

UNION BUDGET 2014: HERE'S WHAT INDIAN ELECTRONICS AND IT INDUSTRY EXPECTS JULY 9, 2014  
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## Union Budget 2014: Here's What Indian Electronics And IT Industry Expects EFYTimes News

Today, we will see what the first budget from the Narendra Modi led government has to offer.

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**Thursday, July 10, 2014:** The time has come when we will get to know what Narendra Modi led government has planned for the growth of the country. Union Budget 2014 is all set to be unveiled. Here's what the Indian electronics and IT industries expect from the upcoming budget.

### **M N Vidyashankar, president, India Electronics & Semiconductor Association**

India is poised to become the next electronics manufacturing hub and we seek government's support to help us taking the country to the next level.

IESA believes that the electronics industry can create an ecosystem in India, including High Tech manufacturing of Electronics subsystems, Electronics Manufacturing Clusters, Semiconductor fabs and ATMP Units, which can provide employment to 27 million people in the next 10 years. We believe India is moving in the right direction and appreciate the government's initiatives to enable India as the manufacturing destination with continued focus on building more greenfield and brownfield electronics manufacturing clusters and incubation centres to create the ecosystem and promote the idea of entrepreneurship and innovation.



The present duty structure is a roadblock for the Indian manufacturing companies where components used to make finished electronic products attract Basic Customs Duty (BCD), but finished products do not. This makes it unviable to manufacture these products in India.

There is a high requirement for a Deemed Export status for electronic and semiconductor sector to address disabilities and have preference for local value added manufactured products. A faster approval mechanism of Electronic Development Fund with greater incentivisation to R&D and extended support of the government to the companies who have shown willingness to help us in creating the ESDM ecosystem in India would be welcome.



**Ajay Goel, member, Indian Solar Manufacturers Association and CEO, Tata power Solar**

The Government has a plethora of visionary policies for the Indian solar industry, that either need to see the light of day in terms of timely execution or lack streamlined funding for existing programs. Our expectations are high, given the current government's focus towards renewable energy. While the list is fairly long, the following three areas need immediate attention:

Streamline funding of MNRE programs: While there is an attractive subsidy available on paper, slow and haphazard disbursement of these funds severely impacts the cash flow of installers & manufacturers. In many instances, these funds have not been disbursed for more than a year. Unless funds are made available on time and in a structured way, demand will not rejuvenate and market will continue to either be stagnant or even compress. Manufacturers & Installers need the confidence that they will recover their cost, for them to commit to more in the future.

**Uniformity in taxes and duties:** There is an urgent need to review taxes and duties to encourage a more level playing field for Indian solar manufacturers. Indian solar modules, manufacturing of which attracts significantly high levels of taxes & duties, have to compete with highly subsidized imported modules. Further, while there is zero duty on imported modules, imported raw material & components needed to manufacture these modules attract duties. This is a gross inconsistency in taxation and duty structure and needs immediate addressing. Removal and streamlining of these taxes and duties will not only boost domestic manufacturing, but it will also help in reducing the cost of solar power.

*Financing support* Solar energy has the potential to alleviate the pressure on forex by acting as a hedge against coal, oil and gas imports. But for the industry to grow to its true potential, it needs strong financing support, which is completely missing. Availability of good and competitive financing support will alleviate the impact of high initial capital investment. If solar has to grow to its true potential, there is an urgent need for institutions to make it a priority sector for lending.