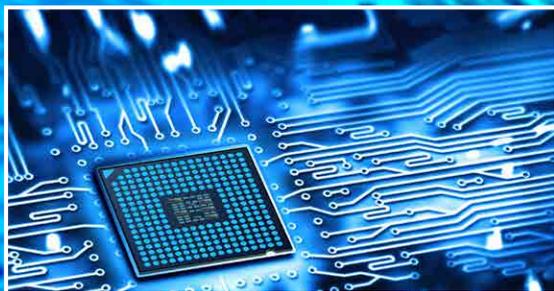


▶ IN FOCUS



IT Manufacturing: Time for the Magic Wand

The recently unveiled Union Budget takes forward the Narendra Modi government's decision to give top priority to the manufacturing sector.

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CONGRATULATIONS


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I AM GREEN 2014

▶ WELCOME



Dear Readers,

It is with great delight that we launch the inaugural issue of *MAIT Wire*, a bi-monthly newsletter that will serve as a

platform for the exchange of information, ideas and opinions within the IT manufacturing community.

I'm glad that our new initiative is coinciding with the unveiling of the Union Budget that the industry has been watching closely.

We are positive that the government's new measures will improve the investment climate in the country. We welcome the raise in the foreign direct investment limit in defense and insurance sectors, positive statements on retrospective taxes, a roadmap for general sales tax implementation and improvement in infrastructure connectivity. The manufacturing industry is upbeat about the investment allowance of 15 percent to manufacturing companies that invest more than ₹25 crore in plant and machinery.

We are eagerly looking forward to stronger government-industry relationship in the months ahead. Information Technology (IT) forms the backbone of a successful nation, directly impacting its economic and socio-cultural fabric. The MAIT- KPMG Report, 2013, says the Indian IT industry is expected to engage 423,500 people and contribute ₹ 291,700 crore to the country's GDP between FY 2014 and 2018. A joint initiative by central and state governments towards grassroots IT penetration is critical to achieve this potential. It also calls for a concerted effort between the private and public sector.

In this inaugural issue, we have tried to capture the expectations of the IT manufacturing fraternity. I hope you enjoy reading the newsletter. I look forward to your comments, feedback and suggestions.

Warm Regards,

Anwar Shirpurwala
Executive Director, MAIT

► IN FOCUS

IT Manufacturing: Waving the Magic Wand

The recently unveiled Union Budget takes forward the Narendra Modi government's decision to give top priority to the manufacturing sector.

It has captured some of the Budget recommendations from MAIT such as the exemption of an additional four percent duty on inputs/components used in personal computers (laptops/desktops) and tablet computers, duty reduction on imported and manufactured computers, and exemption of e-book readers from the basic customs duty.

The industry is looking with interest the priority that the government is giving to increasing technology penetration in the country. The government has allocated ₹ 500 crore towards broadband connectivity for villages. A proposal has been made of a fund of ₹ 100 crore for setting up virtual classrooms as Communication-Linked Interface for Cultivating Knowledge (CLICK) and online courses.

Some other steps that are encouraging are:

- The proposal of a corpus of ₹ 10,000 crore for venture capitals to encourage entrepreneurship in the manufacturing small and medium enterprise sector
- All government departments and ministries being integrated through an e-platform by the end of the year
- ₹ 7060 crore being allocated for smart city projects that will push ICT deployment and ICT device penetration

MAIT will continue to take up other industry concerns with the government, such as the implementation of the Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012 that has hindered the sector's growth. Frequent changes with respect to labelling requirements, validity, fee revisions, registration, and proposed methods and approaches for post market surveillance have grossly impacted manufacturing plans, lead to business disruptions and resulted in heavy financial losses.

The other area is the five percent duty differential for indigenously manufactured computers and tablets, as has been done with mobile handsets. We expect the rise in feature rich smartphones and tablets to provide a boost to capacity utilization of computer manufacturing units.

MAIT has also proposed exemption for manufacturers of IT hardware networking products such as modems, routers, access points and networking switches from a four percent special additional duty.

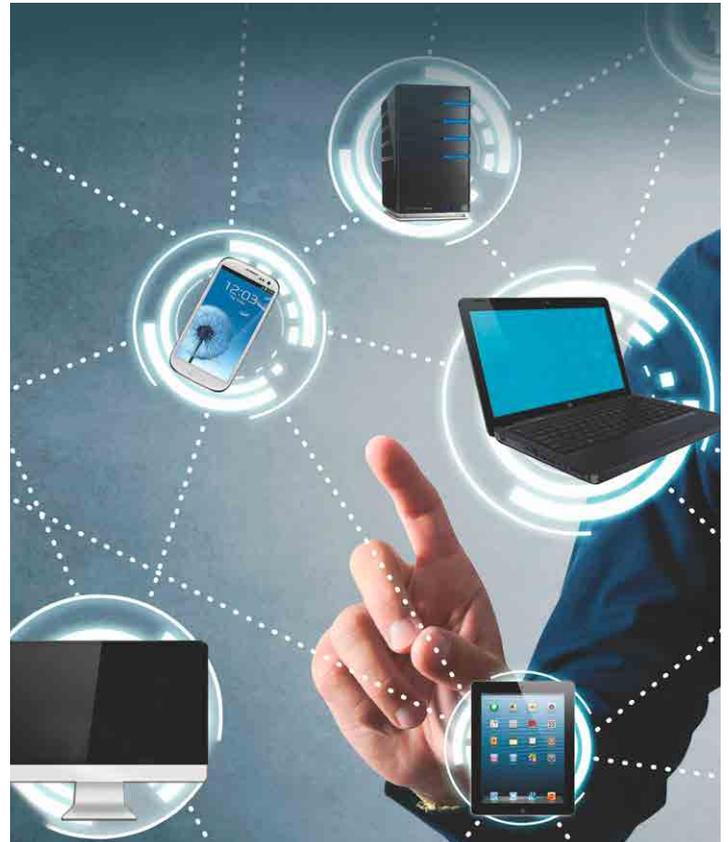
MAIT Wire spoke to industry leaders for their reactions to the Budget and what the government can do to improve the industry's outlook.



Mr. Amar Babu, President, MAIT, and Managing Director, Lenovo India, said, "The budget announcement of the removal of inverted duty structure and ushering in of a stable tax regime are positive steps for the growth of manufacturing." The absence of a robust domestic manufacturing sector in India has meant that imported products are catering to the growing demand for IT hardware in the country.

According to the Ministry of Communications and Information Technology (MCIT), the demand for IT and electronics products in India is expected to touch USD 400 billion by 2020. Based on current figures of domestic production, this burgeoning demand will mean imports worth USD 320 billion.

Mr. Nitin Kunkolienker, Chairman, Taxation & Legal Committee and Vice President, MAIT and Vice-President, Smartlink Network Systems Limited, said "The electronic and IT hardware market is USD 12.43 billion in the country. Eighty percent of this demand is met through imports, as the domestic manufacturing industry is not able to cater to this huge demand due to the uncondusive eco-system for





INDIA STANDARDS A STRONG ICT NATION

31st July, 2014 | India Habitat Centre, New Delhi

- Compulsory Registration Order – Experiences and Way Forward
- Market Surveillance, Quality Control, Inspection
- Anti-Counterfeiting and Consumer Awareness

Speakers - Senior Government officials & Global Industry Experts

For more details contact **Shagufta Kamran**
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manufacturing in the country. Major disabilities today are on account of an inverted duty structure, very high logistics and transaction cost, huge finance cost and complex compliance requirements”.

“The government needs to address these issues so as to boost the domestic electronic and IT hardware manufacturing sector and exploit the enormous demand existing in the country. This will revive the domestic manufacturing sector by triggering a huge chain of economic activities in the country. In addition, it will help in wiping out the gaps between demand and supply through domestic manufacturing, generate huge employment opportunities, have multiplier effect, curb huge imports, will address certain security concerns and reduce foreign exchange outflow”, added Mr. Kunkolienkar

MAIT is confident the government will extend incentives for the export of laptops, desktops and tablets under the Focus Products Scheme (FPS).

A preliminary internal study by Dell India revealed that by continuing these incentives, Indian manufacturing can become more competitive than China. Apart from the foreign exchange increased production would generate, it could also attract additional investments in the component supply chain. Mr. Sriram Dhanyamraju, Chairman, Manufacturing Committee, MAIT and Executive Director, Manufacturing and Supply Chain Operations, Dell India, said, “Currently, the small size of the domestic market for these products does not justify any major investments in the component ecosystem. In order to boost capacity and entice component suppliers, the government should consider transforming India into an exports hub - manufacturing these products here and selling them in the Middle-East, Africa and Eastern Europe.” FPS is currently applicable to manufacturers based in Domestic Tariff Areas (DTA). The extension of this scheme to Special Economic Zones (SEZ) would tremendously increase the potential of electronics manufacturing in India.

▶ SPOTLIGHT

MAIT-EPEAT Engagement

MAIT initiated an exclusive dialogue with the Green Electronics Council (GEC) to help MAIT members understand the Electronic Product Environmental Assessment Tool (EPEAT), a global rating system for greener electronics. The EPEAT system rates products based on environmental criteria in several device categories.



In a presentation organized in April, Ms. Sarah O'Brien, Director, Stakeholder Engagement, EPEAT, broadly touched upon the procedures for registration and the environmental assessment of products, how manufacturers can use EPEAT to communicate environmental value to consumers and the need for regulatory compliance. Representatives of around 20 companies participated in the discussion.

Regional Sensitization Workshops on Model RFPs

MAIT organized a series of regional workshops across the country to spread awareness on model Requests For Proposals (RFPs) that had been promulgated by the Department of Electronics and Information Technology (DeitY) in 2011. Accenture is the knowledge partner for this series.



A PRODUCER'S RESPONSIBILITY ORGANISATION

“A national engagement program to generate e-Waste awareness and facilitate e-Waste collection”



For more details write to us at iamgreen@mait.com



The first in the series of these workshops was organized in January in New Delhi. MAIT members shared their experience in e-governance projects and raised challenges being faced by industry in executing such projects. IT secretaries from north Indian states spoke about their experiences. Mr. Shankar Aggarwal, Additional Secretary, Ministry of Defence, said, "This

forum gives us an opportunity to look seriously into all the procurement issues and find out ways and means on how they can be effectively addressed. Decision-making is a major challenge that the government is facing today and the need of the hour is to attain efficiency and transparency in our processes."

The second workshop was organized in February in Mumbai. The State e-governance Mission Teams (SeMT) from western states highlighted their experience on e-governance projects. Emphasizing on the need for model RFPs, Mr. Kamlesh Patel, Head - SeMT, Daman & Diu said, "Improvisation of RFPs is important so that new regulations can be put across regularly. We are also trying to set policies that are maximum bidder friendly." Mr. S. Rangrajan, Head SeMT, Dadra & Nagar Haveli, stressed on the "incorporation of specifications in RFPs as per the valid justification by the bidders."

In Kolkata, the third workshop in February brought together policy experts, industry bodies and state IT decision-makers. Inaugurating the workshop, Mr. Satish Chandra Tewary, Principal Secretary - IT&E, Government of West Bengal, said, "I would like to thank DeitY, the Government of India and MAIT for organizing this regional workshop and for creating an opportunity to deliberate upon the best usage of IT to transform e-governance through the streamlining of procurement process."

System integrators and public private partnership (PPP) operators for e-governance projects benefited from a workshop in Bangalore held in March. The workshop was inaugurated by Mr. M N Vidyashankar, Additional Chief Secretary (Retd.), Government of Karnataka. The workshop saw the participation of southern states who were represented by their IT secretaries and heads of IT departments and leading technology companies. Commenting on the occasion, Mr. Vidyashankar said, "Karnataka has the potential to lead the country in e-governance, being the only state to have an integrated e-procurement based on deliverables and outcomes. Such workshops help in arriving at cohesive solutions that enable improvements in procurement processes."

► UPCOMING EVENTS

MAIT ICT SME Conclave 2014

(Bangalore – July 25, 2014; Hyderabad – August 1, 2014; Pune – August 13, 2014; Ahmedabad – August 21, 2014; Noida – August 28, 2014)

Small and Medium Enterprises (SMEs) play a vital role in the growth of the Indian economy by contributing to 45 percent of the manufacturing output and 30 percent of total exports. Some SMEs are still trying to overcome connectivity, mobility, security and software/hardware as a service. MAIT is organizing a series of conferences on "Empowering SMEs" in SME clusters of Bangalore, Hyderabad, Pune, Ahmedabad and Noida in July and August this year. These workshops are being organized under the aegis of DeitY, the Ministry of Communications & IT, and the Ministry of Micro, Small and Medium Enterprises.

India Standards - A Strong ICT Nation

(New Delhi – July 31, 2014)

In a world driven by innovative technologies, the growing consumption of electronic products is enhancing the reach of Information and Communication Technology (ICT). India alone is expected to consume USD 320 billion worth of ICT products annually by 2020. The necessary policy ecosystem must be put in place to ensure that consumers get access to safe and good quality technology products. The Electronics and Information Technology Goods (Requirements for Compulsory Registration) order, 2012 mandated local testing and registration of 15 categories of IT and Electronic products. MAIT in partnership with DeitY and Bureau of Indian Standards (BIS) are organizing a one day programme titled "India Standards: A Strong ICT Nation" that will address the following topics:

- Compulsory Registration Order - Experiences and Way Forward
- Market Surveillance, Quality Control & Inspection
- Anti-Counterfeiting and Consumer Awareness

► PERSPECTIVE

M-SIPS: A Review



Mr. Avinash Ramachandra, Executive Council Member, MAIT and Director, Govt. Affairs and Public Policy, Dell India

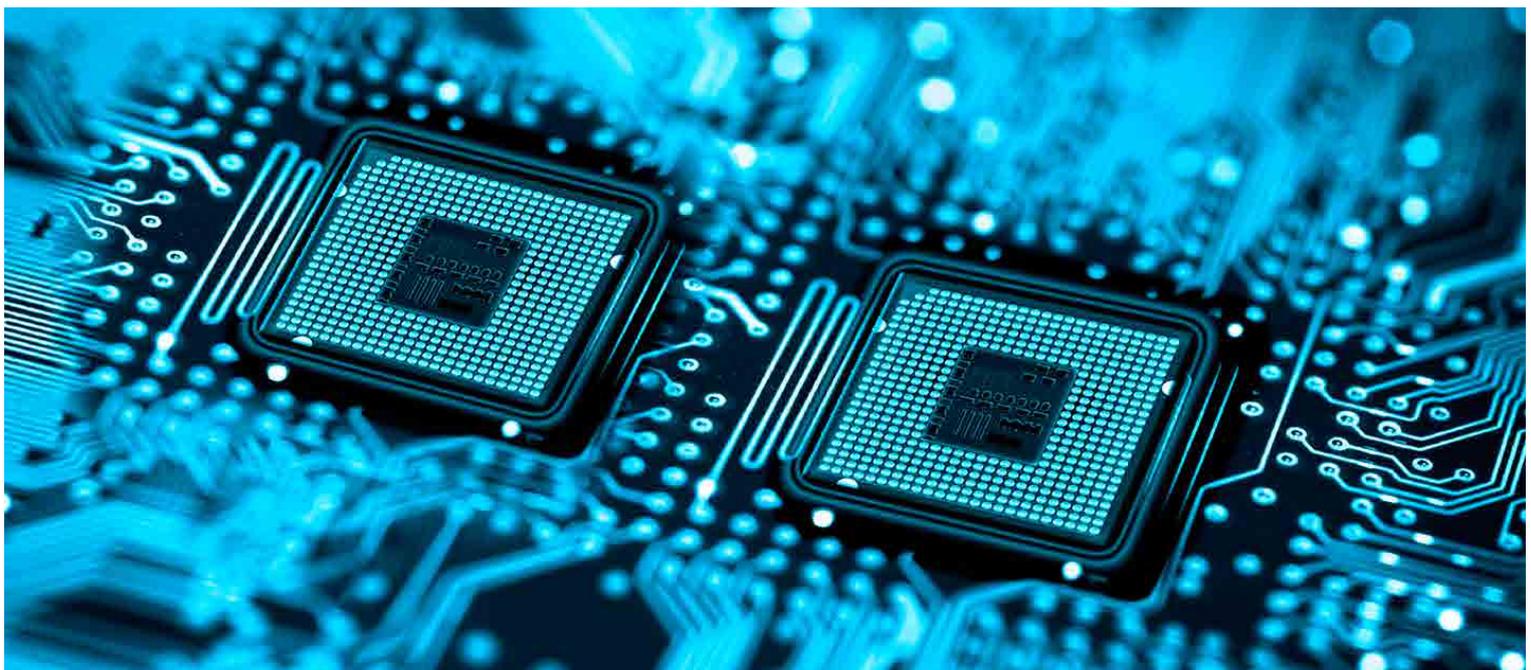
Modified Special Incentive Package Scheme (M-SIPS), introduced in 2012 grants a special incentive package to encourage large-scale manufacturing in the Electronic System Design and Manufacturing (ESDM) sector and generate greater employment. The scheme gives subsidy for investments in capital expenditure - 20 percent for investments in Special Economic Zones (SEZs) and 25 percent in non-SEZs. Incentives are provided for investments made in a project within a period of 10 years from the date of approval. It provides reimbursement of CVD/excise on capital equipment for non-SEZ units. M-SIPS also offers reimbursement of central taxes and duties for a period of 10 years for select high-tech units like fabrication units, semiconductor logic and memory chips, and LCD fabrication.

M-SIPS will help attract investment in the ESDM sector. It is particularly noteworthy that the scheme was introduced in response to a long-standing demand of the industry and will mitigate impending foreign exchange challenges in importing electronics. M-SIPS provides Indian manufacturing companies the crucial initial boost to remain competitive. The low entry barrier and the fact that the policy has been extended to existing players who are considering expansion in their manufacturing setup makes M-SIPS a favorable policy for the industry.

In my view, M-SIPS parameters do not require any tweaks at this stage. Due focus must be given to two aspects - effective execution and validity of the scheme. In order to be effective, M-SIPS needs to be backed by strong execution. Also, the application timeline seems quite low at a mere two years. The application timeline should be extended to five years (till 2017) in order to encompass a larger number of players and not become exclusive.

► ABOUT MAIT

Set up in 1982 for purposes of scientific, educational and IT Industry promotion, MAIT is today an influential and dynamic organization. Representing hardware, training, R&D, hardware design and other associated service segments of the Indian IT industry, MAIT's charter is to develop a globally competitive Indian IT industry. MAIT works to promote the usage of IT in India, strengthen the role of IT in national economic development, promote business through international alliances, promote quality consciousness in the IT industry and transform the Indian IT industry into a World Scale Industry leading to a World Class Usage and thus a World Size Market. [Click here to read more](#)



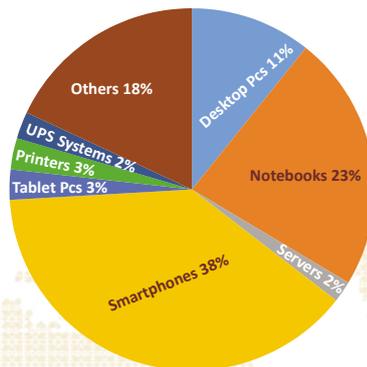
► **INDUSTRY TRACKER**

INDIAN IT HARDWARE MARKET SNAPSHOT

FY 2013-14

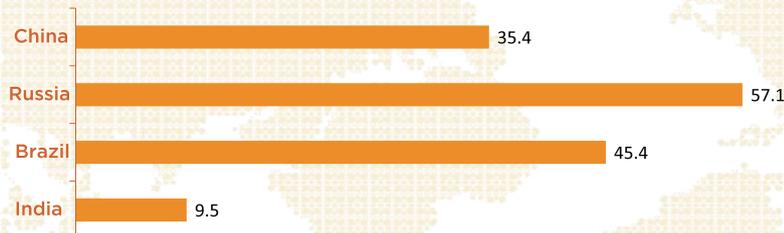
IT HARDWARE MARKET IN INDIA

ESTIMATED VALUE
FY 2013-2014



USD 12.43 BILLION

IT PENETRATION% IN BRIC NATIONS:



11.85 Million

Indian PC Market grew up by 6% FY-2013 compared to a growth of 5% in FY-2012



Adoption increased by 66%

6.84 million notebook units sold, driven by strong education programs & government distribution schemes



SMART PHONES

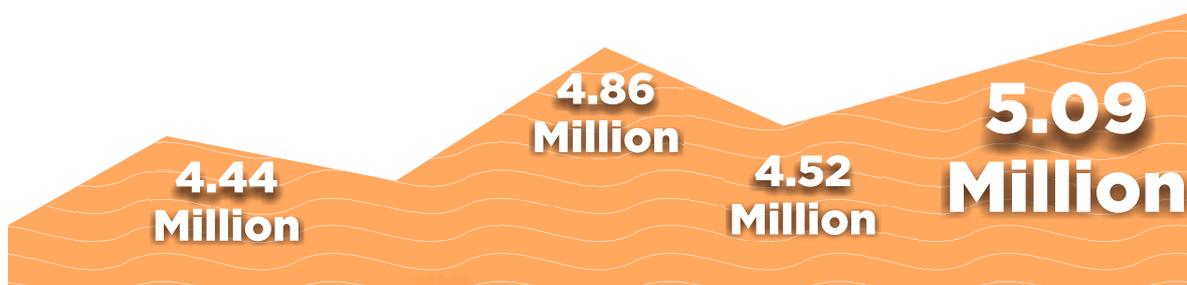


Grows by 244%

Launch of new smart phones, lower data tariffs along with availability of affordable smart phones drive growth by 244% to 52.43 million units.

INDIAN IT HARDWARE MARKET SNAPSHOT

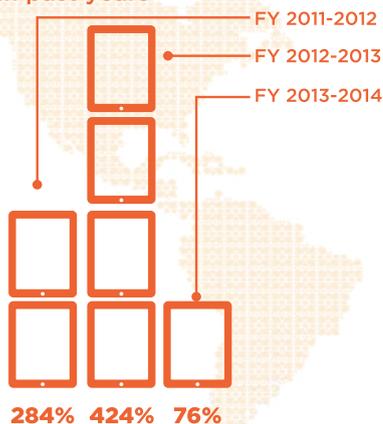
FY 2013-14



ESTABLISHMENTS GROW BY 14% - SMB ACTING AS A KEY DRIVER

Tablet sales decline

grew by only 76% against triple digits in past years



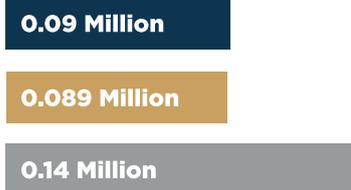
Ink-Jet Printer Sales

bounces back after a two year decline



SERVER SALES GROW BY 58%

REGISTER 0.14 MILLION SALES IN FY 2013-14



UPS REGISTERS 111% SALES GROWTH



► CONGRATULATIONS



Shri Narendra Modi
Hon'ble Prime Minister
of India



Shri Ravi Shankar Prasad
Hon'ble Minister for
Communications & IT



Shri Kalraj Mishra
Hon'ble Minister for
Micro, Small & Medium
Enterprises



Shri Arun Jaitley
Hon'ble Minister for
Finance



Shri Prakash Javadekar
Hon'ble Minister of State
for Environment, Forest &
Climate Change (IC)



Shri Ramvilas Paswan
Hon'ble Minister
for Consumer Affairs



Smt. Nirmala Sitharaman
Hon'ble Minister of
State for Commerce &
Industry (IC)



Shri Ram Sevak Sharma
Secretary, Department
of Electronics and
Information Technology
(DeitY)



Shaktikanta Das
Revenue Secretary

► REPORT SUBSCRIPTIONS

MAIT-IMRB ITOPS Study



MAIT, in association with the Indian Market Research Bureau (IMRB), has been keeping track of the IT industry's performance. The exercise was initiated in 1997. Today, the MAIT-IMRB figures are the most relied upon to track industry growth. The study involves face-to-face interviews with over 15,000 respondents selected randomly across 22 cities in India. The study encompasses five broad product segments - computers, networking products, printers, other peripherals and Internet connections.

[Click here to download the executive summary](#)

MAIT-KPMG Study on IT Penetration in India



MAIT, in association with KPMG, has come out with a study titled 'India Market Place - IT the Un-realised Potential' to examine issues around India's IT penetration. This study was unveiled by Dr. Sam Pitroda, former advisor to Prime Minister on Public Information Infrastructure & Innovations, Government of India, at the 30th MAIT Annual Conclave held on October 30, 2013 in New Delhi. The study stresses on some key recommendations for the government and industry, supported by detailed figures and cases to assess the current situation and what needs to be done to correct it.

[Click here to download the executive summary](#)

► I AM GREEN - A Producer's Responsibility Organization



A MAIT e-waste management Initiative

The electronics industry is growing exponentially. With rapid advancements in technology and demand and an ever increasing obsolescence rate, we all face a challenge. The challenge of safe disposal of electronic waste, also known as e-waste. Studies indicate that e-waste in India is growing at over 500 percent a year and less than 5 percent of it is being recycled in an environment friendly manner.

MAIT, under the aegis of the Ministry of Environment and Forests and the Pollution Control Boards, has played a pivotal role in formulating the e-Waste Rules 2011 as well the e-Waste Implementation Guidelines.

MAIT has launched a unique joint awareness-cum-collection campaign towards effective e-waste management across major cities under the theme "I AM GREEN". I AM GREEN is a cross platform program envisaged to tackle the e-waste issue, using MAIT's influence with state and central government authorities, relationships with NGOs and, most importantly, MAIT members.

In 2014, I AM GREEN will go to over 500 locations, spread across schools, colleges, residents' welfare associations and offices complexes to carry this important social cause. The entire gamut of activities will be supported by a PR campaign and program launch by central and state ministers. I AM GREEN will use social media and digital marketing to reach out to many more people.

Inviting organizations to participate in 'I AM GREEN'

I AM GREEN offers a unique opportunity to organizations to do their bit to address the e-waste issue and reach out to end consumers with an environmental-friendly message. I AM GREEN offers you a chance to contribute to the e-waste management challenge by becoming a sponsor of I AM GREEN.

For more details, please write to iamgreen@mait.com

A PRODUCER'S RESPONSIBILITY ORGANISATION

"A national engagement program to generate e-Waste awareness and facilitate e-Waste collection"



For more details write to us at iamgreen@mait.com

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