



PRESS RELEASE

ICEA Congratulates Government on Landmark Union Budget 2024-25

New Delhi, July 23, 2024 –India Cellular & Electronics Association (ICEA), India's premier electronics body, congratulates the Government of India and the leadership of Hon'ble Prime Minister Shri Narendra Modi and Hon'ble Finance Minister Smt. Nirmala Sitharaman, for a landmark budget that aims to put India's mobile and electronics industry on the global map. The Union Budget 2024-25 introduces a series of significant measures designed to enhance manufacturing and export competitiveness within the electronics sector.

Mr. Pankaj Mohindroo, Chairman of ICEA, stated: "We would like to congratulate the government for this landmark budget. We are impressed with its intent and direction, focusing on enhancing manufacturing and export competitiveness. The Hon'ble Finance Minister has acknowledged the tremendous growth of mobile phone manufacturing and exports. The budget has addressed some of our key demands, demonstrating the government's attentiveness to the industry's needs."

He further added, "The reduction of the BCD on mobile phones, PCBA, and charger/adapters to 15% is a visionary step. The global nature of the electronics value chain necessitates such measures to enhance our manufacturing and export capabilities. These announcements will be a game changer, significantly boosting our industry's competitiveness on the global stage. Additionally, our proposal for tariff slab rationalisation, as acknowledged by the Hon'ble Finance Minister, will be taken up in the next six months, further emboldening the industry and its global competitiveness."

Key Announcements for the Electronics Manufacturing Industry:

- The basic customs duty (BCD) on mobile phones, PCBA (Printed Circuit Board Assembly), and charger adapters has been reduced from 20% to 15%.
- Fine barrier or Met gold replenishers for connectors, Fortron Resin (Polysulphones) for connectors, Oxygen Free Copper, Golden eye nickel makeup solutions, Golden eye nickel concentrate, Nickel additive solutions for plating, and Surclean for plating bath, have had their BCD reduced from 5-7.5% to NIL. Removal of duty on oxygen free copper for manufacture of resistors.
- New tariff lines will be introduced for products used in Indian semiconductor machines, which will come into effect from 1st October 2024.
- Exemptions for capital goods/machinery used by the IT/Electronics industry, machinery for manufacturing semiconductor wafers, and specified raw materials, inputs, and parts for the manufacture of specified electronic items have been extended until March 31, 2029.
- Full exemption of customs duties on 25 critical minerals will be beneficial in optimising India's first commercial semiconductor fab cost and reduced BCD on two critical minerals will support in making Indian semiconductor-based final products cost-effective. This will strongly support sectors such as high-tech electronics and telecommunications.
- Inclusion of Aluminium, Glass, Rubber, and other materials for mechanics and die-cut parts, thereby enhancing inclusivity in electronics manufacturing. Specifically, in S. No. 6D now includes Chapters "40, 70, and 76," and S. No. 6F includes Chapter "40" of Custom Notification 9/2024 vide 34/2024-Customs
- Employment Linked Incentive Schemes –
 - **Scheme A: First Timers:** Provides one-month wage to all persons newly entering the workforce in all formal sectors, expected to benefit 210 lakh youth. This initiative aims to support young professionals and boost employment in the formal sector.

- **Scheme B: Job Creation in Manufacturing:** Incentivizes additional employment in the manufacturing sector, benefiting 30 lakh youth. This scheme is designed to encourage manufacturers to hire more first-time employees, fostering job creation.
 - **Scheme C: Support to Employers:** Reimburses employers for additional employment, expected to incentivize 50 lakh persons. This will help employers manage the cost of expanding their workforce, promoting overall employment growth.
- A new centrally sponsored scheme will skill 20 lakh youth over five years and upgrade 1,000 Industrial Training Institutes (ITIs) in hub and spoke arrangements. This program aims to align course content and design with the skill needs of the industry, introducing new courses for emerging needs.
 - Development of investment-ready "plug and play" industrial parks with complete infrastructure in or near 100 cities, in partnership with states and the private sector. 12 industrial parks under the National Industrial Corridor Development Programme will also be sanctioned. This initiative will provide ready infrastructure for new industries, reducing setup times and costs.
 - Rental housing with dormitory-type accommodation for industrial workers will be facilitated in PPP mode with viability gap funding support and commitment from anchor industries. This initiative is fundamental for ensuring industrial workers have suitable living arrangements near factories, thus enhancing productivity. Additionally, the government will promote higher participation of women in the workforce by setting up working women hostels and creches in collaboration with industry. This comprehensive approach will support large-scale manufacturing efforts and create an inclusive work environment.
 - Anusandhan National Research Fund for research and prototype development for building private sector-driven research and innovation at commercial scale with a financing pool of INR 1 lakh crore.

Mr. Pankaj Mohindroo concluded, "We appreciate the government's efforts in addressing several key items on our wish list. The Employment Linked Incentive Schemes and the new centrally sponsored skilling programs are significant steps forward, supporting large scale employment and aligning skills with industry needs. The development of 'plug-and-play' industrial parks and dormitories and women hostels will provide essential infrastructure for industrial workers, boosting productivity and supporting large-scale manufacturing.

However, many important aspects remain pending, such as the removal of the 2.5% duty on parts and components of mobile phones and sub-assemblies, and extending the scope of exemption on supply chain parts and inputs across electronics. By aligning our policies with global standards and supporting large-scale manufacturing, we are well-positioned to achieve our ambitious targets and solidify India's place on the global stage. This budget sets the foundation for a brighter future, making India a pivotal player in the global electronics value chain."

As the industry led by ICEA strives to increase its electronics production to USD 500 billion by 2030, the need of the hour is to attract Global Value Chains (GVCs) and large-scale manufacturing to India. This budget will give a significant boost to efforts aimed at increasing manufacturing and export competitiveness, ensuring that India remains a key player in the global electronics market.

About ICEA: India Cellular & Electronics Association is the apex industry body representing India's electronics manufacturing sector. Committed to driving growth and innovation in the industry, ICEA plays a pivotal role in shaping policies and strategies to strengthen India's position in the global electronics market.

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