

'Domestic electronics manufacturers will benefit from GST'

New Delhi

Electronics manufacturing in India is expected to touch \$104 billion by 2020 and domestic manufacturers will benefit from GST implementation as cost will significantly come down, says a report. Despite a huge leap in projected production by 2020, the domestic manufacturing will meet only 26 per cent of the local demand, the joint study conducted by industry chamber Assocham and NEC Technologies said.

"GST will give a major boost to the Indian electronics industry thereby, leading to subsequent increase in demand of locally-manufactured electronics," said the report titled 'Electricals & Electronics Manufacturing in India'.

Under GST, cascading effects of taxes will be eliminated, the study said adding that firms will also be saving expenses incurred in warehousing and logistics which stood at approximately 5-8 per cent.

Consequently, local manufacturers will be able to pass on the tax benefit to consumers in the form of price reduc-

tion, the report said. Total electronics manufacturing in India reached around USD 31 billion in 2015 and is expected to increase to USD 104 billion in 2020, as per the report.

"Domestic production is expected to grow at a CAGR of 27 per cent during 2016-2020 to reach USD 104 billion in 2020, as compared to the CAGR of 9.6 per cent during 2010-2016," it said.

The global electronics industry is valued at USD 1.75 trillion, it added, reports PTI.

In terms of demand, the report said it is expected to grow at a CAGR of 41 per cent during 2016-2020 to reach USD 400 billion by 2020.

This surge in demand is huge, which shows a positive outlook for the industry, it added. However, it added: "Although there is a huge leap in the projected production figures for 2020, the domestic production is projected to meet only 26 per cent of the domestic demand."

The report said targeted initiatives launched by the government have provided much needed impetus to local manufacturing but to make it self sustainable more support must be provided.