

## ***Pre-Budget Proposal for Electronics Industry***

### ***2022-23***



**ELECTRONIC INDUSTRIES ASSOCIATION OF INDIA (ELCINA)**

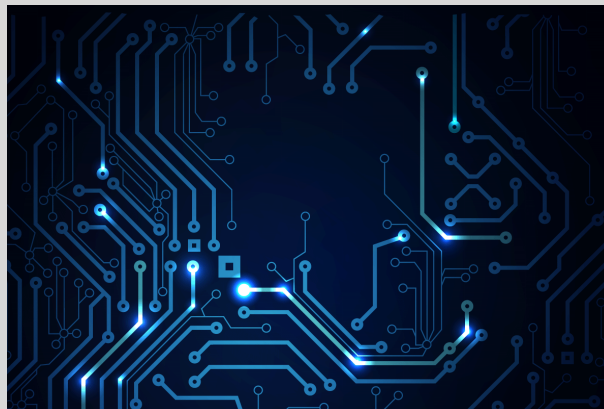
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## PRE-BUDGET RECOMMENDATIONS 2021-22

### Background:

There has been considerable movement in policies for supporting the Electronic System Design & Manufacturing (ESDM) Sector in the country and growth rate of manufacturing has accelerated due to the same. Recently announced schemes such as SPECS, PLI, EMC etc. under NPE 2019 are providing comprehensive benefits for encouraging ESDM manufacturing in the country. The AtmaNirbhar Bharat campaign



through Preferential Purchase by PSU's and various government departments/ministries has opened up a conducive environment for making electronics in India.

We recommend that this momentum must be maintained, glitches ironed out and smooth and speedy implementation ensured. This will ensure that the country garners the full advantage of these efforts which have taken many years of perseverance to fructify.

For a country of the size and diversity of India, we need schemes and policies to support each segment of the ESDM sector and strengthen each link. Policies need to support small, medium and large investments in manufacturing facilities and also address all segments of the value chain beginning from R&D to raw materials, parts, components and PCBA/EMS for electronics. These are the segments of the ESDM value chain where there is concentration of technology and requires R&D, IP creation and continuous and consistent investments if we want to create a resilient value chain in the country.

The electronics manufacturing sector can be broadly classified into five tiers each characterized by different levels of value addition and capital and technology requirements:

- Raw Materials
- Components/PCB's
- Parts: Plastic & Metals
- PCB Assembly / EMS
- Finished Products

Each segment and sub-segment have their own pain points and need to be addressed with the help of a consistent Incentive mechanism. ELCINA has compiled a set of recommendations to further strengthening the electronics manufacturing in the country.



## Recommendations

### Incentivizing Investments

1. Scheme for incentivizing Capital Investment in EMS Companies
2. Production Incentives for EMS/PCBA's:

### Enhancing Competitiveness

3. Subsidising Cost of Testing & Certification:
4. Interest Subvention
5. Duty free clearance of SEZ to DTA for FTA notified Items
6. Venture Fund for Electronics manufacturing

### Promoting R&D

7. Reinstatement of Sec-35(2AB) IT relief
8. CSR Obligations of ESDM companies should allowed to promote R&D:

### Export Promotion

9. Inclusion of electronic items in RBI circular no. 62/04.02.001/2015-16 for Interest Equalisation benefits.
10. Mitigating disabilities for electronics exports

### Specific recommendations on Taxes & Procedures

## Incentivizing Investments

### 1. Scheme for incentivizing Capital Investment in EMS Companies:

The EMS Industry is suffering from a disability of 6-8%. To mitigate this disability it is recommended that MeitY may introduce a special scheme for EMS sector **providing 25% Capex subsidy** on similar lines to the SPECS policy. The recommended threshold limit for investment in an EMS firm should be INR 5 crores. This will also enable MSME's to invest in this business. Considering the very large global EMS companies operating in India which may make large investments and exhaust the SPECS Budget, it is recommended that SPECS Support to EMS industry is limited to cover capital investments up to Rs.50 crs which would provide Rs 12.5 Crores as subsidy @25%. This would support MSME's and help create a large base of local EMS manufacturers and large EMS companies could avail this advantage.

### 2. Production Incentives for EMS/PCBA's:

The imported PCBAs are cheaper than the domestic PCBAs as the industry is facing a disability of 6-8%. ELCINA recommends that domestic EMS players should be provided a reasonable production subsidy. A production linked incentive (PLI) for PCBAs only (not mentioning the end product), would be highly effective in achieving the potential of this sector which was huge.

### 3. Venture Fund for Electronics Manufacturing:

A dedicated fund for the development of High value-added Electronics Manufacturing such as components, PCBA's & sub-assemblies should be announced. This fund may be on the lines of EDF and/or as a separate Venture fund with government's equity and monitoring mechanism. This Venture Fund should be



eligible for Income Tax breaks on its earnings and thus provide low cost capital to high value-added electronics manufacturers. Details are provided below:

This is a distant possibility without having a mega pool of low-cost funds to be invested in ESDM manufacturing and research.

ELCINA recommends that a Venture Capital Fund exclusively for investing in Electronics Manufacturing units may be established and coordinated by a Nationalized Bank or a SPV in a PPP (Public Private Partnership mode). To make this fund a reality, contributors to this fund may be offered Tax benefits. Indian HNI's and NRI's must be invited and encouraged

to invest in this Fund/s. Some proposed modalities for successfully setting-up of this fund are given below:

- The Dividend Tax payable by the investee unit on dividend distributed on the investment from this VC Fund should be waived.
- This Venture Fund should be totally tax free (both for the dividends it earns on investments in Electronics Manufacturing as well as the capital gains) for a period of 5 years. Tax rebates can be reduced year on year thereafter.

This will encourage Indian HNI's, NRIs, trusts, corporates, etc. to invest in such venture funds and build up a large investible low cost fund for investing in Electronic Systems Design & Manufacturing. This model of venture fund is successfully prevailing in many parts of the world especially Taiwan which can be understood and replicated.

Also ESDM sector should be included in already existing **Alternate Investment Funds (AIF's)** with a Tax break to investors on dividend earned from their investments.

## Enhancing Competitiveness

### 4. Subsidising Cost of Testing & Certification:

Cost of testing & certifications (as per international standards) are very high and suitable incentives should be offered by government or subsidized facility available for domestic MSME companies to mitigate these exorbitant costs. There is urgent need for excess



capacity to be created for testing of electronic components & assemblies. This will also enable MSME's to comply with certification under Compulsory Registration Order (CRO) under which list of items included is being expanded.

### 5. Interest Subvention:

ELCINA recommends that the electronics industry be provided interest subvention as well as support for market development which was a dire need for MSMEs. The Ministry of MSMEs provides an Interest subsidy of 4% for Khadi Industries under Interest Subsidy Eligibility Certificate (ISEC) Scheme. Similarly, as interest rates are much lower in competing countries, the Electronics Industry should be provided a simplified Interest Subvention of at least 5% on their Term Loans and Cash Credit.



#### 6. Duty free clearance of SEZ to DTA for FTA notified Items:

Goods cleared from SEZ to DTA are treated as imports and all duties which are applicable on imports are charged in such cases. ELCINA recommends that SEZ to DTA clearance should be considered as imports from FTA countries, and this may be applicable for FTA Notified items only.

### Promoting R&D

7. **Reinstatement of Sec-35(2AB) IT relief:** The government of India has been progressively reducing the 200 percent IT relief that was available under this head, and there is talk of it being phased out completely. The Task Force called for reinstatement of this relief subject to necessary guidelines to be followed by those claiming this benefit.



8. **CSR Obligations of ESDM companies should allowed to promote R&D:**

Electronic Design and Manufacturing Companies should be allowed to fulfil their CSR obligations by using these funds in R&D. These funds also be allowed for use in Innovation/R&D Centers which are developing new electronics technologies, products and processes. This will bring in the necessary resources that is required to fund R&D efforts required to bring new products designed and developed in India for India and the world.

### Export Promotion

9. **Inclusion of electronic items in RBI circular no. 62/04.02.001/2015-16 for Interest Equalisation benefits.**

The RBI circular no. 62/04.02.001/2015-16, offers Interest Equalisation on Pre and Post Shipment Rupee Export Credit to eligible exporters on the list of goods included in the circular. Based on the inputs of our members, we are giving below a list of electronic items which may be recommended for inclusion in the subject circular of RBI for availing Interest equalization benefits:



S.No	HS CODE	Item Description
1.	85043100	Switching Transformers
2.	85389000	PCBA for Heating Systems
3.	85044090	Power Supply Module

4.	85371000	Electronic Assembly for Washing Systems
5.	96139000	Electronic Sub Assembly for Oil Ignitor
6.	8541	Semiconductor Components
7.	8532	Film capacitors

ELCINA recommends that these items are included in the subject Circular as these items have huge export potential.

#### 10. Mitigating disabilities for electronics exports:

With the cessation of MEIS Scheme and implementation of RODTEP Scheme, government has tried to make a WTO compliant mechanism for incentivizing exports. Unfortunately, the RoDTEP rates offered on the exports of electronics items are very discouraging and do not match the erstwhile MEIS benefits. This is an identified fact that ESDM industry in India is suffering with a disability of 8-10% viz-a-viz their international counterparts. This is essential to provide this industry a level playing field in international markets.



**It is recommended that a 4-5% benefit to exports should be provided to exploit the huge opportunity in export markets** that has emerged after the shifting of supply chains and developed countries looking for new sources under their China+1 policy. This opportunity needs to be addressed jointly by the Industry and the Government of India. Government needs to play a major role in expanding exports and engage with Indian missions across selected countries where there is a high export potential.

## **11. SPECIFIC RECOMMENDATIONS ON TAXES**

### **Customs:**

#### **A. Consumer Durables:**

- The import duty on Washing Machine (more than 10 Kgs, imported under HSN codes 84502000, 84512100, 84512900 and 84513090) is 7.5%. As the manufacturing of these machines are taking place in India and still the imports are taking place, this industry need further protection and import duty need to be increased to 15%.
- The standalone “Cloth Dryers” with HSN 84211200 are imported after paying 10% BCD. ELCINA recommends that this duty need to be increased to 15% to encourage the domestic manufacturing of the same.

#### **B. Custom Duty and Quality Standards on Metals used for the manufacture of electronic Components:**

##### **a. Copper Metal:**

The withdrawal of duty exemption from “Copper and Articles thereof” provided for the manufacture of Cust. Notif. 24/2005 vide Custom Notification no. 07/2020 has increased the cost of manufacturing of ITA Goods. This was done to strengthen domestic copper industry but manufacturers are still importing the high precision and consistent copper inputs such as brass strips, phosphor bronze, copper wires etc. after paying import duties, these inputs are not available in India in the desired quality, consistency and specifications.

Whole variety of “copper/copper alloy inputs” used for the manufacture of various electronic components such as connectors, resistors, PCB’s etc. are still not manufactured in India.

The custom duty waiver should be provided on inputs used for the manufacture of electronic components.

##### **b. Silver alloy**

The silver alloy contacts (HSC 85389000) are used for the manufacture of “Latching Relays” (HSC 85364900) and the customs duty on these alloys is 7.5%. These relays are used in various electronic equipments including Smart Meters. There is a huge demand for Latching relays in the country which is getting fulfilled by cheap Chinese imports whereas the manufacturing capacities of the same in India are underutilized. The quality of the relays produced in India is World class and have been supplied to Companies like GE USA where the quality demanded is extremely high. The cost of silver alloy contacts is much higher than the cost of silver so there is no possibility of any misuse of duty exemption on these alloys.

ELCINA recommends that zero duty import of Silver Alloy contacts (HSC 85389000) for the manufacture of Latching Relays (HSC: 85364900) should be allowed.



**c. Gold Wires:**

Gold Bonding Wire and Gold Sputtering targets (HSC: 71081300) are used in the manufacture of semiconductor devices such as sensors, microprocessors, LED's etc. These wires are used for making internal and external connections of these semiconductors. Currently manufacturers have to import these Gold wires after obtaining due DGFT license and on applicable duty as it is for ornamental gold. The cost of DGFT license is approx. Rs.2-3 lakhs for a consignment upto 100 kgs and it is valid for only 18 months. Small scale units cannot afford to get this license as the requirement for these gold wires is in very small quantities, often below 50-100 gms.

ELCINA recommends that Gold Bonding wires for the manufacture of semiconductor components should be allowed at zero duty under end use certification and DGFT license on the same should be waived.

**d. Component Grade Stainless Steel:**

The import of stainless steel used for the manufacture of electronic components such as Micro- Switches etc. is also covered under BIS mandated standards. Component manufacturers who imports component grade stainless steels faces difficulties during importing of this steel. Few types of Stainless steel (HSC: 72209090) Strip such as "SUS304 CSP-1/2H, SUS304 CSP-3/4H, SUS304CSP-H, SUS301 CSP-H and Swedish Grade 11R51" have different precision norms and are used for the manufacture of Micro-switches.

The cost of component grade stainless steel is much higher than the cost of ordinary steel and is imported in very small quantities of 100-200kgs so there is no possibility of any other commercial usage. The precision required in these steel types is not available in India.

ELCINA recommends that BIS standards for component grade stainless steel should be waived to enable and promote domestic manufacturing of micro-switches and other electronic components.

**1. Inputs for manufacture of Pre-Calcined Ferrite Powder used for the manufacture of Ferrites- Addition to Customs Notification 25/99**

Precalcined Powder is used for the manufacture of Ferrites which are further used for the manufacture of various electronic components. The manufacturers of Precalcined powder are unable to import their raw material at zero duty as listed in the table below, because the Finished Goods description in Cust. Notif. 25/99 is incomplete. In entries no. 17 & 54 of the subject notification, the end use description is mentioned as Ferrites instead of PreCalcined Powder.

S.No.	Chapter	Description of Imported goods	Description of finished goods	Suggested Description of finished goods
17.	28, 32	Ferric Oxide of purity of 99% and above; Manganous Manganic Oxide of purity of 99% and above; Manganese di-oxide of purity of 99% and above, Manganous Oxide; Nickel Oxide; Strontium Carbonate	Ferrites, Ceramic Capacitors, Resistors	<b>PreCalcined Ferrite Powder/</b> Ferrites, Ceramic Capacitors, Resistors
54.	39, 40	Polyvinyl Alcohol, Polyisobutylene, Chlorosulphonated Polyethylene (HYPALON)	Ferrites.	<b>PreCalcined Ferrite Powder/</b> Ferrites.

It may be noted that the items mentioned under “Description of Imported Goods” are not used directly for the manufacture of Ferrites but are used to manufacture PreCalcined Powder which is an intermediate product used for the manufacture of Ferrites.

We request you to kindly recommend inclusion of PreCalcined Ferrite Powder under Finished Goods at Srl 17 and 54 to support manufacturers of Ferrites in the country.

## 2. Inclusion of “Plastic pouches & Power Dry Sorb (Silica Gel)” in Cust Notif. 25/1999 used in the manufacture of “Electronic capacitor grade Metalized Film”:

“Electronic capacitor grade Metalized Film” is used for the manufacture of “Film capacitors”. Most of the inputs used for the manufacture of Metallized films are allowed at zero duty under Cust. Notif. 25/99 such as:

- Plain plastic film (12 microns or below), Zinc Rod of purity 99%
- Aluminium Wire purity 99.9%, B.N Suspension
- Perfluoro polyether oil, Ceramic Evaporation boats

But few inputs which are used in the manufacture these Metallized films are not mentioned in Cust. Notif. 25/99 such as:

- Unprinted Pouches: HSN Code - 39239090
- Power Dry Sorb (Silica Gel) : HSN Code- 38029019

ELCINA recommends that the above-mentioned inputs should be included in Cust. Notif. 25/99 and allowed at zero duty for the manufacture of “Electronic capacitor grade Metalized Film”.

### 3. Mounded Piezo Electric Crystals and RF and Microwave products:

MPEC falls under tariff Heading 854160000 are allowed to import at zero duty. And the rate of duty, on this product for any importer is 0%. Whereas, the raw materials required for manufacture of MPEC ( 854160000) are attracting 10% duty. The table below depicts the details regarding such inputs:

Srl.	Inputs	HS Code	Existing BCD	Recommended BCD
1	Wafer Blank (PIEZO ELECTRIC QUARTZ)	71041000	10	Nil
2	Epoxy Resins	39073010	10	Nil
3	Abbrasive Powder	68053000	10	Nil

### 4. Input for Connectors:

The Gold Plating Salt is allowed at zero duty under Ntn No.25/99 for electro plating of Connector and Contact Pin (part of connector). However , the end use exemption given for Palladium Tetra Amine Sulphate is limited to manufacture of Connectors only. This end use exemption is not allowed for electro plating of Contact Pins (Part of Connectors ) . Palladium Tetra Amine Sulphate and Gold Plating Salt have equal importance in the electroplating process for manufacture of Connectors and Contact Pins ( Part of Connector).

ELCINA recommends that Duty exemption should be made applicable on Palladium Tetra Amine Sulphate for the manufacture/Electroplating of contact pins which are further used for the manufacture of connectors.

### 5. Capital Goods/Consumables for Connectors:

Automatic Stamping Machines and Assembly machines used for manufacture of connectors are allowed at zero duty under Cust. Notif. 25/99. Whereas some Capital Goods/Machines accessories/consumables under HSC 8538900, 84771000 and 85433000 (also mentioned in the table below) should also be allowed under end use certification.

Srl.	Items	HS Code	Capital Goods	End Product (Final Product)	Technical description
1	Accessories of CG's for Connector	85389000	Accessories for Assembly Machines	Connector (HS code 85369090)	PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADINGS 8536
1	Molding Machines for making Insulator	84771000	Molding Machine	Connector (HS code 85369090)	Injection Molding Machine with associated accessories for making Insulator for Connector (Vertical and Horizontal Injection Molding Macnines).
2	Plating Line for Electroplating of Contact Pins	85433000	Electro Plating Unit (Plating Line)	Connector (HS code 85369090)	Plating Unit for electroplating of contact pins for Connector manufacturing

#### Antidumping Duty:

1. **Anti-Dumping has been imposed on Aluminum foils** vide Notif. No. 23/2017 Customs (ADD) dated 16th May 2017. With the implementation of this notification the manufacturers of Capacitors in the country are not able to import capacitor grade Aluminium of thickness over 5 microns, at a competitive price.

The Point No. 4 of the subject Notification states that:

***“Aluminum foil for capacitors: Aluminum foil for capacitors is an Aluminum foil of 5 micron gauge with smaller widths having 99.35% purity, for use in electrical equipment such as radios, televisions, telephones, computers, microwave ovens, electrical welders, magnetos, electronic testing equipment, copy machines, air conditioners, automobiles, fluorescent lights, mercury vapor street lamps, power transmission equipment, electric motors, control units, and similar articles.”***

Although the subject Notification clearly exempts Aluminium foils of 5 Micron for the manufacture of various electronics items along with capacitors. It is significant to mention that Aluminium foils of 6, 9 & 15 microns are also used for the manufacture of Capacitors and Indian capacitor manufacturers are importing the same for years due to its non-availability in the country. These foils are imported under end-use undertaking, so there is no possibility of misuse of the same.

Capacitor manufacturers are already at a disadvantage and facing competition due to ITA-1 and various FTA's. Capacitor is an essential component used in almost all electronic items. With the implementation of Anti-Dumping duty on this raw material the input cost will increase by approximately 20% making it uncompetitive to manufacture capacitors and incentivizing imports.

ELCINA recommends that antidumping duty should be removed from all capacitor grade Aluminium foils. There is no scope of misuse of Capacitor grade Aluminium foil as it is far more expensive than other aluminium foils which are used in general commercial applications.

## **2. Antidumping Duty to be continued on Solid State Drives(SSD) and its PCBAs.**

This is with reference to the rampant import of Solid State Drives (SSD) and related PCBAs at abnormally low prices.

Over last few years government's push for Digital India has led to significant growth in the memory market and the growth estimates for these products are 35% YoY over next four years. Digital India will require huge data storage and transmission. This is achieved through Data Centres and storage devices like SSDs and pen drives, mSDs, DRAMs etc.

India has significant manufacturing potential of memory products such as Pen Drives, mSDs and SSDs and domestic manufacturers have been supplying these items to reputed MNC's such as Sony, HP and other OEMs.

In 2015, several companies from China started dumping their memory products with inferior quality components (poor quality NAND flash memory) at extremely low prices. To counter this government had imposed anti-dumping duty on Pen drives from China and Taiwan for a period of 5 years, till May 2020. This move had encouraged domestic players such as Syrma Technologies, Smile Electronics, Sahasra Electronics and others and we have witnessed substantial growth in manufacturing of these products in India. Now the Anti Dumping protection has lapsed and Industry has been exposed to dumping by Chinese exporters. The following table showcases the rampant imports of SSD's in India.

As per DGFT import data of all storage devices (SSD, USB, Micro SD, DRAM), the value of Imports is as below:-

Financial year	HS code	Value- Rs. Crores
2017-18	8523.51.00 Solid-State Non-Volatile Storage Devices	1,862.90
2018-19	8523.51.00 Solid-State Non-Volatile Storage Devices	2147.88
2019-20(P)  (Provisional)	8523.51.00 Solid-State Non-Volatile Storage Devices	2133.64  <i>Note: The imports during 2019-20 have been impacted due to COVID relates circumstances and will be reflected in 2020-21</i>

As data capacity and speed requirement keeps growing, demand for SSDs (external and internal) is growing exponentially. According to our estimates, the annual demand for SSDs has exceeded 5.0 Mill. units. With SSDs replacing HDDs in computers, laptops and notebooks the demand is likely to grow manifold. The memory products are imported at zero duty by virtue of ITA-1 Agreement.

Further, PCBAs for these SSDs are manufactured in China but assembled in a plastic or metal housing in Taiwan, Korea, Malaysia or Thailand. Indian EMS industry has adequate capability and capacity to manufacture PCBAs and housing for these memory products which remains underutilised.

Average Import price for all three capacity SSD's viz. 120GB, 240GB, and 480GB is between Rs 2500-3000 while price of domestic manufacturing is in the range of Rs 4000-5000. This shows a clear difference of 60%+ and indicates under invoicing. The import price is below the BOM cost of the Indian manufacturers.

In view of the above, ELCINA recommends that safeguard duty of approx. 30% should be imposed on SSDs from China, Taiwan and other FTA nations. This will encourage domestic and international investments in the sector and will also protect existing manufacturing capacities of Solid State Drives in the country. This intervention by the government will also reduce the Security Risk in terms of possible data pilferage and increase use of domestic equipment in data centres.

The other recommendation is to impose non-tariff barrier on SSD's by including this item under CRO-2012. This will discourage the rampant imports of low quality SSD's at abnormally low/dumping prices.



We would be happy to provide any further information as may be required by your good office to take our request forward.

### **Goods & Service Tax (GST):**

#### **LED Televisions above 32 inches:**

At present, LED televisions up to 32-inches have a GST rate of 18 per cent whereas the GST rates for LED TV's above 32inches is 28%. In the recent past the priorities of customers are shifting towards 44 inches and 55 inches. These categories of LED TV's are getting manufactured in India.

ELCINA recommends that the GST rates for above mentioned category should be reduced to 18% so that the manufacturing and sales of this segment of LED's should be encouraged.

### **Procedures**

#### **Recommendations regarding IGCR Rules**

##### **1. Consignment based Permissions:**

The recently announced IGCR Amendment Rules 2021 mandates that "Importers need to take only one permission for all consignments during a year's time".

But practically while applying for duty exemptions under various exemption notifications, custom formations asks for consignment based permissions and separate Bonds for availing duty exemptions under various different notifications. They also ask for separate permissions for different ports for clearing each and every import consignment. Even after the announcement of IGCR Amendment Rules 2021, the existence of consignment based permissions/approvals are still prevailing at various ports. Custom formations at various jurisdictional offices in the country practices varied processes in demanding security & surety.

ELCINA recommends that- As the import & export processing/documentation processes are largely computerised and routed through ICEGATE, CBIC should allow "a single debit-able/creditable bond to be applicable for availing duty exemptions through various Cust. Notifications and clearing the consignments at various Ports of Imports" on annual basis.

The IGCR processes should be completely computerised which may help custom formations working at various jurisdictional offices & ports across India, these officers should have access to all credentials of Importers/manufacturers through ICEGATE. This will further ensure "Ease of doing business" and will also standardise the IGCR processes across India.

## **2. Time limit for the consumption of Imported inputs:**

The Clause no. 7 of the IGCR Rules 2017 mandates that the imported inputs should be consumed within 6 months from the date of import. Current time limit of 6 months is very short for consumption of all the goods imported under IGCR Rules. In some cases, consumption of such goods is delayed due to various reasons such as fluctuations in orders, non-availability of other raw material used for manufacturing, machine issues etc. Since the current rule does not allow extension of time for consuming the raw materials, importers need to pay applicable duty on these inputs.

This is significant to mention that EOUs are allowed to consume their duty free raw material within a time frame of 3 years or till the validity of Letter of Permission (Notification No. 52/2003 Customs dated 31.03.2003).

ELCINA recommends that the prescribed time limit for consumption of imported raw material should be one year OR facility of extension this time limit should be allowed. Extending the time limit from the present 6 months to One Year would help the non-EOU entities to perform better with lesser compliance burden.

### **MEIS/RoDTEP Scrips**

The MEIS scrips credited in the ICEGATE ledger during exports can be utilized for the payment of Basic Customs Duty applicable on import of inputs/raw material. These scrips are not allowed to settle IGST dues on importers vide DGFT Trade notice 11/2018.

This is significant to mention that electronic industry is a largely zero duty industry and the import of almost all inputs used for the manufacture of finished components/assemblies are allowed under end use certification. Thus the credited scrips are not utilized for the payment of BCD and exporters are bound to sell their scrips to other importers.

ELCINA recommends that MEIS/RoDTEP scrip should be utilized for the payment of IGST, SWS, CESS, Antidumping duties and Safeguard duties.

**ELCINA, New Delhi**

**25<sup>th</sup> Nov. 2021**

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