Media Coverage Report on Indian Cellular Association (ICA) & Mr Pankaj Mohindroo’s Budget Reaction Union Budget 2015 Till 3rd March, 2015

For

Prepared By:
http://www.thehind ubusinessline.com/features/smartbuy/mobile-handsets/boost-for-domestic-mobile-phone-makers/article6945998.ece

Boost for domestic mobile phone makers

Move to increase duty benefits will favour firms with manufacturing base in India

The government’s decision to increase excise duty benefits for domestic producers of mobile handsets is expected to give a fillip to electronics manufacturing. The move will favour companies with manufacturing bases in India such as Samsung and Micromax. Excise duty structure for mobile handsets, including cellular phones, which was earlier 6 per cent with Cenvat credit, has now more than doubled to 12.5 per cent. Cenvat or Central Excise Value Added Tax is a credit balance that can be adjusted towards the excise duty payable. “This will effectively result in imports being subjected to countervailing duty (or anti-subsidy duty) of about 12.5 per cent. The move will boost manufacturing of mobile phones and parts used in mobile handsets in India,” said Gautam Khattar, partner (indirect taxes) at Pricewaterhouse Coopers. According to a study by International Data Corporation (IDC), the overall mobile phone market stood at 64.3 million units in the fourth quarter of 2014, an 11 per cent over the third quarter. The smartphone market declined by 4 per cent compared with the sequential previous quarter.

“Boosting domestic production by raising the excise duty would be a significant step towards making India an electronics manufacturing hub,” said Tarun Sharma, president, Cellular Association of India. The move will help the manufacturers in reducing the cost of production and make the domestic products competitive in domestic and global markets.

VAT rationalisation needed

According to Indian Cellular Association (ICA) President Pankaj Mohindroo, there is a need for a rationalisation of value-added taxes across the country. “The 14 per cent differential when added to the ITC rate of 15 per cent in major States will be very lucrative for producers of completely built units,” said SN Bhat, co-founder and director at ITC Mobile, which has plans to set up a manufacturing unit in India in this March.

The move is expected to boost the domestic mobile phone market by about 10 per cent. However, it remains to be seen how the companies will respond to the policy change. “We are planning to increase our production capacity by 20 per cent,” said Anand Kukreja, executive vice president, marketing and sales, Samsung India.

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While the government's move to change excise duty structure on mobile phones and tablets will promote domestic manufacturing, the price of smartphones, which are mostly imported, will increase by 3-5 per cent, experts say.

Besides, postpaid mobile bills will also go up marginally with the increase in service tax from 12.36 per cent to 14 per cent.

Excise duty structure for mobile handsets is being changed to one per cent without central sales tax, or Cenvat credit or 12.5 per cent with Cenvat credit. Finance Minister Arun Jaitley said in the Budget presented on Saturday.

Earlier, the duty structure for mobiles was six per cent with Cenvat credit. For laptop computers, the duty structure is "two per cent without Cenvat credit or 12.5 per cent with Cenvat credit.

Local manufacturer can claim duty benefits on VAT paid on purchase of various input materials. The increase in Cenvat credit will give benefit to domestic manufacturers against those importing such items.

"The price of mobile handsets will increase by 3-5 per cent. However, this move will push handset makers to start manufacturing in India. This is in line with the government's Make in India plan," said a telecom expert.

"Increase in CVD (countervailing duty) will increase the price of imported products, but domestic manufacturers like Samsung and Micromax stand to gain from this," said Indian Cellular Association national president, Indian Cellular Association.

He said the government's announcement on Cenvat credit will help in countervailing duty on imports to 12.5 per cent on imposed on imported mobile and tablets, which is going to make a strong case for manufacturing in the country.

Commenting on the service tax increase, Cellular Operators Association of India director-general Rajan Mathews said: "The bills will be expensive by 2 to 3 per cent. It's a tax and has to be passed on and collected from the end-user. So it makes the overall bill more expensive for the consumer."

President Singhal, global telecommunications leader at EY, said: "Customers will have to pay more for telecom services with the increase in service tax and import duty on handsets."

At present, as much as 70 per cent of the mobile handsets sold in India are imported. With the rate of duty doubling, it would force companies to manufacture in India because otherwise the handsets will become very expensive.

According to Mathews, the enabling provisions for levy of Swachh Bharat cess have been introduced, which will be treated as service tax. In case Cenvat credit is not allowed, the suggested cess at two per cent would increase the effective service tax rate to 16 per cent - a huge cost for the telecom industry.
The Budget has provided for excise duty differential of 11% on domestically manufactured mobile phones over imported phones. The step up in the differential from 5% in the pre-budget dispensation to the current 11% is designed to create the necessary pull for investments from India and abroad into the industry and will realise the “Make in India” programme. The government will have to fine tune the differential keeping in mind that smuggling of finished mobile phones into the country from China has always been a big problem."

PANKAJ MAHINDROO, National President of Indian Cellular Association
Reprieve for IT hardware industry

N V Vijayakumar

BENGALURU: The electronic hardware industry is bullish on removal of 4 per cent special additional duty (SAD) on personal computer (PC) components and imposition of education cess on import of electronic products.

MAIT president Amar Babu said the Budget, from an industry perspective, is a mixed bag with the inverted duty structure finally addressed by the removal of SAD on all components.

“The removal of customs duty on components and concessional structure of 2 per cent without CENVAT credit are positive steps to encourage tablet manufacturing in India. However, it is disappointing that no initiatives have been taken to increase PC manufacturing and promote exports. In this Budget, we might have missed an opportunity to drive ‘Make in India’ in computers,” he said.

Giving impetus to Modi’s ‘Make in India’ programme, Finance Minister Arun Jaitley announced a slew of measures to dethrone the inverted duty structure in the IT/electronic hardware industry to bring it out of the rut.

During the Budget speech, Jaitley said: “I propose to reduce the rates of basic customs duty on certain inputs, raw materials, intermediates and components (in all 22 items) so as to minimise the impact of duty inversion and reduce the manufacturing cost in several sectors.”

The finance minister wanted to bring some ease in the indirect taxes in the sector taking into account the government’s concerted efforts to promote domestic manufacturing. “I propose to fully exempt all goods, except populated printed circuit boards, for use in manufacture of ITA-bound items from SAD and reduce the SAD on imports of certain other inputs and raw materials subject to actual user conditions,” Jaitley said.

According to industry analysts, these changes will help address the problem of CENVAT credit accumulation due to the levy of SAD.

Excise duty structure for mobiles handsets, including cellular phones, is being changed to 1 per cent without CENVAT credit or 12.5 per cent with CENVAT credit. Earlier, the duty structure for mobiles was 6 per cent with CENVAT credit. For tablet computers, the duty structure is “2 per cent without CENVAT credit or 12.5 per cent with CENVAT credit.”

“Besides claiming duty benefits on VAT paid on purchase of various input materials, the local manufacturer will benefit from the increase in CENVAT credit for those imported items,” said IESA Chairman Ashok Chandak.

According to Applied Materials India president Aruna Moitra, Budget 2015 is directionally positive for manufacturing, although specific focus on the ESDM sector would have been encouraging.

“The Budget certainly shows the desire to make India investor friendly, and is promising on the whole for the growth of our economy. We welcome the emphasis on skills development and employability, which, as Applied Materials has consistently advocated,” he said.

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DH News Service
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The minister also announced to exempt "parts, components and accessories, falling under any Chapter, for use in the manufacture of tablet computers and their subparts for use in manufacture of parts, components and accessories," from BCD (basic custom duty), CVD and SAD.

"All goods except populated PCBs, falling under any Chapter of the Customs Tariff, for use in manufacture of ITA bound goods from 4 per cent to Nil," Jaitley said.

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“As a company with deep investments in India, Samsung sees this as a progressive Budget, one which provides an enabling business environment for foreign investment. It further motivates us to take our ‘Make in India’ story to the next level,” said Hyun Chil Hong, President and CEO at Samsung India Electronics. For the consumer, there would not be any immediate gains as the ratio of domestic manufacturers to importers is quite small. Further, the companies are unlikely to pass on the gains to consumers immediately.

“It’s definitely a windfall for us as there would be a difference of about 11.5 per cent. This, however, spells bad news for importers of completely build units,” said SN Rai, co-founder and director at Lava Mobile, which has plans to set up a manufacturing unit in India in this March.

VAT rationalisation needed
According to Indian Cellular Association (ICA) President Pankaj Mohindroo, there needs to a rationalisation of value-added taxes across the country.

“The 11 per cent differential when added to high VAT rate of 15 per cent in major States will be very lucrative preposition for the grey market operators,” he said.
Union Budget 2015: IT Inc speaks

Finance minister Arun Jaitley presented the first General Budget of Prime Minister Narendra Modi’s government on Saturday. Here are reactions from IT industry on Union Budget 2015.

Arvind Bali, director & CEO, Videocon Telecom
A positive budget that increases disposable income, people can be more connected and leverage the benefits of basic telecom services. The trinity of Jan Dhan, Aadhar and Mobile that FM referred is indeed positive. Budget resonates Make In India spirit. Speedy implementation of 7.5 lakh kilometers in 2.5 lakh villages through NOFN will enable more rural communities to benefit and improve effective governance. Telecom fraternity is committed to and now the onus is on us to connect the last mile for the benefit of the society.

Partha Iyengar, country manager (research), India, Gartner
Overall, the budget is a ‘feel good’ budget. It has a pragmatic and good balance of social programmes, industry (large and SME) friendly programmes and tax reforms, without going overboard to be populist or ‘politics driven’.

In terms of the IT industry specifically there is a nod for the needs of the IT industry in terms of making a statement that the needs of the IT industry will be addressed in terms of ease of doing business, capital access etc. However, without reviewing the details of exactly how this is to be done, we will need to adopt a wait and watch approach to see how effective it will be.

Reducing the tax on R&D and innovation investments to 10% is a very positive move, both from the point of view of facilitating technology transfer as well as incenting companies to invest more in driving innovation. Along the same lines, the nod to the 'start-up ecosystem' in the country is a major positive. This is the first time such language has made its way into the budget and a good reflection of the fact that job growth has to be broad based by facilitating the SME segment and even the start-up culture in the country.

On education and skills development again, there are some strong announcements like creating a skills development fund, an innovation platform, and basic education availability within 5 kms of every village. BUT, where are the teachers going to come from?
Anil Valluri, president, NetApp India & SAARC
The budget is a bold and an assertive one. We are pleased to know that local businesses and budding entrepreneurs stand to make a mark globally through various schemes that will help them prosper. A number of steps have been announced to improve the ease of doing business; creation of Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of Rs 20,000 crores, and credit guarantee corpus of Rs 3,000 crores is a positive step to encourage young, educated, skilled workers who aspire to become first-generation entrepreneurs or expand their activities. With robust growth in the Digital India initiative announced last year, it is heartening to see that the government wants to further expand it and increase the network connectivity to more rural areas.

Pankaj Mohindroo, national president, Indian Cellular Association
The step up in the differential from 5% in the pre-budget dispensation to the current 11% is designed to create the necessary pull for investments from India and abroad into the industry and will realize the "Make in India" programme.

The Government will have to fine tune the differential keeping in mind that smuggling of finished mobile phones into the country from China has always been a big problem. The 11% differential when added to high VAT rate of 15% in major states will be very lucrative preposition for the grey market operators. He recalled that the previous NDA Government in the 1999-2004 period had brought the excise duty down to zero on mobiles to curb smuggling from China. Even without the differential, FDI flowed into India with an organized world’s largest factory in Chennai was set up by Nokia during this period only.

Currently, the mobile market has grown to a high of Rs 1 Lakh Crores with compound growth rate of 30% plus. The differential will ensure that hunger of the Indian consumer can be fed by domestic manufacturing. But this has to be done in a manner which does not result in price rise for the common man, specifically in the low price feature phone segment.

Nigel Eastwood CEO, New Call Telecom
The Government delivers on its promise of strengthening the infrastructure sector. We, at New Call Telecom, strongly believe that small and medium sized companies hold the key to growth and by giving start-ups a boost will only expedite their growth story. The reduction in corporate tax from 30% to 25% over next four years is a welcome one. The reduction on taxes on technical services from 25% to 10% will also cut down costs for service providers like us who have focused plans for realizing the Digital India dream.

Sanjeev Sarin, founder & CEO, Ozone Networks
The budget reflects a lot of confidence that the new government has shown since the time it took charge of the office. It also projects a highly positive and optimistic roadmap for companies and investors looking to do business in India, thereby giving a boost of confidence to FDI in India and clearly sending out a signal that its simpler and lucrative to
do business in India. It's a budget for the working class and professionals. It gives a big boost to the farming and manufacturing sector and also encourages employment opportunities by giving preference and building a strong foundation to domestic manufacturing in India.

**Rakesh Deshmukh, CEO and cofounder, Firstouch**

It's a great budget for mobile phone manufacturing. The reduction in corporate tax from 30% to 25% over a four years period is very appreciable. The move to reduce the burden on younger companies by reduction in the rate on income tax on royalty and fees for technical services to 10% from 25% is very positive. Rs. 1,000 crore for promotion of startups particularly in the technology sector brings great hope and encouragement for startups like us to develop more patent technology innovations to help promote "Make in India" & "Made in India" initiative. This time budget is for betterment of the entire economy.

**Shantanu Prakash, CMD, Educomp Solutions Ltd**

We are happy that the government has addressed the need to upgrade over 80,000 secondary schools and add or upgrade 75,000 junior/middle, to the senior secondary level. Such steps would effectively enable more children to attend schools and be part of the country's growth story. The emphasis on the national skills mission, the launch of welfare scheme 'Nayi Manzil' and easier loans for higher education are all steps in the right direction and hold promise for the immediate and long term. However, we are disappointed that the persistent and legitimate demand from the education sector to exempt schools from service tax on outsourced services has not been met. This will certainly increase the burden on parents across the spectrum.
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Post-Budget 2015: Check your tax status:

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http://www.livemint.com/Politics/4TT7p7ZluMXEFNYGQXLTDL/Prices-of-imported-mobile-phones-may-go-up.html
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"All goods except populated PCBs, falling under any Chapter of the Customs Tariff, for use in manufacture of ITA bound goods from 4 per cent to Nil," Jaitley said. Indian Cellular Association National President Pankaj Mohindroo said that government's announcement on CENVAT leads to increase countervailing duty on imports to 12.5 per cent on imposed on imported mobile and tablets which is going to make strong case for manufacturing within country. "Increase in CVD will increase price of imported products but domestic manufacturers like Samsung and Micromax stand to gain from this," Mohindroo said.

Government has also removed special additional duty on components of tablet which ICA National President said is a great advantage for domestic manufacturers. ELCINA Electronics Industries Association of India said that not exempting printed circuit board from SAD will encourage local sourcing of components and is a positive step for domestic manufacturing. "Continuing SAD on populated PCB will encourage people to gets them made in India. This will boost domestic electronic manufacturing services," ELCINA Secretary General Rajoo Goel said. In addition to this blanket announcement to reduce corporate tax from 30 per cent to 25 per cent also rejoiced industry players. "Reduction of corporate tax to 25 per cent will make up more competitive with other Asian economies where bulk of manufacturing investment was going," Mohindroo said.
Reprieve for IT hardware industry

N V Vijayakumar, Bengaluru: Feb 28, 2015, DHNS

The electronic hardware industry is bullish on removal of 4 per cent special additional duty (SAD) on personal computer (PC) components and imposition of education cess on imported electronic products.

MAIT president Amar Babu said the Budget, from an IT industry perspective, is a mixed bag with the inverted duty structure finally addressed by the removal of SAD on all components.

“The removal of customs duty on components and concessional structure of 2 per cent without CENVAT credit are positive steps to encourage tablet manufacturing in India. However, it is disappointing that no initiatives have been taken to increase PC manufacturing and promote exports. In this Budget, we might have missed an opportunity to drive ‘Make in India’ in computers,” he said.

Giving impetus to Modi’s ‘Make in India’ programme, Finance Minister Arun Jaitley announced a slew of measures to dethrone the inverted duty structure in the IT / electronic hardware industry to bring it out of the rut.

During the Budget speech, Jaitley said: “I propose to reduce the rates of basic customs duty on certain inputs, raw materials, intermediates and components (in all 22 items) so as to minimise the impact of duty inversion and reduce the manufacturing cost in several sectors.”

The finance minister wanted to bring some ease in the indirect taxes in the sector taking into account the...
government’s concerted efforts to promote domestic manufacturing. "I propose to fully exempt all goods, except populated printed circuit boards, for use in manufacture of ITA-bound items from SAD and reduce the SAD on imports of certain other inputs and raw materials subject to actual user conditions," Jaitley said.

According to industry analyst, these changes will help address the problem of CENVAT credit accumulation due to the levy of SAD.

Excise duty structure for mobiles handsets, including cellular phones, is being changed to 1 per cent without CENVAT credit or 12.5 per cent with CENVAT credit. Earlier the duty structure for mobiles was 6 per cent with CENVAT credit. For tablet computers, the duty structure is "2 per cent without CENVAT credit or 12.5 per cent with CENVAT credit."

"Besides claiming duty benefits on VAT paid on purchase of various input materials, the local manufacturer will benefit from the increase in CENVAT credit for those imported items,” said IESA Chairman Ashok Chandak.

According to Applied Materials India president Aninda Moitra, Budget 2015 is directionally positive for manufacturing, although specific focus on the ESDM sector would have been encouraging.

“The Budget certainly shows the desire to make India investor friendly, and is promising on the whole for the growth of our economy. We welcome the emphasis on skills development and employability, which, as Applied Materials has consistently advocated," he said.

Indian Cellular Association National President Pankaj Mohindroo said that government’s announcement on CENVAT leads to increase in countervailing duty on imports to 12.5 per cent imposed on imported mobile and tablets, which is going to make strong case for manufacturing within the country.
Budget 2015: Prices of Imported Mobiles, Tablets to Go Up

In a move to boost local manufacturing of mobile phones and tablets, the government on Saturday increased duty benefits for domestic producers of these electronic items.

Excise duty structure for mobiles handsets, including cellular phones, is being changed to 1 percent without CENVAT credit or 12.5 percent with CENVAT credit, Finance Minister Arun Jaitley said while presenting the Budget in Parliament.

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Local manufacturer can claim duty benefits on VAT paid on purchase of various input materials.

The increase in CENVAT credit will give benefit to domestic manufacturers against those importing such items.

(Also See: Budget 2015: The Tech Industry Reacts)

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Government has also removed special additional duty on components of tablet which ICA National President said is a great advantage for domestic manufacturers.

(Also See: Budget 2015: Rs. 1,000-Crore Fund Announced for Tech Startups, Entrepreneurs)

ELCINA Electronics Industries Association of India said that not exempting printed circuit board from SAD will encourage local sourcing of components and is a positive step for domestic manufacturing.

"Continuing SAD on populated PCB will encourage people to get them made in India. This will boost domestic electronic manufacturing services," ELCINA Secretary General Rajoo Goel said.
In addition to this blanket announcement to reduce corporate tax from 30 percent to 25 percent also rejoiced industry players.

"Reduction of corporate tax to 25 percent will make up more competitive with other Asian economies where bulk of manufacturing investment was going," Mohindroo said.
Imported mobiles, tablets to cost dear as excise duty goes up to benefit domestic producers

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For tablet computers, the duty structure is "2 per cent without CENVAT credit or 12.5 per cent with CENVAT credit." Manufacturer or producer of final product is allowed to take CENVAT credit. This would encourage local manufacturing rather then import," IESA Chairman Ashok Chandak told PTI.
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(Tablet, via Shutterstock)

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Imported mobile, tablets price may go up, local producers gain

— By megha | Feb 28, 2015 06:33 pm

New Delhi: In a move to boost local manufacturing of mobile phones and tablets, the government today increased duty benefits for domestic producers of these electronic items. Excise duty structure for mobiles handsets, including cellular phones, is being changed to 1 per cent without CENVAT credit or 12.5 per cent with CENVAT credit, Finance Minister Arun Jaitley said while presenting the Budget in Parliament.

Earlier the duty structure for mobiles was 6 per cent with CENVAT credit. For tablet computers, the duty structure is “2 per cent without CENVAT credit or 12.5 per cent with CENVAT credit.”
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- See more at: http://www.freepressjournal.in/imported-mobilettablets-price-may-go-up-local-producers-gain-2/#sthash.SQZniFDA.dpuf
Budget 2015: Imported mobiles, tablets price may go up

NEW DELHI: In a move to boost local manufacturing of mobile phones and tablets, the government on Saturday increased duty benefits for domestic producers of these electronic items.

"Excise duty structure for mobiles handsets, including cellular phones, is being changed to 1% without CENVAT credit or 12% with CENVAT credit, finance minister," Arun Jaitley said while presenting the Budget in Parliament.

Earlier the duty structure for mobiles was 6% with CENVAT credit.

For tablet computers, the duty structure is "2% without CENVAT credit or 12.5% with CENVAT credit."

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"All goods except populated PCBs, falling under any Chapter of the customs tariff, for use in manufacture of ITA bound goods from 4% to Nil," Jaitley said.

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Budget 2015: Prices of imported mobiles and tablets to rise

In a move to boost local manufacturing of mobile phones and tablets, the government increased duty benefits for domestic producers of these electronic items.

Excise duty structure for mobiles handsets, including cellular phones, is being changed to 1 percent without CENVAT credit or 12.5 percent with CENVAT credit, Finance Minister Arun Jaitley said while presenting the Budget in Parliament.
Earlier the duty structure for mobiles was 6 percent with CENVAT credit. For tablet computers, the duty structure is “2 percent without CENVAT credit or 12.5 percent with CENVAT credit.” “Manufacturer or producer of final product is allowed to take CENVAT credit. This would encourage local manufacturing rather then import,” IESA Chairman Ashok Chandak told PTI.

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The minister also announced to exempt “parts, components and accessories, falling under any Chapter, for use in the manufacture of tablet computers and their subparts for use in manufacture of parts, components and accessories, ” from “BCD (basic custom duty), CVD and SAD.

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Indian Cellular Association National President Pankaj Mohindroo said that government’s announcement on CENVAT leads to increase countervailing duty on imports to 12.5 percent on imposed on imported mobile and tablets which is going to make strong case for manufacturing within country.

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In addition to this blanket announcement to reduce corporate tax from 30 percent to 25 percent also rejoiced industry players.

“Reduction of corporate tax to 25 percent will make up more competitive with other Asian economies where bulk of manufacturing investment was going,” Mohindroo said.
Cellular association welcomes excise differential on mobile manufacturing, advises caution

National President of Indian Cellular Association, Mr Pankaj Mohindroo has noted the Excise Duty differential of 11% on domestically manufactured mobile phones over imported phones. The step up in the differential from 5% in the pre-budget dispensation to the current 11% is designed to create the necessary pull for investments from India and abroad into the industry and will realize the "Make in India" programme, he said.

Mr Mohindroo, however, cautioned that the Government will have to fine tune the differential keeping in mind that smuggling of finished mobile phones into the country from China has always been a big problem. The 11% differential when added to high VAT rate of 15% in major states will be very lucrative proposition for the grey market operators. He recalled that the previous NDA Government in the 1999-2004 period had brought the Excise duty down to zero on mobiles to curb smuggling from China. Even without the differential, FDI flowed into India with an organized World's largest factory in Chennai was set up by Nokia during this period only.

Currently, the mobile market has grown to a high of Rs 1 Lakh Crores with compound growth rate of 30% plus. The differential will ensure that hunger of the Indian consumer can be fed by domestic manufacturing. But this has to be done in a manner which does not result in price rise for the common man, specifically in the low price feature phone segment, he said.

The ICA President advocated free trade in parts, components and accessories as well as technology without excise control or Income Tax deducted at source. These measures will also provide the right inputs for the ecosystem.

Mr Mohindroo welcomed the proposed phased program of reduction in Corporate tax to 25% but felt that a 10-year tax holiday will act as the accelerator for faster results.

Mr Hariom Rai, Co-Chairman of the Fast Track Task Force set up by the Government for promotion of mobile industry said that inclusion of Tablets in the same category as mobiles for promotion of manufacture for the differential 11% duty is a long awaited demand. The technology convergence of mobiles and tablets has been accepted by the new Government. The beginning of tablet manufacture will give a boost to the manufacturers and also the consumers for whom availability, service and price will be major gains.

Mr Rai also welcomed the removal of 4% SAD for manufacture of all Electronics goods in the WTO IT Agreement which too will create the manufacturing ecosystem. Mr Rai suggested that Laptops should also be in the same category as mobiles and tablets so that entire segment of computing and communication in the mobile sector moves together in harmony with each other.
Union Budget 2015: Imported cellular, tablets price may go up, local producers gain

NEW DELHI: In a transfer to spice up local manufacturing of cell phones and tablets, the federal government on Saturday elevated obligation advantages for home producers of those digital gadgets.

Excise obligation construction for mobiles handsets, together with mobile telephones, is being modified to 1 per cent with out CENVAT credit score or 12.5 per cent with CENVAT credit score, finance minister Arun Jaitley stated whereas presenting the Budget in Parliament.

Earlier the obligation construction for mobiles was 6 per cent with CENVAT credit score.

For pill computer systems, the obligation construction is “2 per cent with out CENVAT credit score or 12.5 per cent with CENVAT credit score.”

“Manufacturer or producer of ultimate product is allowed to take CENVAT credit score. This would encourage local manufacturing moderately then import,” IESA chairman Ashok Chandak advised PTI.

Local producer can declare obligation advantages on VAT paid on buy of varied enter supplies.

The improve in CENVAT credit score will give profit to home producers towards these importing such gadgets.

The minister additionally introduced to exempt “elements, elements and equipment, falling beneath any Chapter, to be used within the manufacture of pill computer systems and their subparts to be used in manufacture of elements, elements and equipment,” from “BCD (primary customized obligation), CVD and SAD.”
“All items besides populated PCBs, falling beneath any Chapter of the customs tariff, to be used in manufacture of ITA sure items from 4 per cent to Nil,” Jaitley stated.

Indian Cellular Association national president Pankaj Mohindroo stated that authorities’s announcement on CENVAT results in improve countervailing obligation on imports to 12.5 per cent on imposed on imported cellular and tablets which goes to make robust case for manufacturing inside nation.

“Increase in CVD will improve price of imported merchandise however home producers like Samsung and Micromax stand to gain from this,” Mohindroo stated.

Government has additionally eliminated particular further obligation on elements of pill which ICA national president stated is a superb benefit for home producers.

ELCINA Electronics Industries Association of India stated that not exempting printed circuit board from SAD will encourage local sourcing of elements and is a constructive step for home manufacturing.

“Continuing SAD on populated PCB will encourage individuals to will get them made in India. This will increase home digital manufacturing providers,” ELCINA secretary basic Rajoo Goel stated.

In addition to this blanket announcement to scale back company tax from 30 per cent to 25 per cent additionally rejoiced business gamers.

“Reduction of company tax to 25 per cent will make up extra aggressive with different Asian economies the place bulk of producing funding was going,” Mohindroo stated Times of India

**Budget 2015: How telecom will boom**

Budget 2015 presented by finance minister Arun Jaitley focuses on creating disposable income to majority Indians and hence telecom services revenue will grow.

**Rajan S Mathews, director general, COAI**

Budget proposals for 2015-16 do not address the requirements of the Indian telecom sector.

**Hemant Joshi, partner, Deloitte Haskins & Sells**

The main negative points that will impact the telecom industry include additional service tax of about Rs 2,500 crore on telecom services impacting consumer and/or operators; excise duty on mobile handsets including cellular phone being increased from 6 percent (with CENVAT credit) to 12.5 percent and no change for paying excise duty at 1 percent without CENVAT credit or NCCD of 1 percent on mobile handsets including cellular phone.

**Bhaskar Pramanik, chairman, Microsoft India**

The Finance Minister has presented a broad-based Budget focused on accelerating India’s inclusive growth. The Budget 2015 reiterates the major programs and initiatives that have been previously announced — Jan Dhan Yojana, Skill India, Swach Bharat, Make in India and Digital India.

**Arvind Bali, director & CEO of Videocon Telecom**

A positive budget that increases disposable income, people can be more connected and leverage the benefits of basic telecom services. The trinity of Jan Dhan, Aadhar and Mobile is positive. Budget resonates Make In India spirit. Speedy implementation of 7.5
lakh KMs in 2.5 lakh villages through NOFN will enable more rural communities to benefit and improve effective governance.

Sandeep Chaufla, partner, Direct Tax, PwC India

Telecom sector will benefit because the Budget 2015 proposes to reduce the withholding tax rate to 10 percent which is in line with rates provided in most of tax treaties

Factors such as reduction in corporate tax rate from 30 percent to 25 percent over next four years, postponement of GAAR deferred by two years, cut in FTS / Royalty tax rate from 25 percent to 10 percent, domestic TP applicability limit revision to Rs 20 crore from existing Rs 5 crore, reduction of SAD on imports and tax deduction on employing new workforce extended to all sectors with threshold reduced will be positive for Indian telecom.

Nigel Eastwood, CEO of New Call Telecom

Small and medium sized companies hold the key to growth and by giving start-ups a boost will only expedite their growth story. The reduction in corporate tax from 30 percent to 25 percent over next 4 years is a welcome one. The reduction on taxes on technical services from 25 percent to 10 percent will also cut down costs for service providers like us who have focused plans for realizing the Digital India dream.
Sanjeev Sarin, founder & CEO, Ozone Networks

It’s a budget for the working class and professionals. It gives a big boost to the farming and manufacturing sector and also encourages employment opportunities by giving preference and building a strong foundation to domestic manufacturing in India. A very encouraging step forward is the decision to induce investment by 70,000 crore in the infrastructure sector for FY 15-16.

Pankaj Mohindroo, national president, Indian Cellular Association

The Excise Duty differential of 11 percent on domestically manufactured mobile phones over imported phones against the differential of 5 percent will create the necessary pull for investments from India and abroad into the industry and will realize the Make in India program.

The Government will have to fine tune the differential keeping in mind that smuggling of finished mobile phones into the country from China has always been a big problem. The 11 percent differential when added to high VAT rate of 15 percent in major states will be very lucrative preposition for the grey market operators.

Hariom Rai, co-chairman of the Fast Track Task Force set up by the Government for promotion of mobile industry

The inclusion of tablets in the same category as mobiles for promotion of manufacture for the differential 11 percent duty is a long awaited demand. The technology convergence of mobiles and tablets has been accepted by the new Government. The beginning of tablet manufacture will give a boost to the manufacturers and also the consumers for whom availability, service and price will be major gains.

The removal of 4 percent SAD for manufacture of all Electronics goods in the WTO IT Agreement too will create the manufacturing ecosystem. Laptops should also be in the same category as mobiles and tablets so that entire segment of computing and communication in the mobile sector moves together in harmony with each other.

Partha Iyengar, country manager (Research) - India, Gartner

In terms of the IT industry specifically there is a nod for the needs of the IT industry in terms of making a statement that the needs of the IT industry will be addressed in terms of ease of doing business, capital access etc. However, without reviewing the details of exactly how this is to be done, we will need to adopt a wait and watch approach to see how effective it will be.
Reducing the tax on R&D and innovation investments to 10 percent is a very positive move, both from the point of view of facilitating technology transfer as well as incenting companies to invest more in driving innovation. Along the same lines, the nod to the ‘start-up ecosystem’ in the country is a major positive. This is the first time such language has made its way into the budget and a good reflection of the fact that job growth has to be broad based by facilitating the SME segment and even the start-up culture in the country.

**Keshav Bansal, director, Intex Technologies**

The much awaited GST announcement for April 2016, will surely rejuvenate the industry as manufacturing sector will become more competitive and support the ‘Make in India’ initiative, it will be interesting to see how it will be rolled out in the coming months. Another complementing factor was the focus on skill development, National Skill Mission will be a great initiative to develop youth employability thus contributing to the growth of our country. With focus on growth and job creation, it is sure to drive India’s global competitiveness.

**Uday Challu, CEO of iYogi.com**

It is good to see the government’s focus on encouraging start-ups in the county. The allocation of Rs 1,000 crore under the Make in India initiative to support the start-up ecosystem in India is a special focus on IT start-ups and this will encourage entrepreneurship and product innovation under the Self employment and talent utilization initiative. This will help in overcoming challenges faced by the community and also to raise global capital.

**Ambarish Gupta, CEO and founder, Knowlarity Communications**

Even though a promising budget is released from a startup perspective and rate of Income-tax on royalty and fees for technical services reduced from 25 percent to 10 percent to facilitate technology inflow, few of the expected changes have been postponed for next year such as service tax relaxation on products and the simplifying the complex Company Act 2013.

**Y Guru, chairman and managing director of Celkon Mobiles**

Government has shown its intent to create a business friendly environment and boost the ‘Make in India’ initiative. The thought process of merging the Skill India initiative with Make in India is the right approach as skill development and manufacturing complement
each other in the long run. The focus of the budget has been more towards boosting infrastructure, agriculture, healthcare and manufacturing and hits the right chords.

Debasis Chatterji, CEO of Netxcell

The Jan Dhan Yojana, Coal Auction and Swacch Bharat program have given a very good start by dealing with the fundamentals of government fund distribution honestly, starting thermal power plants and to make India disease free. The budget showcases the fundamental change in the government’s thought process and is different from so called popular measures. The initiative to build 6 crore toilet under Swacch Bharat Yojana, will trigger growth in FMCG and ancillary industry and create lots of service jobs.