



PRESS RELEASE

ICEA Welcomes Government's Global Outlook in the Landmark Budget 2025-26

New Delhi, February 01, 2025 – India Cellular & Electronics Association (ICEA), India's premier electronics body, congratulates the Government of India and the leadership of Hon'ble Prime Minister Shri Narendra Modi and Hon'ble Finance Minister Smt. Nirmala Sitharaman, for a landmark budget that aims to put India's mobile and electronics industry on the global map. The Union Budget 2025-26 introduces a series of significant measures designed to enhance manufacturing and export competitiveness within the electronics sector.

Mr. Pankaj Mohindroo, Chairman of ICEA, stated: "We welcome the Budget's emphasis on strengthening India's electronics manufacturing ecosystem. The rationalisation of tariffs on key inputs and components creates a more competitive cost structure and encourages deeper integration with global value chains. Streamlined tax frameworks and continued support for skilling and infrastructure reduce compliance burdens, driving innovation in areas like clean energy and advanced electronics, and boosting India's global competitiveness."

He further added, "Duty exemptions on critical minerals and capital goods reinforce supply chain resilience and help India compete effectively in international markets, attracting higher foreign investment. Additionally, measures like the enhanced income tax rebate under the new tax regime, will effectively ensure no tax liability for resident individuals with income up to INR 12 lakh. This will boost disposable incomes, stimulating domestic consumption – a key driver for electronics demand."

Key Announcements for the Electronics Manufacturing Industry:

1. **The step of removal of the 2.5% BCD** on major mobile inputs/parts or sub-parts for Printed Circuit Board Assembly (PCBA), Camera Module, Connectors, Wired Head Sets, Microphone and USB Cables, Finger Print Reader and Scanners i.e. most inputs other than the ICs, already at zero duty, is welcome. The 2.5 duty did not promote manufacture but, in fact simply resulted in increasing costs has been removed.

Impact:

The tariff protection was required in the infancy of manufacturing but now the tariffs are no longer valid in the mobile phones case. The industry has reached a gigantic scale of USD 60 Billion in annual production. The removal of 2.5% BCD will enable manufacturing, remove ambiguity and increase the competitiveness of manufacturing.

2. **The 20% duty on IFPD (Interactive Flat Panel Display)** is based on the fact that displays are now becoming very popular, especially in educational institutes. This was a serious anomaly that was creating tremendous confusion. Now this has been corrected resulting in a complete alignment of the display with the colour television category. **Local manufacture and assembly will go up substantially.**

3. BCD rationalization from 2.5% to Nil on inputs and parts for manufacturing of open cell of LCD/LED panels. The development of open cells will push the manufacture of display panels.

Result:

This will boost domestic manufacturing of open cells because there will be a reasonable differential duty between the finished open cell on the other hand and its parts and thus facilitating manufacturing of the open cell which is critical input of flat panel display.

4. **BCD on Lithium-Ion Cell battery waste reduced from 5% to Nil**

Impact:

We are now becoming a major Lithium-Ion Cell manufacturing nation. This step will make our industry very competitive. The move will enable the recycling of battery waste for the extraction of critical materials like Lithium, Cobalt and Nickel where we are very competitive.

5. **Serial No.6 D of Notification No.57/2017 as amended by Notf. 9/2024-Customs**

In the earlier dispensation, the key mechanical parts (battery covers, Antenna, Screws, all mechanical parts) were limited to only 5 chapters consisting of (a) Plastic, (b) Rubber (c) Glass (d) Steel and (e) Aluminum

This has been broad-based to include all possible materials and their components and alloys and composites, new materials like Copper, Rubber, and other Metals can now be imported duty-free in the manufacturing supply chain. This modification recognizes the relentless march of technology and innovation formulations in the mechanical parts of mobile phones.

6. **Serial No.5 E of 57/2017 as amended by Notf. 2/2022-Customs**

Touch Panel/Cover Glass Assembly for use in the manufacture of mobile phones has been omitted.

Parts of the display assembly were subjected severe confusion in the Customs clearance stage since the touch panel as part was listed under 10% duty. This confusion of duty free to all parts other than touch panel has been removed by broad banding, display assembly under which all parts are at zero duty including the touch panel. This will facilitate the manufacturing of display assembly which is an important part going into the manufacture of mobile phones.

7. **Exemptions of BCD on specified capital goods** (additional 35 capital goods of EVs and 28 for mobile phones) for manufacturing of lithium-ion cells for EVs and mobile phones.

Impact:

For building Lithium Ion cell manufacturing capabilities in India, this will be an enabler step forward in building competitiveness.

8. Direct Taxes

The excellent liberalization of increasing the exemption slabs for personal income tax will support for consumer products such as smartphones, laptops, colour televisions and other electronics since now the consumer has more money in his hand to buy especially the youth.

9. Setting up of Export Promotion Mission and National Manufacturing Mission – Make in India for the World

Strengthening India's manufacturing capabilities by creating a business-friendly environment, ensuring access to advanced technology, developing a skilled workforce ready for future industry needs, and providing easy access to export financing – enabling companies to Make in India for the World.

By aligning our policies with global standards and supporting large-scale manufacturing, we are well-positioned to achieve our ambitious targets and solidify India's place on the global stage. This budget sets the foundation for a brighter future, making India a pivotal player in the global electronics value chain.

Mr. Pankaj Mohindroo concluded, "Taken together, these initiatives reflect a strategic push towards achieving the Hon'ble Prime Minister's vision for USD 500 billion of electronics manufacturing by 2030. They provide an impetus for domestic value addition, export growth, and job creation, reinforcing India's trajectory as an emerging leader in the global electronics landscape."

About ICEA:

India Cellular & Electronics Association is the apex industry body representing India's electronics manufacturing sector. Committed to driving growth and innovation in the industry, ICEA plays a pivotal role in shaping policies and strategies to strengthen India's position in the global electronics market.

For more information, contact:

Website: <https://www.icea.org.in>

LinkedIn: <https://www.linkedin.com/company/india-cellular-electronics-association/>

Twitter: [@ICEA_India](https://twitter.com/ICEA_India)

Instagram: [@icea_india](https://www.instagram.com/icea_india)