

## **IESA sees the Union Budget 2015 as balanced and growth oriented**

*However, no significant steps for boosting electronics sector*

Reacting to the Union Budget 2015, **India Electronics and Semiconductor Association (IESA)** appreciated the government's intent on Making India manufacturing hub through various initiatives including ease of doing business. The Union Budget 2015 will accelerate growth, Investments, Manufacturing footprint and job creations in general and pass the benefits to the people.

"Measures such as encouraging start-ups, addressing disabilities partially, skill development, funds with states, duty benefits for some products etc. will have incremental positive impact on the ESDM sector. This budget will lay a foundation for the electronics and technology industry to drive manufacturing and innovation from India however it lacks any major stimulus for quick impact to bring down the electronics Import bill in near term," **said Ashok Chandak, Chairman IESA.**

**Central-State Cooperation:** This has been a positive move. We commend the central government focus to introduce GST, along with empowering states with 62% transfers of country's total receivables and partner states in the nation's growth process. IESA has been **working with nine states** across India for helping them with ESDM policy framework, delivering strategic roadmaps and setting up electronic manufacturing clusters and incubators. These additional funds at disposal for state would help them to provide additional benefits to attract the electronics manufacturing in the states and job creations.

**Addressing disability:** There have been some incremental measures to address the disability of ESDM sector like Establishment of **National Investment and Infrastructure Fund (NIIF)** with an attempt to push infrastructure projects, **enhancing fund availability in MSME sector** which will boost SME manufacturing, **Goods and Service Tax Implementation** from next year. **Proposal** of rationalisation of SAD and proposal of duty benefits on products like LED TV, Mobile handset, tablets, LED lighting etc. will help on local manufacturing of these products.

**Improving the nation's talent house:** National Skill Development Mission will speed up skill set required for driving innovations in ESDM across 31 sectors and therefore, enhancing employability of rural people. There have been several Education sector announcements on IIM, AIMS, IIT and some science institutes and this will result in creation of high quality Human resource base for ESDM and medical sector. There is a huge youth skill development focus which aims at making India the manufacturing hub of the world.

IESA has been working directly with Electronics Sector Skills Council of India on Talent and Skill development in the Electronics and Semiconductor Design Manufacturing (ESDM) sector and the Union Budget 2015 will help to speed up improvising of skillsets in ESDM industry, hence bringing a visionary approach to uplift ESDM sector in India.

**Boosting Start-Ups:** As mentioned by the Hon'ble Finance Minister, India is gradually emerging as a start-up hub with experimentation happening in cutting edge technologies led by the entrepreneurs'

innovative thought processes. Under this consideration, the government has allocated Rs. 1000 crore to enable start-up incubation in the technology space and also created a mechanism “Self Employment and Talent Utilisation” to support all aspects of start-ups and other self-employment capabilities particularly in the technology driven areas.

IESA has been aggressively promoting the start-up ecosystem to make infrastructure ready for ESDM in India and the intent shown by the government through Union Budget 2015 is pretty encouraging. We also welcome the government’s decision to reduce income tax on royalty and fees for technical services to 10% from 25% for encouraging young entrepreneurs to get access to “latest technology”. The announcement to promote innovation and R&D through a 150 crore fund will be a good trigger to drive innovation in the electronics sector from India.

**Make in India for Defence Manufacturing:** Marginal increase in Defence expenditure of 2,22,370 crore last year to 2,46,727 crore in 2015-16 and focus of ‘Make in India’ to accelerate defence manufacturing in the country.

**Digital India push:** various measures like National Optical Fibre Network Programme (NOFNP) and promoting cashless transaction will bring momentum in the technology and electronics innovation in India.

Overall this has been a positive, growth oriented and people centric budget with the government trying to improve the business atmosphere in the country. However we urge the government to look at the critical demands from the ESDM sector like Deemed export status for ITA1 products, Setting up of Electronics Commission, Extension of MSIPs scheme for 5 years, Mandatory Preferential Market Access to Companies manufacturing products in India, Removal of restrictions on used equipments import for R&D, Financial and Liquidity support, etc .These are key in transforming the country into an ESDM power house.

#### **About the India Electronics and Semiconductor Association**

IESA is the premier trade body representing the Indian Electronic System Design and Manufacturing ESDM industry and has represented it since 2005. It has over 250 members both domestic and multinational enterprises. IESA is committed towards building global awareness for the Indian ESDM industry and supporting its growth through focused initiatives in developing the ecosystem. This is through publishing credible data, networking events and alliances with other international associations. IESA works closely with the Government as a knowledge partner on the sector, both at the centre and at the state level. For more details, visit [www.iesaonline.org](http://www.iesaonline.org).