



ELECTRONICS MANUFACTURING SUMMIT
“MAKE IN INDIA” FOR THE WORLD

11th February 2019

Hotel Le Meridien, New Delhi

**The second edition of Electronics Manufacturing Summit saw participation from
25+ large corporations, 170+ suppliers, 350+ delegates, 40+ Partners**

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ELECTRONICS MANUFACTURING SUMMIT 2019

MAIT MANUFACTURING INITIATIVES

The Electronics Manufacturing industry is witnessing major changes in its policies from both regulatory and business point of view. Identifying the bright opportunities and key challenges of the electronics manufacturing sector of India, **Manufacturers' Association for Information Technology (MAIT)** organised its second edition of **Electronics Manufacturing Summit 2019 – “Make in India” for the World** on **February 11, 2019** at Sovereign 1, **Hotel Le Meridien, New Delhi**. The Summit brought together global decision-makers from the manufacturing sector, senior representatives from Central & State Government and local ecosystem players from ICT supply chain to share their experiences with an objective of developing a vibrant electronic manufacturing ecosystem in India.

The Summit witnessed the launch of the first laptop designed and '**Made in India**' along with discussions around making India a **vibrant state** for hardware ecosystem development; Strengthening Original Equipment Manufacturers (OEM) and developing a domestic ecosystem with less reliance on imported technology. The inaugural session of the event was followed by three special sessions:

- **Super Session I:** Volume and Value participation, to become substantial part of the global value chain.
- **Super session II:** Creating large OEMs in the Indian market.
- **Super session III:** Developing Scale & Skill for Export-led Growth, Making FTAs work for exports and policies that can make exports viable.

INAUGURAL SESSION



LEADERS SPEAK



The electronics manufacturing sector needs a value chain base in the country in a big way. A lot more needs to be done in order to integrate industries like Revenue, Information Technology, Telecom and Energy together. The Government must step in a big way in order to make the manufacturing sector competitive in the country.

– Shri Nitin Kunkolienker, President, MAIT

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Shri Ajay Prakash Sawhney, Secretary, MeitY

The government wants to understand the requirement of the companies who constitute the value chain in manufacturing and would like to consult company heads for the same. The government imposes import duty based on the cost of manufacturing with an objective to level the playing field. Duties and tariffs are used cautiously as short-term strategies with a sunset clause. SEZs can play a much larger role in the promotion of exports. The government has taken some steps and the industry can expect some changes in the coming months. – **Shri Ajay Prakash Sawhney, Secretary, Ministry of Electronics & Information Technology (Meity)**



Shri John Kern, Worldwide Supply Chain Head, Cisco

Cisco has played a major role in enabling India to achieve its digital objective. US is playing an important strategic role in making India digital and has invested \$50 billion in digital & hardware industry including \$5 billion in R&D. Cisco also has its second largest R&D Centre located in Bengaluru, India. India needs more stable and consistent policy by channelising more resources towards innovative and creative technology. – **Shri John Kern, Worldwide Supply Chain Head, Cisco**



Shri Ajay Prakash Sawhney, Secretary, MeitY

There has been a widening of the electronics manufacturing ecosystem in the country with a focus on manufacturing as well as exports. Many of the new policies will focus on exports bringing in supply chain partners. It is important for to not just manufacture, but to be a part of the global ecosystem. It is important to not just assemble in India but how well we are integrated with the global supply chain and what can we do to move this. – **Shri Ajay Prakash Sawhney, Secretary, Meity**



Manufacturing has been significantly picked up in India. OEMs rely on us for the right support. I am happy to see a huge gathering of OEMs who have participated at this event.

– **Shri Andreas Brandt, Global Electronics Lead, Covestro**

Shri Andreas Brandt, Global Electronics Lead, Covestro



India has been an important market for us, and we are in equal partnership with India to play an evolving role. We believe, Intel along with different players will have to play an active role in creating this country the biggest export hub for the world. – **Shri Frank Sanders, Vice President, Systems Supply Chain & Technology Enabling, Intel**

Shri Frank Sanders, Vice President, Systems Supply Chain & Technology Enabling, Intel



KEY INSIGHTS:

- The decision to where to manufacture considers several factors such as cost, tax structure and policy, fulfilment rates for customers, availability of talent and risk management.
- There is a need to consider both export of finished goods as well as of components. Manufacturing must also include production values for both domestic and exports.
- It is essential for both Indian and global companies to build trust and work together to develop an effective electronics manufacturing ecosystem in India.

MAKE IN INDIA LAUNCH

MAIT has been working towards collaborating with the industry and the government to build visibility for Indian manufacturing industry in the global landscape and encourage policies that facilitate the **'Make in India'** campaign.

This year, the event saw the launch of **"Coconics" – the first laptop designed and 'Made in India'** inaugurated by **Shri Ajay Prakash Sawhney, Secretary, Ministry of Electronics & IT**. The laptop is jointly developed through a SPV between Intel, a domestic manufacturing unit called Coconics and the Government of Kerala. Coconics was launched with three laptop models aimed at Government, Enterprise and Educational institutions.



SUPER SESSION 1: VALUE AND VOLUME - INDIA'S PARTICIPATION IN GLOBAL VALUE CHAIN



LEADERS SPEAK



Uncertainties in the electronics manufacturing industry continues to be high. Policy Intervention is required to allow both the sector and the industry to survive. The sector needs some amount of sand-boxing in the value-added incentive plans of the government. For example, using the GST regime of the govt rationally. – **Shri Sanjay Kumar Rakesh, Joint Secretary, Ministry of Electronics & IT**

Shri Sanjay Kumar Rakesh, Joint Secretary, Ministry of Electronics & IT



Availability of skilled labour in the manufacturing sector, social infrastructure and improved logistics conditions in the country would go a long way in helping the industry to grow and create a conducive environment for its development.

– **Shri Muralikrishnan B, Chief Operating Officer, Xiaomi**

Shri Muralikrishnan B, Chief Operating Officer, Xiaomi



The electronics manufacturing industry must be well aligned with the policies of the government. Making better policies for the Ease of Doing Business in the country needs to be developed. – **Shri Vinod Sharma, Managing Director, Deki Electronics**

Shri Vinod Sharma, Managing Director, Deki Electronics



We should have a roadmap for the next couple of years. Specifically, from companies like PCB wherein we feel there is no one in India who does bare board. There has to be a high level of investment from India and outside India and we should look at a roadmap to see how India is evolving. – **Shri Rajeev Awasthi, Sr. Director, India Sourcing & Global Commodity Management, Flex**

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Ecosystem is not only components but also involves delivering talent for that industry, producing world class testing labs, prototype labs and have incentives for the industry. We need a world class testing facility for electronics and this should be highly subsidized. All this should be supported by the government. So there should be a holistic development of the ecosystem. – **Shri Rajeeva Lochan Sharma, Vice President, Manufacturing, Barco**

Shri Rajeeva Lochan Sharma, Vice President, Manufacturing, Barco



Industry has progressed to cater to global standards today. The capability exists to an extent that today the companies have become exceedingly professional to understand the need and requirement for quality. We are also looking at shaping standards for the world.

– **Smt Swati Rangachari, Chief-Corp. Affairs, Sterlite Technologies**

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KEY INSIGHTS:

- India's manufacturing policies currently does not allow '**Make in India**' for the world. Instead they have a fragmented approach revolving around the existing structures of Domestic Tariff Areas (DTA) and Special Economic Zones (SEZs).
- Supply chain integration is an urgent requirement in India since manufacturers are still struggling to source components.
- Large companies must plan on how to increase their local value addition over time. Short term incentives need to be devised to provide initial support to industry for making a higher level of value addition viable. Value addition formula linked to investment can be considered.
- The playing field in India is not levelled with the other countries and the cost of finance, logistics etc. sets the industry off by 8-10%.
- Manufacturing typically transitions through three phases- (1) Labour intensive manufacturing; (2) Automation and robotics; (3) Complete localisation. India is currently between phase 1 and 2.
- There is a need to foster the creation of an ecosystem for component manufacturing to supplement value addition. For this, it is essential that all the players such as raw material providers, component suppliers, EMS companies etc. are brought together in a common hub. There needs to be a common portal which aggregates information on suppliers that exist by location for capacitors, PCBs, resistors etc. to ease the sourcing of components and overcome information asymmetry in the sector.
- Today to solve any technical issues, components must be sent to European laboratories since India has dearth of suitably equipped facilities. Therefore, the ecosystem also requires talent fostering institutions, prototyping labs and other appropriate ancillary support such as certification, testing and repair facilities. While a Testing and Inspection Certification Council of India is being setup by industry, a roadmap needs to be created to develop an adequate supporting ecosystem for the electronics industry.

SUPER SESSION II: CREATING INDIAN OEM



LEADERS SPEAK



One of the key factors that would affect the OEM ecosystem of the country is to firstly identify the location in order to create such value base. When we talk of an ecosystem, it basically starts with a concept, R&D and Startups. India must find and identify places which need value and manufacture for that and take it forward. Let us Make it for India and the world will happen. – **Shri Amit Kharabanda, Managing Director & CEO, Mybox Technologies**

Shri Amit Kharabanda, Managing Director & CEO, Mybox Technologies



Identifying what really affects your product and how it is influenced by external factors like technology, changing raw materials etc. must be considered while manufacturing goods. We must create the passion to create and manufacture, encourage a culture of creativity and curiosity amongst the manufacturers that will help them understand the business in true sense. – **Shri B M Shetye, Vice President, Sustainability & New Development, IFB**

Shri B M Shetye, Vice President, Sustainability & New Development, IFB



Taking the example of Coconics, we did not think of what could fail its inception, but we thought how to overcome the obstacles and make it happen, which is first of its kind PPP model in the sector, within India. Lot of OEMs fail in India because they think that a lot of things can be brought from the international market, but it will still not succeed in India. Localisation and customization for indigenous laptops should be the focus. – **Shri Gilroy Mathew, Vice President, APAC & Semiconductor, UST Global and Board Member, Coconics**

Shri Gilroy Mathew, Vice President, APAC & Semiconductor, UST Global and Board Member, Coconics



For any industry to stay afloat there are four quadrants that must be considered. Firstly, the market needs to be there, secondly a favourable policy that will enable the industry to grow, third, is technological know-how and access to next level of technology and lastly the supply chain. – **Shri Varun Manwani, Director, Sahasra Electronics**

Shri Varun Manwani, Director, Sahasra Electronics



The ecosystem is shifting. So if your strategy is fixed, you cannot go to the next level. The strategy of coming to India for Intel started about 3 years ago.
– **Shri Bahman Moallem, Director of Outsourcing Design Manufacturing (ODM), Global Tech Eco-System (GTE) Enabling, Intel Corporation**

Shri Bahman Moallem, Director of Outsourcing Design Mfg. (ODM), Global Tech Eco-System (GTE) Enabling, Intel Corporation

KEY INSIGHTS:

- One of the greatest challenges of Indian OEMs is customer satisfaction. Quality of product is of paramount importance. Indian OEMs need to provide high quality products to transform the negative brand image of low quality that is currently associated with Indian products.
- By 2020, the middle-class income in both China and India is going to reach a level which is beyond the production capacities of both the countries. Herein lies a big opportunity. Indian OEMs should be poised to tap into this demand market to achieve both scale and competitiveness.
- Global EMS and component companies can support Indian OEMs by providing a supportive ecosystem and bringing their supply chain expertise to India.
- Global companies are typically looking for differentiated value in the supply chain ecosystem that can benefit the Indian electronics industry by 'enabling locally to compete globally'.

SUPER SESSION III: DEVELOPING SCALE & SKILL FOR EXPORT-LED GROWTH



LEADERS SPEAK



The Government needs to better regularise and standardise the sector both in terms of scale and size of the industry.

– **Shri Yaduvendra Mathur, Additional Secretary, NITI Aayog**

Shri Yaduvendra Mathur, Additional Secretary, NITI Aayog



Subsidy cannot be provided based on export performance. Merchandise Exports from India Scheme (MEIS) needs to be phased out and replaced with a WTO compatible tariff scheme, which is being worked upon.

– **Shri Ajay Kumar Srivastava, Addl. Director General Foreign Trade, Ministry of Commerce & Industry**

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The sector must now focus on attracting investment in chip component ecosystem of the country. As a manufacturing hub, India is ranked as Number 2 after China.

– **Shri S K Marwaha, Director, Ministry of Electronics & IT, Govt. of India**

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In order to have the guts to export, the industry should aim at maintaining the quality of electronics goods manufactured in the country.

– **Shri Anand Srinivasan, Country Representative, Polycarbonates, Covestro**

Shri Anand Srinivasan, Country Representative, Polycarbonates, Covestro



India has the best R&D and with the right policy drivers, can become the manufacturing hub in the next 20 years. At India, we need to manufacture at scale, remove irritants (both policy and socio-economic) and focus on strengths including coupling of R&D and manufacturing

– **Shri Sumant Kumar Jha, Director-Supply Chain Operations, Cisco**

Shri Sumant Kumar Jha, Director-Supply Chain Operations, Cisco



We have been able to overcome few pressing issues that the investors have faced – the skill and scale initiatives for improving quality and boosting exports – in Andhra Pradesh. We bring the right kind of resources for domestic manufacturing. When we train our resources, we focus on the process in manufacturing. We have to lay the resources and students have to understand these resources. This has been our USP. – **Smt Nirmalatha M, Vice President – Electronics Promotions, Andhra Pradesh Electronics & IT Agency (APEITA)**

Smt Nirmalatha M, Vice President – Electronics Promotions, Andhra Pradesh Electronics & IT Agency (APEITA)



India has negotiated several FTAs especially in the ASEAN zone. However, over the years a lot of the product flow has been coming to India rather than going out.

– Shri Arijit Sen, Senior Director,
Global Government Affairs, Flex

Shri Arijit Sen, Sr Director, Global Govt. Affairs, Flex



KEY INSIGHTS:

- The session discussed the next steps for the scheme of Modified Special Incentive Package Scheme (M-SIPS) acknowledging that the scheme has helped in overcoming many disabilities of the electronics manufacturing sector thereby encouraging scaling up of production in the electronic goods market of the country. However, the need to further accelerate the Ease of Doing Business in this sector continues to be a priority for the government, especially in terms of attracting investments in chip manufacturing components.
- It was also discussed that in order to strengthen the Export-led policies and growth, India must invest in existing technology to get advantage of innovation-based technology. Emphasising on the fact that – “India for India is interesting, but India for World is fascinating’ the panelists suggested that the country should work towards coupling advance technology like (Blockchain, Artificial Intelligence) with Research & Development along with manufacturing.
- The Merchandise Export from India Scheme (MEIS) has not yielded the desired results and should be phased out. However, industry and government must work together to create an alternative workable scheme before MEIS phases out. It is important to bring in new avenues and product centric schemes to give a new dynamism to the electronics industry. Additionally, a Project based scheme should also be developed for export items instead of separately handling various schemes and incentives for different kind of hardware electronics. While the existing Merchandise Export from India Scheme (MEIS) is in effect, there needs to be a rationalization of the incentives provided and a uniform incentive should be allowed for IT and mobile devices which will help India to gain a foothold in the global mobile market. This will also support India to break some of the barriers of FTA’s especially with ASEAN countries from where there are influx of imports to India.
- FTAs cannot be rolled back. India missed the opportunity to enter and capture new markets when the FTAs were signed. Now India needs scale and size to get a competitive edge to export to FTA countries. Standards and regulations can be used to counter FTAs.
- To increase its ability to provide credit to other countries, India can raise credit on the international bond market rather than from the Indian government. India is an under-leveraged debt country with a debt to GDP ratio of 68.7%, one of the lowest in the world. So far, India has had a very centralised approach towards exports, now there is a conscious effort to have a dialogue with states. An Export Commissioner has been appointed in each state to encourage a state driven approach.

CONCLUSION

India needs additional impetus not only for the electronics manufacturing hardware devices but also for other verticals across sectors of electronics in healthcare, defence, automotive and energy. The growing demand for applied consumer goods proximity to supply chain base, research and development in the electronics manufacturing sector would help in saving both time and resources as well as increase productivity. Further, revising the National Policy on Electronics in order to eliminate issues on technical regulation will give the sector a much-needed fillip to sustain itself on the global platform.

PHOTO GALLERY



ABOUT MAIT

MAIT was set up in 1982 with a vision to develop, maintain and accelerate ICT ecosystem that will transform India into a digital knowledge economy and a global manufacturing hub. MAIT's mission is to expand domestic market by catalyzing digitization of India, establish India as a global hub for ESDM and enable Ease of Doing Business for all stakeholders with the key thrust areas: Manufacturing (Make in India), Ease of Doing Business and Demand Generation.



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