



FIRST CHINA – INDIA MOBILE INDUSTRY SUMMIT

第一届中印手机产业高峰论坛

13TH JANUARY, 2016, NEW DELHI

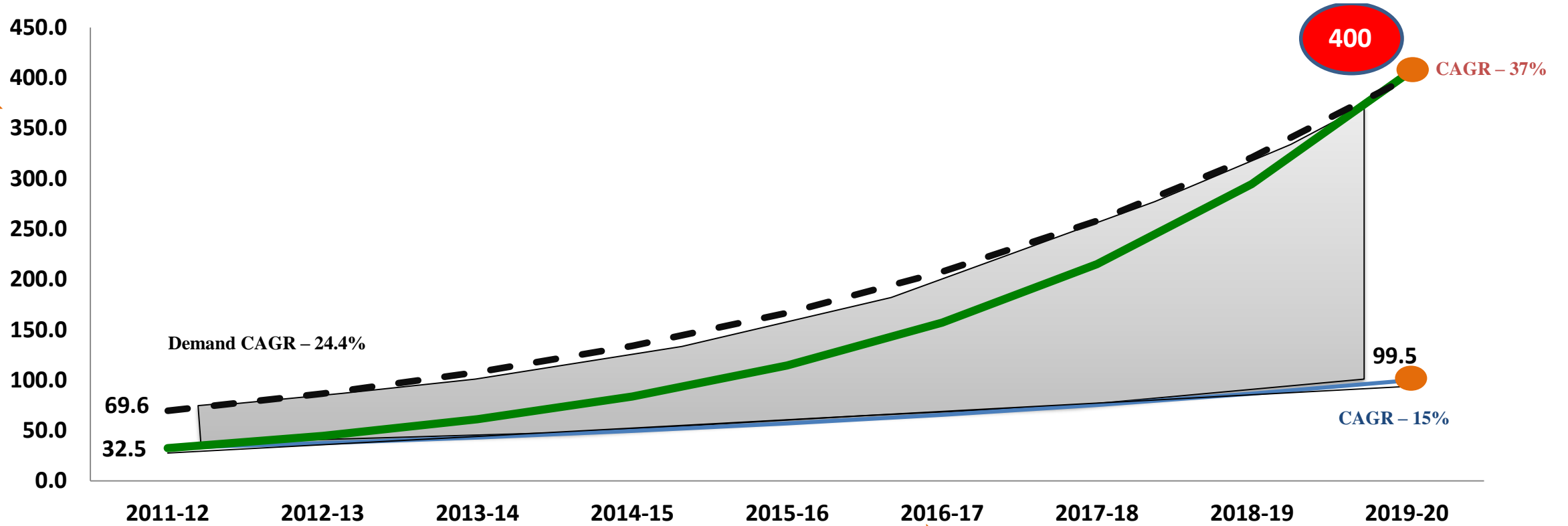
2016年1月13日，新德里

Tax Incentives for Manufacturing & Exports for Mobiles

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Demand & Production Trends for 2020

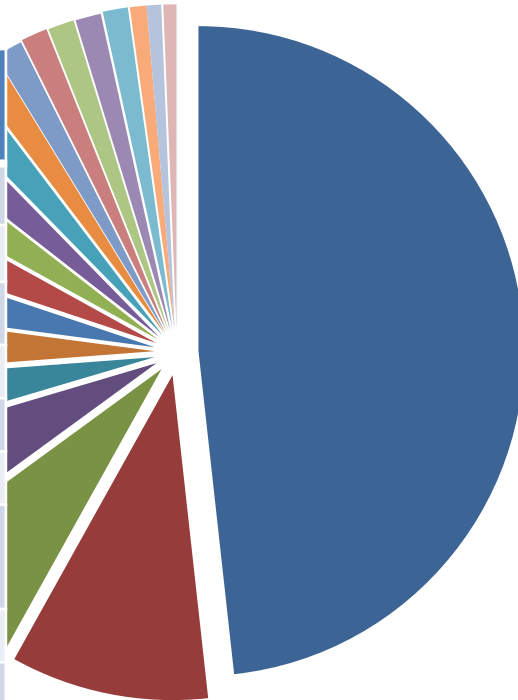


Values in USD Billion

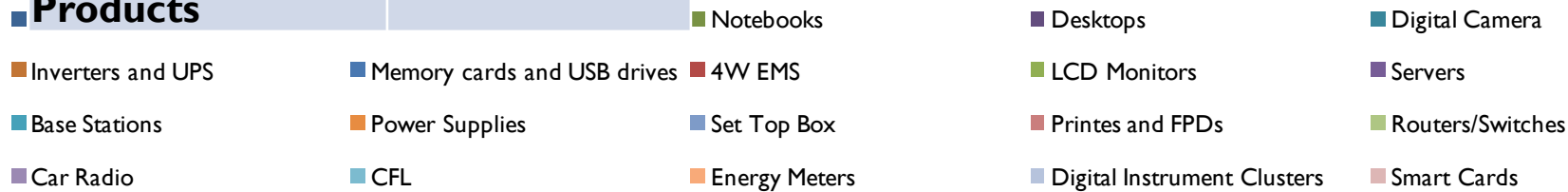
Developing the Ecosystem is Crucial for Bridging the Demand - Supply Gap

Market Share of Top 20 Electronic Products in India

Product	Revenue % of Total
Mobile Phones	38.85%
FPD TV	7.91%
Notebooks	5.54%
Desktops	4.39%
Digital Camera	2.73%
Inverters and UPS	2.65%
Memory cards and USB drives	2.46%
4W EMS	2.33%
LCD Monitors	2.02%
Servers	1.72%
Total of Top 10 Products	70.60%



Product	Revenue % of Total
Base Stations	1.61%
Power Supplies	1.28%
Set Top Box	1.13%
Printers and FPDs	1.06%
Routers/Switches	1.05%
Car Radio	1.02%
CFL	1.00%
Energy Meters	0.66%
Digital Instrument Clusters	0.58%
Smart Cards	0.52%
Total of Top 20 Products	80.52%



Market size-Opportunities

- Total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017 being driven by strong adoption of data consumption on handheld devices, registering a Compound Annual Growth Rate (CAGR) of 5.2 per cent between 2014 and 2017
- Smartphones are expected to account for **two out of every three mobile** connections globally by 2020 making India the fourth largest smartphone market
- Broadband services user-base in India is expected to grow to 250 million by 2017
- The Indian telecom sector is expected to generate four million direct and indirect jobs over the next five years according to estimates
- The employment opportunities are expected to be created due to combination of government's efforts to increase penetration in rural areas and the rapid increase in smartphone sales and rising internet usage

Digital India Programme



“NET ZERO IMPORT by 2020”

Investment : US\$ 100 Billion

Production : US\$ 400 Billion

Employment : 28 Million

Exports : US\$ 80 Billion



Conducive Policy Environment

*Infrastructure, Incentives, Innovation for
Electronics Manufacturing Sector*

Modified Special Incentive Package Scheme (M-SIPS)

Salient features

**Capex subsidy –
20-25%**

Reimbursement of
CVD/Excise for capital
equipment in non-SEZ units

Reimbursement of Central
taxes and duties for 10 years
in select high tech units like
Fabs and ATMPs

Available for entire value
chain of identified
electronics products

Incentives available for 10
years from the date of
approval

Initial Budgetary allocation -
INR 10,000 Crores in 12th
five year plan





Electronics Manufacturing Clusters

- **Subsidy of 50 - 75%** for common facilities and infrastructure to include roads, power, water, effluent treatment, testing facilities, tool room, social infrastructure
- Support for setting up Greenfield & up-gradation of Brownfield EMCs
 - For Greenfield EMCs: 50% of project cost (Ceiling: Rs.50 Crore 100 acres)
 - For Brownfield EMCs: 75% of the project cost (Ceiling: Rs.50 Crore)
- **5900 Acres** available across **17 States**
- **Single Window Clearance** in all EMCs

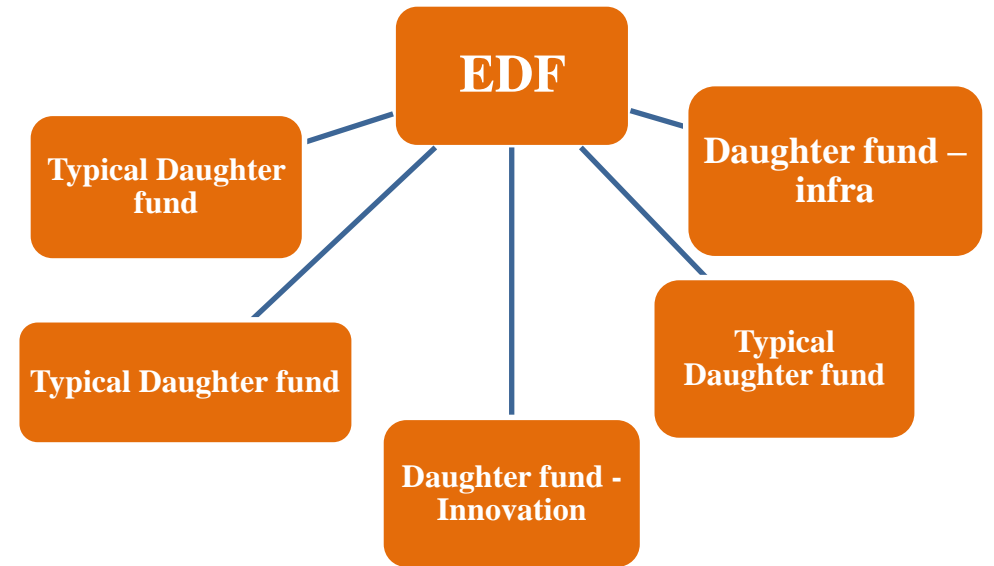


- 39 EMC applications received so far
- 2 Green Field EMC proposals approved and 16 proposals approved in principle
- 63 areas across country notified as EMC for M-SIPS



Electronics Development Fund (EDF)

- Fund to promote Innovation and IP and R&D, product commercialization, etc in ESDM, nano-electronics & IT sectors
- Comprises of “**Daughter Funds**” of size US\$20- 100 Million
- Each fund to have Government share from 25% - 75%; remaining from private and financial institutions



- EDF Policy approved in December, 2014
- Will be operationalized soon

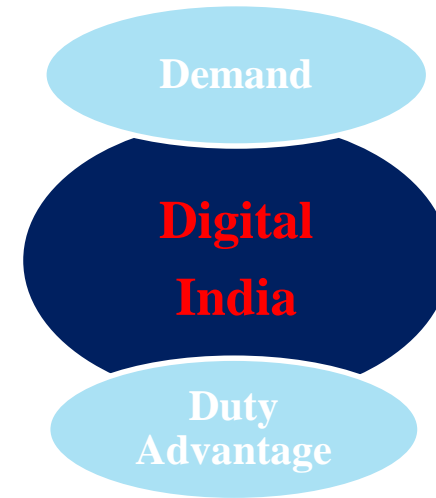
Import & Export of Mobile Phones and Parts (US\$ Mn)

Import of Mobile phones and Parts				
	2012-13	2013-14	2014-15	2015-16
PUSH BUTTON TYPE	620	408	335	115
OTHER TYPE OF PHONES	4,125	5,518	7,613	4,124
Total Mobile phones	4,745	5,926	7,948	4,239
POPLTD, LOADED OR STUFFD PRNTD CRCUIT BRDS	128	105	196	259
OTHR PARTS OF TELEPHONC/TELEGRPHC APPARTS	2,783	2,568	2,642	2,819
Exports of Mobile Phone and parts				
PUSH BUTTON TYPE	67	44	20	9
OTHER TYPE OF PHONES	2,651	1,909	238	75
Total Mobile phones	2,718	1,952	2,580	84
POPLTD, LOADED OR STUFFD PRNTD CRCUIT BRDS	42	31	23	9
OTHR PARTS OF TELEPHONC/TELEGRPHC APPARTS	5,964	588	465	159



Opportunities in Mobile Handsets

- Second largest smart phone market in the world
- Make not only for India but also for export - Export Incentive: 2%
- Safety standards notified - will curb import of cheap, sub-standard mobile handsets

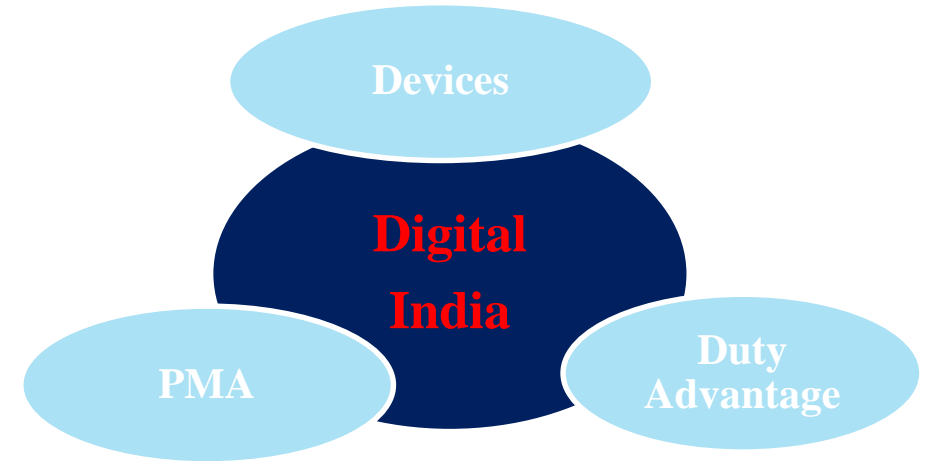


- Differential Excise duty structure for mobile handsets (1% without CENVAT credit or 12.5% with CENVAT credit) while CVD on imported mobile handsets is 12.5% to promote domestic manufacturing



Opportunities in Tablets

- Demand spurt through Digital India
- Major demand in Government
- Preference to domestic manufacturers being enforced in Government procurement
- Make not only for India but also for export
Export incentive: 2%

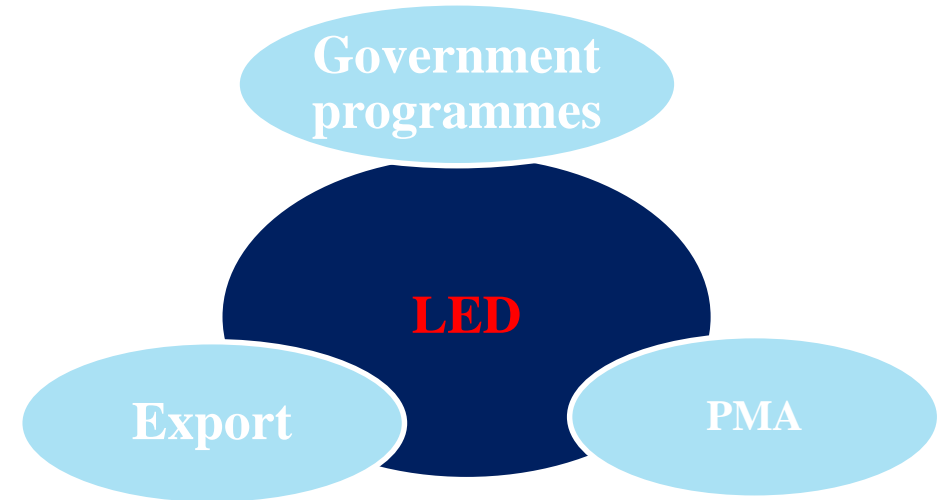


- Differential Excise duty structure for Tablet Computers (2% without CENVAT credit or 12.5% with CENVAT credit) while CVD on imported tablets is 12.5% to promote domestic manufacturing



Opportunities in LED / LED Products

- Demand Projection for LEDs: **USD 3.6 Billion by 2020**
- Government scheme to convert traditional lights to LEDs
- Preference to domestic manufacturers in Government procurement
- Make not only for India but also for export
Export incentive: 2%



- Rationalized Duty Structure for domestic manufacturers



What India Offers

5

World's fastest growing market

4

Support for Innovation and R&D

3

Huge talent pool and support for skilled manpower

2

Very Attractive Financial Incentives

1

Ready Land in Clusters and Single Window Clearance