

# Meity seeks info on production competitiveness

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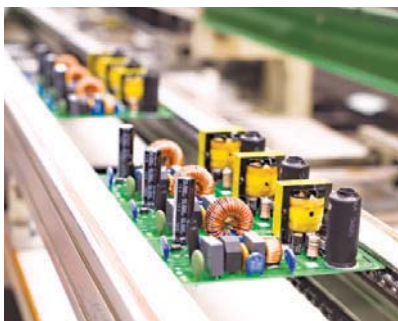
**T**he Ministry of Electronics and Information Technology (Meity) has asked stakeholders to create a list of benchmarks for electronics component manufacturing. The government will use these in formulating the proposed production-linked incentive (PLI) scheme for the sector.

The benchmarks are to be based on four key criteria: India's disability against competing countries in electronics components compared to other countries; the identifiable foreign and homegrown players that could or are planning to make investments in setting up manufacturing plants; the major original equipment manufacturer (OEM) buyers of components and sub-assemblies; and the export potential of the products.

The inputs are being worked out by key industry bodies such as the India Cellular and Electronics Association (ICEA), the Electronic Industries Association of India (Elcina) and industry associations like Confederation of Indian Industry and Federation of Indian Chambers of Commerce & Industry. Sources say the report is expected to be ready by this month.

Meity has held numerous consultations with industry players and is hoping to launch the scheme as part of its 100-day agenda after the new government is formed after the general elections. It will also help the ministry determine the amount of money to be earmarked for the scheme when the Budget is presented after the formation of the new government.

"Scale ignites real investments. Now scale with a 50 billion-plus mobile output



## SETTING BENCHMARKS

Govt collecting info on electronics components production to ascertain

- ▶ **India's disability against competing countries** such as China and Vietnam
- ▶ **Identifiable foreign, homegrown players that may or plan to invest** in setting up a manufacturing plant
- ▶ **Major original equipment manufacturer (OEM) buyers** of components and sub-assemblies
- ▶ **Export potential** of products

has been built and we are seeing giant investments ahead," said Pankaj Mohindroo, chairman, ICEA.

"A deep analysis of the state of play with the components ecosystem and its disabilities has been conducted and we are confident that in five years, we will have a component ecosystem of \$75 billion with global scale capacities."

Hinduja said. There were reports that Irdai had questioned IIHL's proposal over exceeding the FDI ceiling of 74 per cent in insurance, following the transfer of the stake of Reliance Capital to IIHL in the life insurance venture. Nippon Life of Japan currently owns a 49 per cent stake in the life insurance venture. According to Hinduja, Aasia Enterprises, a co-bidder, is owned by Indian passport holders and hence it will not breach any insurance guidelines.

## Spice row...

The FSSAI and Spices Board of India are working in tandem to firm up a standard operating procedure for the domestic and international markets. The guidelines will be a step towards increasing awareness of regulations in the industry, which has few large companies, while 80 per cent of the market is dominated by the unorganised sector. To address concerns regarding ETO contamination, the Spices Board on Thursday said it has decided to commence mandatory ETO testing in spice consignments exported to Singapore and Hong Kong from May 6. The testing for ETO is mandatory only for European nations since the European Union insisted on making ETO test reports mandatory along with export consignments.

## Meity...

The first criterion put forward by the government to stakeholders is a replication of a similar exercise undertaken when the PLI scheme for mobile devices was chalked out. The ICEA had conducted an independent analysis which concluded that the gap in the cost of production with China was as high as 18-22 per cent and with Vietnam it was 9-11 per cent. This formed the basis of the 4-6 per cent incentive for mobile devices under the scheme, and was given to partly tide over the disability. A similar exercise for components and sub-assemblies for

which PLI support would be required is nearing completion. About the second criterion of identifying possible players that may invest in components and sub-assemblies at scale, stakeholders say that unlike in mobile assembly, which is labour-intensive, components and sub-assembly units are capital intensive as they require scale to be competitive.

The third criterion of identifying who will be the buyers emanates from earlier experience. For instance, in the PLI scheme for mobile devices, many eligible players were not able to claim incentives as they could not sign up for contracts with OEMs to assemble products for them to meet their incremental production and investment targets.

The fourth criterion is in line with the PLI scheme's overall objective of making India a manufacturing hub for exports.

## JSW to enter Adani bastion

Its international presence includes a liquid tank storage terminal of 465,000 cubic metres in Fujairah, UAE.

### **Lucrative on low capex, high returns**

"We are one of the largest concession holders in India today and we continue to find this space very good. These are in major ports which are operating — capex is low, the risks are almost minimal, and you get an existing customer base. Our asset base is 50 per cent terminals and 50 per cent greenfield, capacity-wise," Maheshwari said.

### **In the pipeline**

The company recently signed the concession agreement for ₹4,100 crore Keni Port in Karnataka, which will be developed as a mixed cargo port and offer additional capacity 30 mtpa in the first phase of development.

To achieve its targets, the company is looking to inject ₹30,000 crore over the next six