

Summary of Budget 2018-19 for Electronics Industry

Tariff rationalization in the Union Budget 2018-19: To promote indigenous manufacturing of electronic goods, several steps have been taken in the Union Budget 2018-19 for the rationalization of tariff structure, which, *inter-alia*, include:

- **Promotion of indigenous manufacturing of cellular mobile phones, its sub-assemblies and parts/ sub-parts/ inputs of the sub-assemblies thereof:** Basic Customs Duty (BCD) on cellular mobile phones has been increased from 15% to 20%. BCD has also been increased from 7.5%/ 10% to 15% on the specified sub-assemblies (viz., Charger/ Adaptor, Battery pack, Wired headset, Microphone, Receiver, Key pad, USB Cable, notified Mechanics and Die Cut Parts etc.) of cellular mobile phones covered under Phased Manufacturing Programme (PMP) roadmap for 2016-17 and 2017-18.

BCD has also been increased from Nil to 10% on the Printed Circuit Board Assembly (PCBA) (HS Code 85049090) and Moulded Plastics (HS Codes 39269099 or 85049090) for use in the manufacture of Charger or Adapter of cellular mobile phones. BCD on inputs or parts for use in the manufacture of PCBA and Moulded Plastics of Charger or Adapter of cellular mobile phone has been exempted, subject to actual user condition. Notification No.57/2017-Customs dated 30.06.2017, as amended by Notification No.22/2018-Customs dated 02.02.2018 refers.

- **Promotion of indigenous manufacturing of Cochlear Implants (a medical device):** BCD on raw materials, parts or accessories for the manufacture of Cochlear Implants has been reduced from 2.5% to Nil, subject to actual user condition. Notification No.50/2017-Customs dated 30.06.2017, as amended by Notification No.6/2018-Customs dated 02.02.2018 [new S.No.578A] refers.
- **Promotion of indigenous manufacturing of smart watches:** BCD on wrist wearable devices (commonly known as smart watches) (HS Code 85176290) has been increased from 10% to 20% by increasing the tariff rate [Clause 101(a) of the Finance

Bill, 2018]. Notification No.57/2017-Customs dated 30.06.2017, as amended by Notification No.22/2018-Customs dated 02.02.2018 [new S.No.20] refers.

- **Promotion of indigenous manufacturing of solar cells/ panels/ modules:** BCD on solar tempered glass or solar tempered (anti-reflective coated) glass for manufacture of solar cells/ panels/ modules has been reduced from 5% to Nil, subject to actual user condition. Notification No.50/2017-Customs dated 30.06.2017, as amended by Notification No.6/2018-Customs dated 02.02.2018 [S.No.340] refers.
