



Azadi Ka Amrit Mahotsav Celebration

Theme: Making India Atmanirbhar in ESDM-Roadmap to achieve the \$300 Bn in Electronics *Manufacturing by 2025-26*

ELCINA Report Back Presentation to

Shri. Ashwini Vaishnaw

Hon'ble Minister of Electronics & IT, Communications and Railways

&

Shri Rajeev Chandrasekhar

Hon'ble Minister of State for Electronics & IT

1st December 2021



Electronic Industries Association of India (ELCINA)

Promoting Manufacturing and business Expansion in Electronics & IT Since 1967

Presentation Contents



Questions before the Panel



Key Deliberations



Recommendations

Questions before the Panel

Q 1: Why Component Manufacturing is so Important ?

Q 2 : Why we are not able to do the components in India?

Q 3 : If we really want to manufacture the components and develop a sustainable eco-system, how can we do it ?

Key Deliberations

Q 1: Why Component Manufacturing is So Important ? When we are assembling everything, and everything is coming from somewhere in the world why do we exert ourself to bring components manufacturing to India?

- Strategic/Security reasons + weaponization of supply chains
- Sustainability and competitiveness of assembly and manufacturing in India
- Embedding higher technology and a culture of high quality mass manufacturing
- Lower trade deficit
- High value add manufacturing is only possible if components are locally made
- Large high quality jobs. Employees to turnover ratio is 1:20L

Key Deliberations

Q 2 : Ok! If it is so important; why are we not or not able to do the components in India?

- What it takes to manufacture components locally is not fully understood by the stakeholders
- Highly capital intensive, low investment to turnover ratio
- Lack of supply chain; Missing link is Raw material
- Economy of scale
- Quantum of incentive is not enough, mathematics for components business is different compared to finish goods
- Lack of focus & investment on R&D

Key Deliberations

Q 3 : If we really want to manufacture the components and develop a sustainable eco-system, how can we do it ?

- Mandating Local Investment
- PMA
- Non-tariff Barriers
- Tariff Barriers
- More Incentives
- Developing eco-system
- Role of OEMs in bringing the component eco-system

Recommendations for a 6X growth in components by 2025-26

Tweaking PLI & SPECS to address Components

- Investment to output ratio in line with component manufacturing reality between 1:1.5 and 1:2.
- Gestation period of 18-24 months to achieve annual output targets
- PLI of 5% is not enough and 4-5 years too short. Should begin with 10% and taper off to 5% in 10th year.
- Cover a broader spectrum of components and Must Include Raw Materials & Capital Goods. Wide variety of components, specially low hanging fruit have been excluded from PLI, a few from SPECS.
- Have a window in PLI for MSME's with investment thresholds from 10-20 Crores.
- Simplification of processes and time bound approvals and release of incentives
- Higher Incentive under Capex Incentive Schemes (eg. SPECS & MSIPS) should be higher at min 40%, specially for higher Investment Output products, both components and raw materials

Support access to latest technology, technology transfer for the manufacturing of components which are required to strategically develop the value chain in India. Eg. ATMP/OSAT/IC Packaging, Development of Chip Components, advanced passives, Sensors, High end PCB's, Flexible PCB's, EV components

Focus on Design Led Mfg- Shift from pure EMS to ODM. Enable use of locally developed components. Incentivize local value addition. Star rating to enable citizen's choice of a "Made in India" product

Incentives for R&D and Export of components. New companies are @15% Itax versus existing @ 25%

Preferred Mkt Access – By Govt (Central + State); PSU's in letter and spirit. Private Companies/MNC's (?).

Thank You!