAIT, jointly with the Traders Association of Information Technology (TAIT) and supported by various ICT associations across the country. It is the only National conclave to promote manufacturing of ICT Products in India and aims to encourage IT channel partners & system integrators to become manufacturers. This will discourage import of IT products and help achieve the goals laid out in the 'Make in India' initiative. The event will see the participation of more than 100 individuals drawn from the entire IT Hardware ecosystem.

This conclave will emphasize on empowering ICT channel partners & system integrators to achieve sustainable growth and competitiveness in the global market. It will showcase how SMEs can transform into emerging corporates by identifying emerging business opportunities, channelizing more investment and finance for growth and expansion, enhancement of export, identifying new technology solutions, joint ventures and collaborations. Topics covered will include various government schemes for IT channel partners & system integrators to motivate them to become manufacturers, exposure to private equity and venture capital - fueling better business growth, initiatives for developing SMEs into corporates and technology solutions for quality & efficiency.

Attendees will have the opportunity to gain knowledge and information about various business opportunities, latest technologies and investment opportunities available in the IT sector in India. The conclave will serve as an opportunity to introduce government schemes and incentives for IT channel partners & system integrators.

MAIT- Times Group Partnership Digital India Summit 2015

The Grand, New Delhi, February 3 & 4, 2015

As part of the MAIT-Times Now partnership, the Digital India Summit 2015, will be held at The Grand, New Delhi. MAIT is the knowledge partner for the event 'The Digital Future of India - Put Forth in Bits and Bytes'. The keynote speaker is Shri Ravi Shankar Prasad, Honourable Minister of IT & Telecom, Ministry of Communication and IT, Government of India.

Perspective

Will Budget 2015 boost 'Make in India'?

Nitin Kunkoliener,

Vice President MAIT & Vice President,
Smartlink Network Systems



Union Budget 2015 is fast approaching and the industry is looking expectantly towards the Narendra Modi led government to give direction to the mammoth initiatives launched over the past year. The unveiling of the 'Make in India' initiative was met with a great deal of enthusiasm from the industry.

Personally I believe that the upcoming budget should concentrate on Infrastructure, Taxation and Incentives as listed under so as to provide the necessary impetus to this initiative.

Infrastructure

- Component Trading Hub – Allocate a corpus to setup a 'Component Trading Hub' in coastal states. This will be a warehouse facility housing various electronic components. These hubs can act as a supply chain for domestic electronic manufacturers.
- Data centers must be given impetus as they are the backbone of a strong IT infrastructure. Such data centers will propel the growth of e-commerce businesses and also support the government's ambitious 'Digital India' program.

Taxation

- Inverted Duty Structure – Extend 11/2014 notification exemption to all ITA goods across the ICT value chain.
- Excise Duty Incentive Scheme – Countervailing Duty @ 12% and Excise Duty @ 1% without CENVAT credit and 12% with CENVAT credit must be extended to the entire ICT value chain.

- Long-term tax holidays at reducing rates to domestic ICT hardware manufacturers –Vietnam offers a 30-year tax holiday window at just 10% tax on mobile manufacturing. This further goes down to 100% exemption in the first four years and reduction of 50% in the next nine years. Similar impetus should be provided to domestic ICT hardware manufacturers of India.

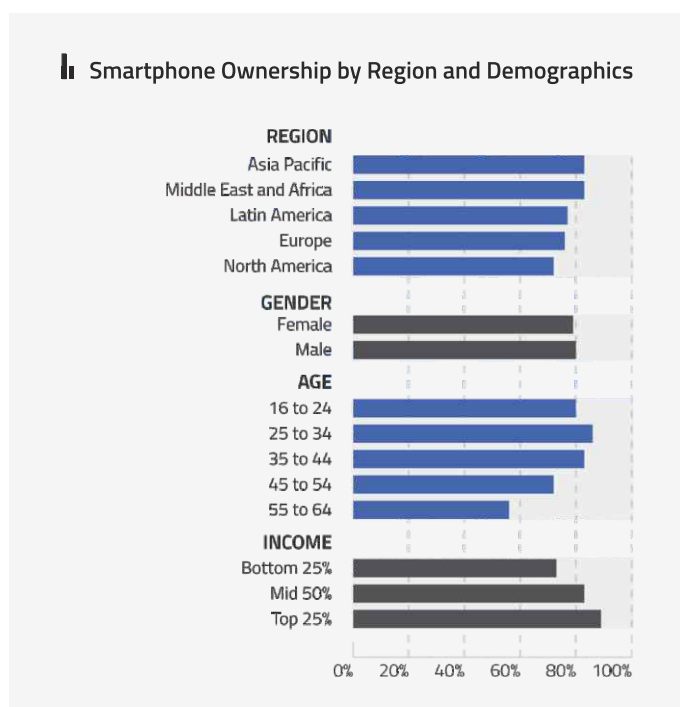
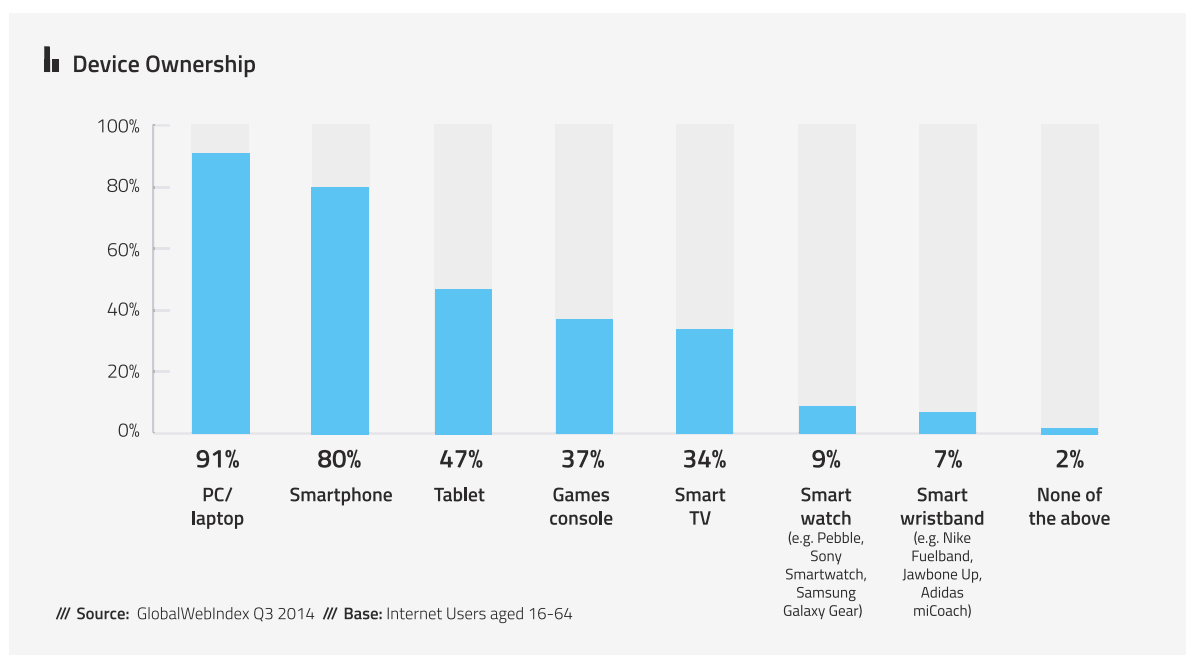


Incentives

- Export Incentives – India's geographical location provides a huge advantage for exports to Eastern Europe, Middle East and South East Asia. Export Incentives must be provided to the domestic ICT hardware manufacturing sector, which will help in increasing scale of operations and make manufacturing viable.
- Virtual SEZs – Existing or new domestic ICT manufacturing companies who clock an expected annual export turnover in a given time period may be declared as 'Virtual SEZs' and the benefits of SEZ infrastructure must be passed onto such facilities.
- 8% 'Throughput-based' incentives– The current landed cost impediment of serving the domestic demand from India vs. imports is approximately 8% of product cost (ex-factory price/FoB value) for most IT products. Offering 8% throughput incentives will enable supply chain entry into India and offering top-up incentives above this 8% that can then lead to supply chain acceleration. This is likely to encourage global telecom/networking OEMs to manufacture in India without losing the existing cost & margin structure.

Industry Tracker

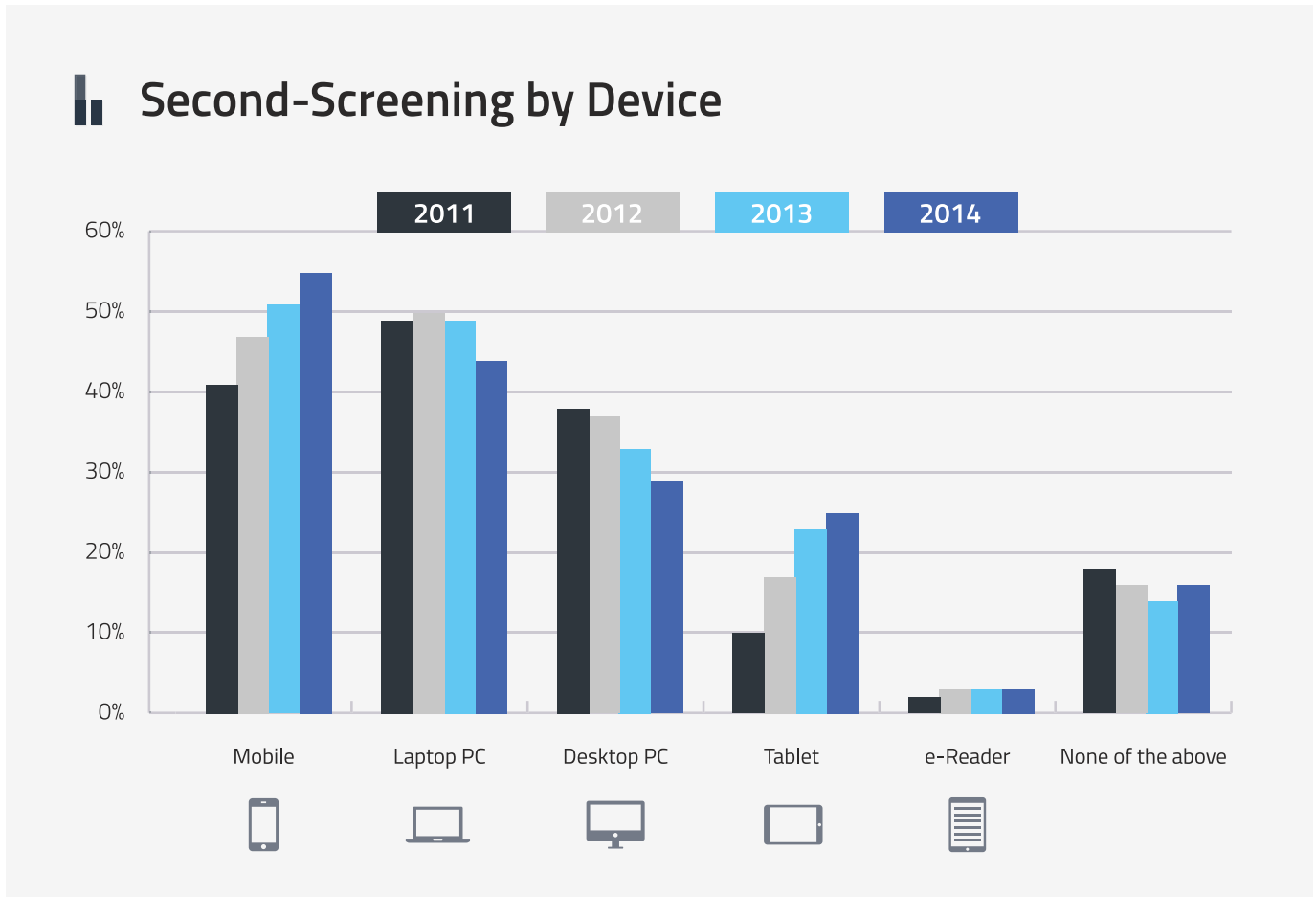
4 in 5 now own a Smartphone



- 80% of online adults now own a smartphone, while almost 50% have a tablet. For both devices, figures peak among 25-34s and the top income quartile; regionally, smartphone ownership is highest in APAC while North America tops the table for tablets.
- Almost all smartphone owners are using them to access the internet – with 75% saying they’ve gone online via a mobile in the last month. This is a rise from 49% back in 2011. There’s a slightly bigger gap between ownership and online access for tablets, though, with just 37% going online via these devices. Nevertheless, they’ve seen the fastest rise of all since 2011 – having grown from 8%.
- Wearable devices are still highly niche: only 9% say they own a smart watch and just 7% report having a smart wristband. Currently, this is being driven by men, 25-34s, the top income group and consumers in APAC.

Source: GlobalWebIndex Quarterly Report - Q3 2014

Over Half are Second-Screening via Mobile



- Having overtaken laptops as the top dual-screen device back in 2013, mobiles have now opened up an eleven-point lead (to stand at 55%); laptops remain ahead in just 10 of GWI's 32 countries.
- Significantly, only 16% of online adults say they have not dual-screened while watching television – a trend which underlines just how widespread simultaneous multi-media consumption has become.
- Chatting to friends is the most popular second-screen activity (49%), followed by reading the news (41%) and playing games (35%). Broadly speaking, 16-24s (and 25-34s, albeit to a lesser extent) have clear leads for activities such as playing games and chatting to friends. Behaviors such as searching for products are typically much more even, though, while 16-24s are some of the least likely to read the news or engage with emails

Source: GlobalWebIndex Quarterly Report - Q3 2014

Bulletin

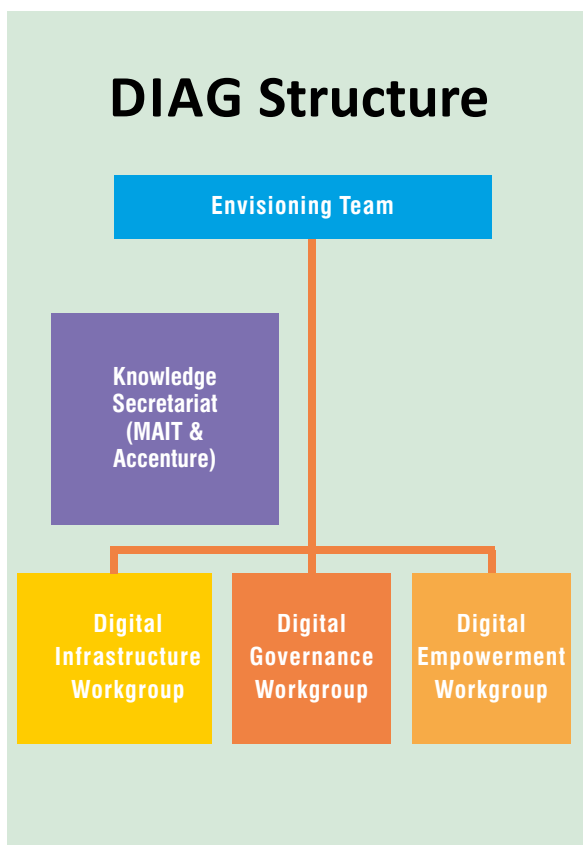
The MAIT Digital India Action Group (DIAG) has been constituted to enrich and accelerate the implementation of Digital India across the country. The group will provide strategic inputs to various committees and teams constituted under the aegis of Digital India by the PMO, DeitY and other government departments & ministries.

MAIT is best-suited to support and complement the efforts of DeitY in implementing Digital India as its members represent a vast knowledge base from across the IT ecosystem.

DIAG will regularly seek guidance and give inputs to the Digital India Advisory Group formed under the Digital India program. It will also provide key learnings from the successes and failures of previous government initiatives like the National e-Governance Program. The overall responsibility of DIAG is that of execution and delivery.

DIAG will work upon the 9 Pillars of Digital India under three broad categories

Digital Infrastructure	Digital Governance	Digital Empowerment
<ul style="list-style-type: none"> • Broadband Highways • Universal Access to Phones • Electronics Manufacturing 	<ul style="list-style-type: none"> • E-Governance • eKranti 	<ul style="list-style-type: none"> • Public Internet Access Program • Information for All • IT for Jobs • Early Harvest Program



Envisioning Team

Mr. Ajai Chowdhry, Mr. J. Satyanarayana and Prof. S Sadagopan have graciously agreed to be a part of the Envisioning Team of the DIAG. Mr. Amar Babu (Lenovo), Ms. Debjani Ghosh (Intel), Mr. Nitin Kunkolienker (Smartlink) and Mr. Sanjeev Gupta (Accenture) are the industry representatives in the Envisioning Team.

Work-Groups

Several companies have already signed up to the three work-groups that have been constituted and MAIT is still in the process of getting more nominations.

Going forward, DIAG will set quarterly agendas for each of the work-groups to ideate on specific proposals and provide recommendations for action. The aim will be to cover all the initiatives that have been identified by the government in its agenda for Digital India in a time-bound manner and also track the action on the recommendations of the three workgroups.

To start with DIAGs focus for the next 90 days includes

- Electronics Manufacturing
- MyGov (under the Early Harvest Program)
- Smart Cities

To know more and get involved, write to us at shagufta@mait.com

About MAIT

Set up in 1982 for purposes of scientific, educational and IT Industry promotion, MAIT is today an influential and dynamic organization. Representing hardware, training, R&D, hardware design and other associated service segments of the Indian IT industry, MAIT's charter is to develop a globally competitive Indian IT industry. MAIT works to promote the usage of IT in India, strengthen the role of IT in national economic development, promote business through international alliances, promote quality consciousness in the IT industry and transform the Indian IT industry into a World Scale Industry leading to a World Class Usage and thus a World Size Market.

**We would like to
take this opportunity
to welcome our
newest members**

Appropriate Test Solutions & Services
<http://www.apptestsol.com>

Ankita Infotech

App Mantras Software Pvt Ltd
<http://www.appmantras.com>

Galactic Medical Databank (Pvt) Ltd
<http://www.gmdbcloud.com>

N J Dataprint (Blr) Pvt Ltd
<http://www.njgroup.net>

Silicon IT Hub Pvt Ltd
www.siliconithub.com

Batoi Systems Pvt Ltd
<http://www.batoi.com>

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