

ELCINA ELECTRONIC INDUSTRIES ASSOCIATION OF INDIA
(Formerly Electronic Component Industries Association)

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Press Release**ELCINA calls for a Fair Deal for Electronic Components and Hardware**

Electronics Hardware – largest and fastest growing manufacturing industry – the world over, deserves a close look on the eve of the Union Budget scheduled to be unveiled in July, 2009. This is a defining moment for India as the electorate has given a mandate for stability and development and we must seize this opportunity to take India forward rapidly.

ELCINA has drawn the attention of the Finance Ministry to the forecast of rapid growth of electronics hardware demand in India rising from the existing US\$40 billion to over 150-155 billion dollars by 2015.

The ELCINA Secretary General, Mr. Rajoo Goel, says that if we manufacture this value locally, an industry of US\$150-155 Billion offers a total employment potential of 21 million and indirect as well as direct tax revenue of approximately US\$ 55 Billion. It is imperative that the forthcoming Budget addresses some of key challenges faced by this sector. An inverted duty structure caused by the WTO Agreement and Foreign Trade Agreements signed by India with many countries, is faced by many key electronic products. While most electronic hardware products are under zero per cent import duty, a number of their inputs suffer 5-10% duties making local manufacture uncompetitive. It is imperative to ensure imports of all raw materials and Capital Goods for manufacture of electronic components and equipment at 0%.

There has to be some incentive for local value addition, comments. Mr. A.G. Rohira, President ELCINA. Bringing down excise duty to 8% - thanks to the two stimulus packages announced by the government in the last 4-5 months – has brought some relief to this sector, as indeed to many others. The ELCINA President has expressed the hope that the current excise duty of 8% will be continued till GST is implemented next year. This will boost local manufacturing and expand the market by lowering prices.

ELCINA has called for streamlining of procedures which continue to bedevil local manufacturing leading to inordinate delays, even cancellation of export orders and adding to the cost. In an environment of globalization when almost everything is allowed to be imported at 0%, ELCINA is strongly of the view that simplification of procedures is an urgent need of the hour which will strengthen industry with no cost to the exchequer.



Rajoo Goel
Secretary General

New Delhi
May 21, 2009

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