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Ref.No.MAIT/PY/2474

May 12, 2022

Shri Ravinder Kumar Meena
Scientist-'D' / Joint Director
Ministry of Electronics & Information Technology
Government of India

Subject: Inputs on BCD exemption on parts, sub-parts and raw materials for use in the manufacture of USB Cable of Mobile Phones, Hearable and Wearable Devices.

Dear Ravinder ji,

I am writing to you on behalf of MAIT, India's apex industry body empowering IT, Telecom & Electronics Hardware.

We would like to elucidate that under the current dispensation USB Cables which may be used for mobile handsets, hearables, wearables and other products attract a **15%** basic customs duty (BCD), as finished goods.

After analysing the process involved in the manufacturing of USB Cables, we feel that the USB Cable manufacturing capacity in India does not cater to the entire demand as of yet. The scale of production of finished products where USB cables serve as necessary inputs is likely to be higher by 2025-26 offering an impetus to localise inputs for the same.

Manufacturing USB cables in India require high precision equipment, machinery, the technical know-how and specific inputs. Several components for USB cables like specific connectors, PCBA plugs are essential for building USB cables and thus, have to currently be imported.

At the current moment the parts, sub-parts and raw materials used for building USB cables may not yet be ready to be manufactured domestically, due to lack of sufficient volumes of locally supplied USB Cables, technical know-how, lack of high-end machinery and manufacturing cost efficiency at this stage. Therefore, the way forward should be to build higher capacity for manufacturing more USB cables in India to cater to a wider variety of electronic products. Plus, continue importing inputs but at zero duty or provide manufacturers of USB cables which supply to manufacturers of Mobile phones, Hearables and Wearables the IGCR benefit of zero duties for inputs required to manufacture USB cables in India.

Hence, the focus should be on exempting duties on inputs for USB cables being supplied to Manufacturers of Mobile Phones, Hearables, Wearables and IT Hardware and work on increasing Scale of finished products to boost the local demand for USB cables, as this will attract higher investments and will assist in moving of manufacturing capacity to India as well as movement of technical knowhow and skilling of local manpower for the same. In view of the abovesaid facts, we recommend the following:

1. Continue importing inputs used for manufacturing of USB cables but at zero duty.
2. Provide IGCR benefit of zero duties for inputs required to manufacture USB cables in India.

We are sanguine that these recommendations will be well accepted.

With regards,

George Paul
CEO

CC: Ms. Asha Nangia, Sr. Director, MeitY