AVALON Consulting

Presents

CEO Roundtable on Manufacturing Opportunities in 'New' India

Co-organised by

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Driving Singapore's External Economy

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CII Confederation of Indian Industry

Electronic Components

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The Flow…

- Electronics : Global & Indian scenario
- Why India ? 3 Ds
- Challenges to "Make in India" 3Cs
- Why "Make in India"?
- Current status of manufacturing in India, Why ?
- Policy initiatives – NPE'12
- Green shoots

Electronic Industry Worldwide Represents...

1.75 Tn. $ in 2008 → 2.1 Tn.$, 2013 → 2.4 Tn. $ by 2020

2.5 x Oil, Petrol & Minerals

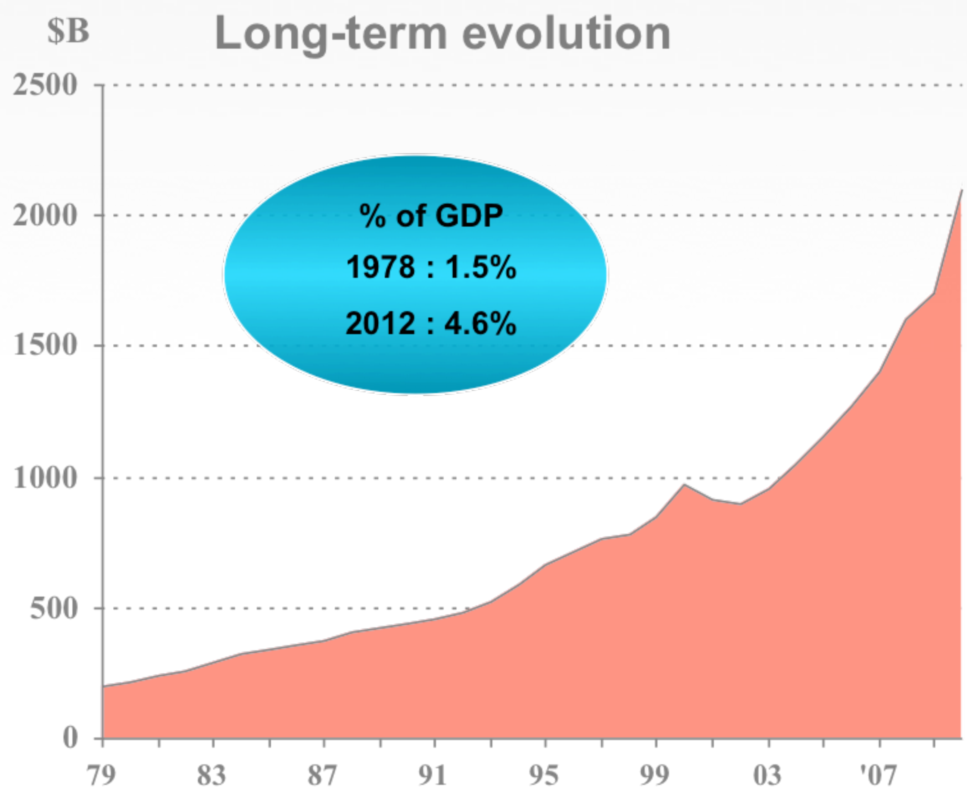
2.5 x Chemical & Plastics

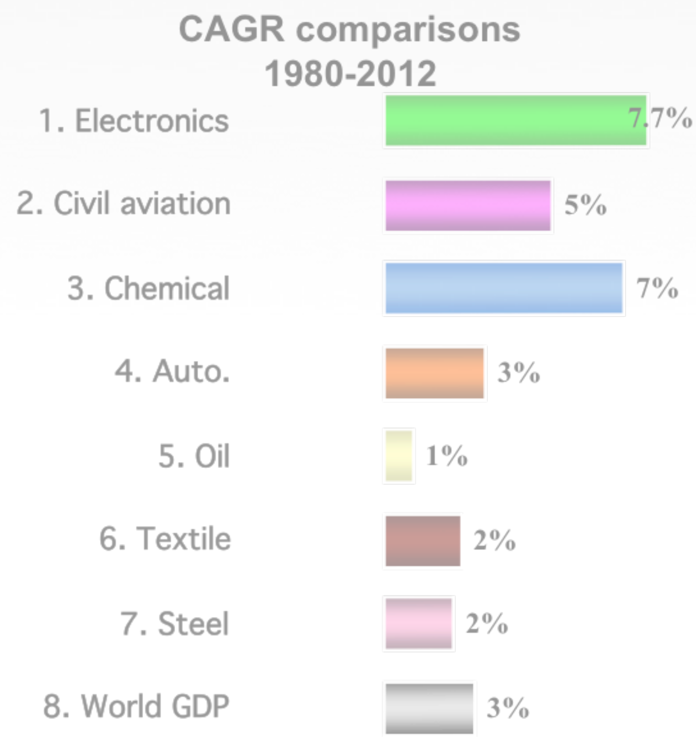
2.4 x Food, Beverage & Tobacco

2.0 x Transportation

2.0 x Electricity, Gas & Water

Electronic Industry Production Growth…





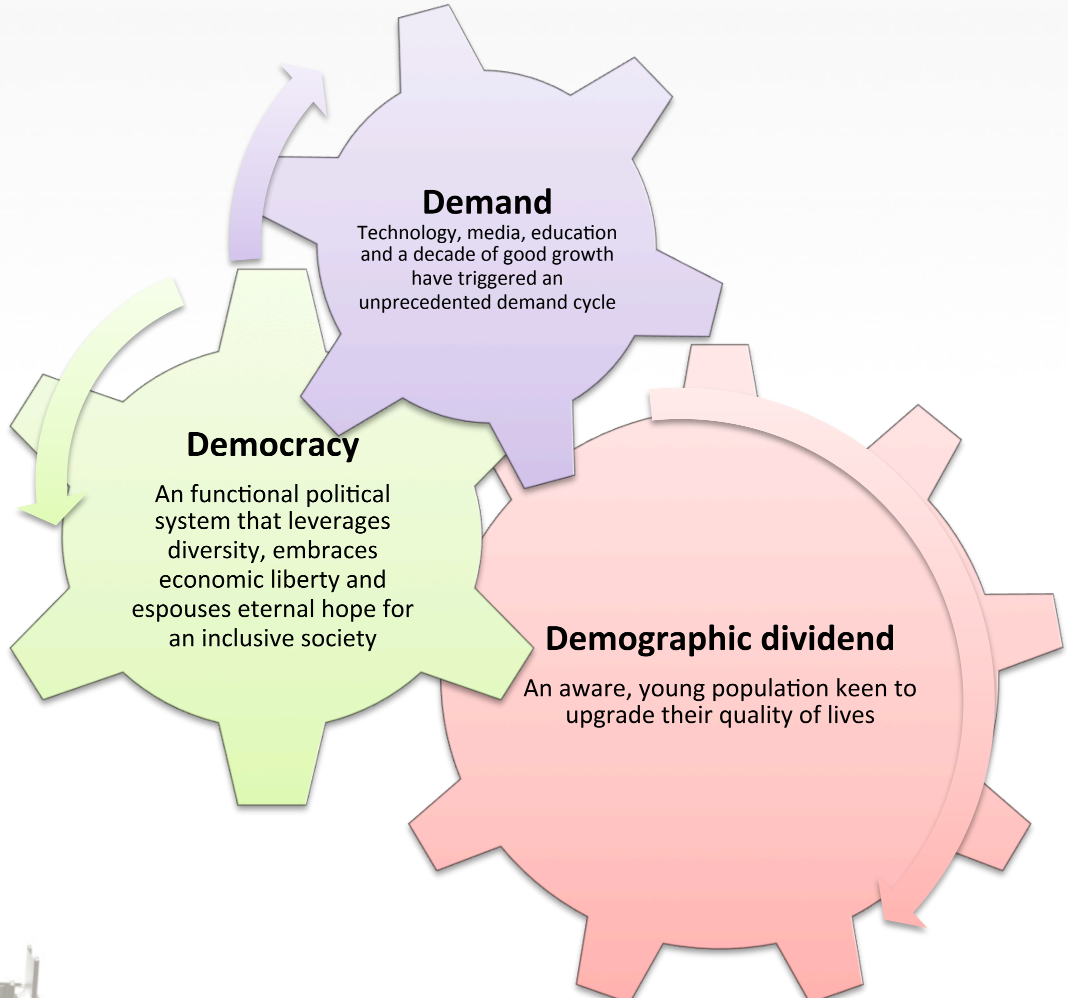
Electronic Industry is the fastest growing industry
More than twice global GDP growth rate...

Sources : 1.Yahoo Finance, 2. ICAO, 3. ATKearney, 4. KPMG, 5. OPEC, 6. ILO, 7. OECD, 8. CIA World Factbook

ESDM : Comparison of indices

- Electronics : GDP
  - World : 4.6 %
  - China : 11.5 %
  - India : 1.7 %
- Electronics : Manufacturing
  - World : 14.7 %
  - China : 34.7 %
  - India : 10.3 %

Why India ? 3 Ds



Electronics

- Includes: Consumer/ Entertainment, Telecom, IT, Industrial, Automotive, Medical, Strategic, Components…
- Largest sector @ 2.1 Tn $ (2012) = 300$ per capita
- Indian market @ 60$ per capita = 70 Bn $ (2013)
- Fastest growing sector @ 6% global average 2013,
  India clocking 15% +
- Current manufacturing 40 Bn $, export 9 Bn $
- Low value addition
- 2nd largest contributor to trade deficit at approximately 40 Bn $, after oil

Electronics

A meta resource:

- Driver of efficiency – IT, Telecom
- Enabler of inclusive growth – governance, healthcare, telecom, IT
- Strategic – Defense, Security
- Omnipresent – part of everything we do
- Growing usage – automotive, avionics

Priority electronics products

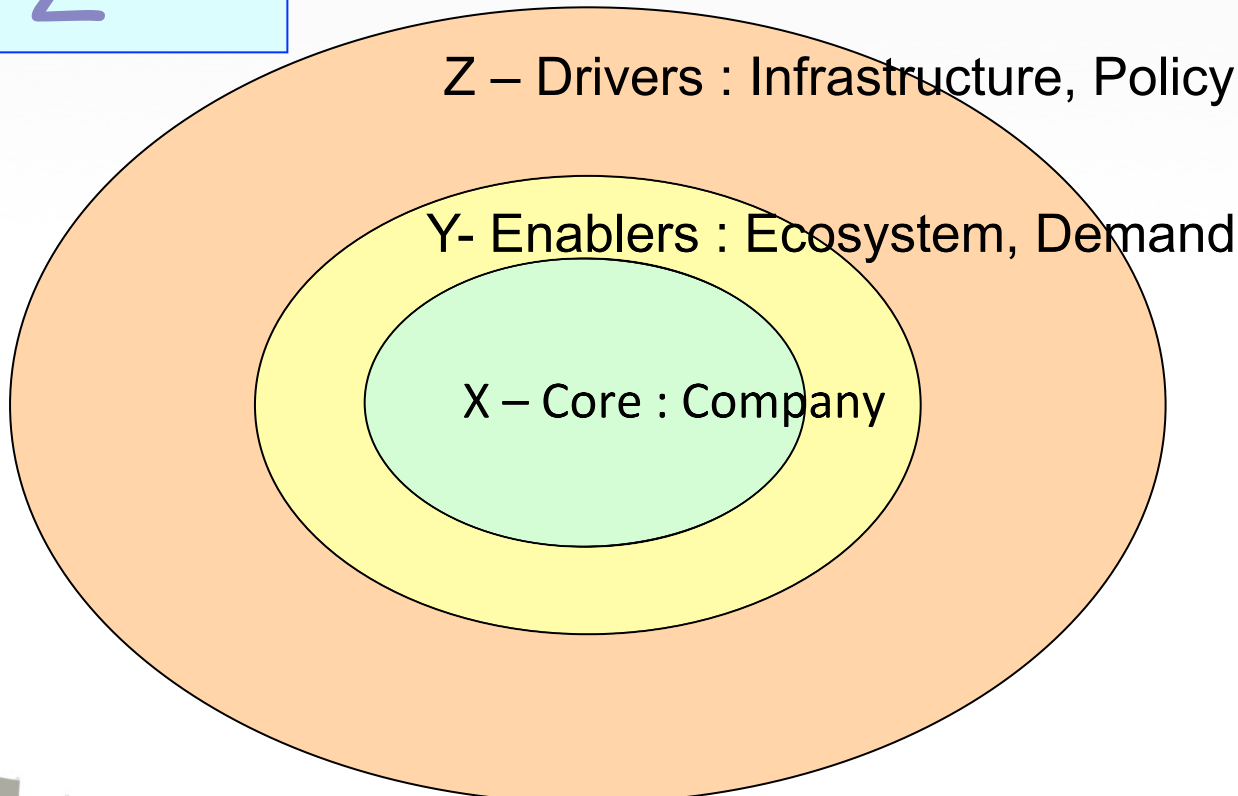
Product	Revenue % of Total	Product	Revenue % of Total
Mobile Phones	31.85%	Base Stations	1.61%
FPD TV	7.91%	Power Supplies	1.28%
Notebooks	5.54%	Set Top Box	1.13%
Desktops	4.39%	Printers and FPDs	1.06%
Digital Camera	2.73%	Routers/Switches	1.05%
Inverters and UPS	2.65%	Car Radio	1.02%
Memory cards and USB drives	2.46%	CFL	1.00%
LEDs	8.85%	Energy Meters	0.66%
LCD Monitors	2.02%	Digital Instrument Clusters	0.58%
Servers	1.72%	Smart Cards	0.52%
Total of Top 10 Products	70.60%	Total of Top 20 Products	80.52%

Challenges. 3 Cs

- Costs – owing to poor infrastructure
  - Energy
  - Transport, Ports, Traffic →Transaction Costs
  - Cost of Finance
- Complexity
  - Interpretation of laws, rule of law, unpredictability
  - Cultural differences – time is a "concept" not a measure
- Corruption
  - "Ease? of doing business"

Ecosystem Competitiveness- a holistic approach

$$C = X^3 Y^2 Z$$



National Policy on Electronics '12

- Key Objectives by 2020
- ESDM T/O of 400 Bn. $ - up from 70 Bn. $ in 2013
- Employment of 28 million people at various levels
- Indigenous supply chain @60 %, up from current 20%
- Exports 9 Bn. $ today → 80 Bn. $ by 2020
- 2500 PhDs annually by 2020

NPE ’12

- M-SIPS: Semiconductor fabs + Others
- EMC: Electronic Manufacturing Clusters- Greenfield & Brownfield
- PMA- Preferential Market Access
- EDF – Electronics Development Fund
- Skills development
- R&D focus
- Exports, DTA sales of zero duty items
- Standards: CRS

Modified Special Incentive Package Scheme (M-SIPS)

- Substantial CAPEX subsidy of 20-25%
- Reimbursement of CVD/excise for capital equipment in non-SEZ units
- Available for EMS companies. Threshold Rs 100 crores (~ USD 16 Million)
- Incentives available for 10 years from the date of approval

Electronics Manufacturing Clusters

Infrastructure Development

- Roads
- Power
- Water
- ETP's
- Testing facilities
- Social Infrastructure

  - Subsidy upto ~USD 10 mil per 100 acres of land
  - Applicable to both Greenfield and Brownfield projects
  - 7 Clusters approved for development in 2013.

Green Shoots

- 100 proposals of investments worth 15 Bn $ received under MSIPS
- 2 proposals for semiconductors worth 10 Bn $ others)
- 8 green field EMCs approved
- Mobile phones – almost all major brands have begun local assembly ← differential duty policy
- Several others announced – Display panels, Softbank PV, Foxconn…

सत्यमेव जयते

The Make in India logo is derived from India's national emblem. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future. The prowling lion stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.

MAKE IN INDIA

THANK YOU