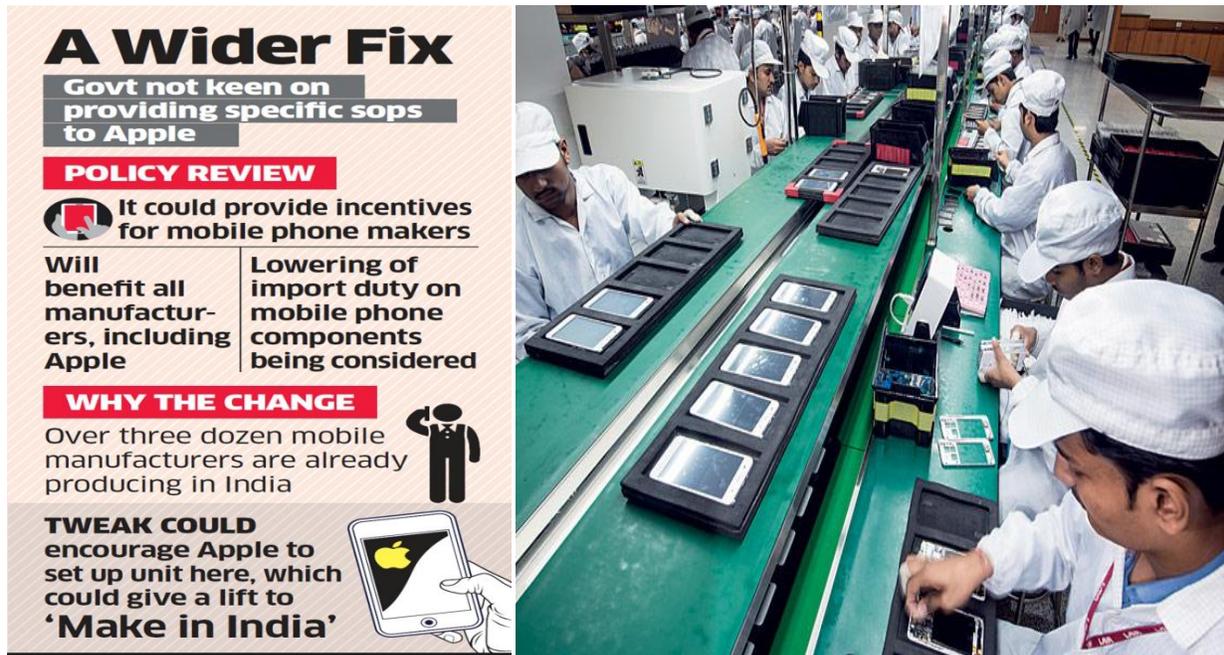


MAKE IN INDIA: GOVT AIMS TO PUSH MOBILE MANUFACTURING WITH NEW POLICY



A Wider Fix
Govt not keen on providing specific sops to Apple

POLICY REVIEW
It could provide incentives for mobile phone makers

| | |
|---|---|
| Will benefit all manufacturers, including Apple | Lowering of import duty on mobile phone components being considered |
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WHY THE CHANGE
Over three dozen mobile manufacturers are already producing in India

TWEAK COULD encourage Apple to set up unit here, which could give a lift to 'Make in India'

The infographic includes icons of a smartphone and a person in a white uniform. To the right is a photograph of a factory assembly line with workers in white uniforms and caps working on mobile phone components on a green conveyor belt.

India is currently the second largest telecommunications market in the world and in the year 2017, the country is expected to overtake the US as the second largest smartphone market.

Indian Government has taken many positive steps and the Indian industry is moving towards creating a domestic ecosystem for manufacturing smartphones to curb imports. The recent announcements in the Union Budget 2017-18 underline the Government's intent to make the country a formidable manufacturing hub of electronics and technology-based products. The reason to trigger the growth of mobile manufacturing in India is the volume of users.

The other factors which has led to the growth of mobile manufacturing in India are such as the ease of doing business, growing infrastructure, beneficial policies under upcoming GST and lower income tax proposals, as a result, many large mobile manufacturing companies have made India their second manufacturing base after China, and also the hub to export products to Middle East and African countries — due to India's logistical advantage.

According to Minister for Ministry of Electronics and Information Technology (MeitY) Ravi Shankar Prasad, India, has attracted investment from 37 mobile manufacturing companies in the last one year.

According to industry analysts, the Indian mobile industry is growing at a rapid pace and will continue to be the growth engine for the smartphone market. According to 'India Smartphone Market Outlook,' the market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10.95 per cent till 2018 driven by a strong adoption of data consumption on handheld devices.

India is expected to have over 180 Million smartphones by 2019, contributing around 13.5 per cent to the global smartphone market, based on rising affordability and better availability of data services among other factors.

Under the Phased Manufacturing Program (PMP) developed by the MeitY, the Government wants to jump start the large scale manufacturing of one the largest selling consumer goods in the country — mobile phones.

Statistics-

- Mobile production in India has already crossed the 100-Million-units mark, and is set to touch 500 Million in the next two years. Thanks to the 'Make in India' initiative propelled by Prime Minister Narendra Modi, we produced 11 Crore mobile phones worth Rs 54,000 Crore in Financial Year (FY) 2015-16, up 186 per cent from 6 Crore in the previous year. In 2016-17 the total value of mobile phones to be produced in India is likely to reach Rs 90,000 Crore. Five Crore feature phones worth Rs 49,000 Crore and 6 Crore smartphones worth Rs 5,000 Crore were manufactured during the year.
- According to data from the Indian Cellular Association, India has a capacity to assemble 270 Million phones a year, compared to China's 1.1 Billion.

After India signed the World Trade Organization's Information Technology Agreement (ITA)-1 pact, it became cheaper to import components as well as

finished goods, under which certain inputs for IT products were exempted from duties.

In the year 2016, South Korean multinational Samsung — India's largest phone seller — spent Rs 500 Crore to add capacity at its Noida plant, while homegrown Micromax started a new plant in Uttarakhand and is planning investments in Telangana, Rajasthan and Maharashtra. Another Indian company LAVA International invested Rs 50 Crore to build a facility in Noida to assemble one Million units a month. A second unit, with an investment of Rs 1,200 Crore and a capacity of 10 Million units a month, is also on the anvil. Other domestic manufacturers such as Celkon Mobiles, Spice Mobility and Karbonn are also planning new capacities.

Here are the key highlights of the policy:

- The panel set up under the MeitY has set target of 500 Million handset production by 2019 and export target of 120 Million mobile phones by 2019-20, taking annual manufacturing output in the range of Rs 1.5-3 Lakh Crores.
- Mobile phone makers will get tax benefits and incentives to promote the sub-assembly of various mobile parts on a phased manner. This will include mechanics, microphone and receiver, keypad and USB cables in 2017-18; printed circuit boards, camera modules and connectors in 2018-19; and display assembly, touch panels, vibrator motor and ringer in 2019-20.
- Key parts such as printed circuit boards (PCBs) continue to be imported. PCBs are the backbone of mobile phones and covers nearly 54 percent of the total cost. With China dissuading local units from producing lower-end phones, to focus on producing premium devices, it is likely that real manufacturing would kick off in India.
- PMP will run alongside a major scheme supporting electronics manufacturing clusters under which 8,000 acres of land will be developed across the country over the next three years.
- The Government also expects to engage with Apple under the conditions of PMP. While Apple has proposed to shift manufacturing to India, it has continued to demand a series of sops including a ten year tax holiday and duty free imports of components, among others.