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**ELCINA ELECTRONIC INDUSTRIES ASSOCIATION OF INDIA**

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(Formerly Electronic Component Industries Association)

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**PRESS RELEASE****Union Budget 2008-09  
Electronics Hardware left to fend for itself**

Being labeled as a 'feel good', 'inclusive', 'Santa Claus', and 'election year' budget, there is no doubt that the Finance Minister has been more than liberal in allocating funds to key sectors such as education, agriculture, women's empowerment, and health.

The budget is a charitable one and has many positives including reduction in Excise Duty from 16% to 14% and retention of Customs Duty @10%. These two measures are welcomed by industry as it would reduce prices and continue to provide some protection to products which still attract Customs Duty and are not covered by the ITA-1.

The move to reduce CST to 2% as per plan is also a welcome step. It reduces the burden of a regressive indirect tax. We hope that the country will move as per plan to a countrywide GST in the next couple of years. However, the Electronics Hardware and Component Industry has been urging the government to remove CST completely on its products, to help it fight global competition under a Zero Duty regime. Advancing this step for electronics hardware would have given a fillip to investments in high value add manufacturing. Unfortunately that has not happened and waiting for another 2 years will only push us back further.

The changes referred above and also the reduction in personal Income Tax rates are positive and of a macro nature. They should spur overall economic growth and expand demand. The plan to establish a countrywide Skill Development Mission and upgrade ITI's are constructive steps to support development of industry.

However, as commented by the ELCINA President Mr AG Rohira, "the much needed sectoral push to electronics hardware, for which there is a dire need, is missing. Somehow, the focus and importance of Hardware Manufacturing has once again escaped the attention of the Finance Minister and we largely remain where we were". ELCINA is dismayed that the problems specific to Hardware and Electronic Component Industry have not been addressed.

ELCINA's plea for a fairplay to enable electronic manufacturing in the country to face international competition has been sidelined inspite of strong support from the Department of IT. Demand and imports of electronic products and components is soaring at over 20-25% per annum, the fastest among all manufactured products. The potential of this surge in demand will be harnessed for benefiting our country only if we enable investments and expansion of manufacturing capacity of electronic components, parts and assemblies where most of the value addition takes place.

ELCINA supports the largesse shown by the Finance Minister to uplift the poor of our country, but it also believes that a fraction of that amount can give a major push to electronics hardware and create wealth and millions of jobs for the same underprivileged segment of society.



Rajoo Goel  
Secretary General  
February 29<sup>th</sup>, 2008