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Import duty on 'Open Cell' from Oct 1: Might affect TV manufacturing industry


By Mahima Tripathi

New Delhi, Sep 25 (UNI) Government's move to end the Customs duty concession on the import of open cell panels might adversely affect the TV manufacturers and industries linked to them, including the plastic industry, opine the manufacturers.

Starting October 1, Customs duty at the rate of 5 per cent will apply on Open Cell, a key component for television manufacturing, which accounts for 65-70 per cent of its production cost.

Customs duty exemption given to Open Cell for a period of one year will end on September 30.

With this, the government seeks to incentivise the domestic manufacturing of critical parts like Open cell in India and wants to reduce the dependency of the Indian TV market on overseas vendors.

The custom duty exemption on Open Cell was given last year as part of a Phased Manufacturing Plan (PMP) of television and its components to bring the television industry out of mere television assembling while being totally dependent on imports for its major parts.

The first phase of PMP, assembly of a product, will be done in India.

In this stage, parts of a product are kept at lower or nil rates so that their cost remains low, and these could be imported at concessional duty rates for assembly of that product in India.

However, this stage may not stay for very long, even if the industry wishes it to continue forever as the government plans to make this industry self-reliant.

In the second phase of PMP, certain parts will be manufactured in India, and on such products, duty will be imposed to promote the use of locally manufactured goods.

This phased manufacturing strategy has been applied to most electronic products. For example, the phased manufacturing plan for mobile phones was implemented in four phases.

The government has supported the television industry through custom duty structure in the past as well. Customs duty of 20 per cent was imposed on imports of television around December 2017. This high protection benefitted all domestic TV manufacturers.

Recently, television import has also been put on the restricted category with effect from the end

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of July 2020 by the Directorate General of Foreign Trade (DGFT). Thus, television manufacturers have been given the required support by the government until now.

As per the TV manufacturers, the introduction of custom duty on open cell will further increase the prices of TV and may make it difficult for manufactures to generate a sale on such prices.

The price of the fully built panel has gone up by 50 per cent in the past few years, and customs duty of 5 per cent on the open cell may lead to a rise in the price of TV by roughly 4 per cent as it is the major component for TV.

Sukhia Plast Private Ltd's owner Dheeraj Arora, who is planning to launch a new brand - Baux TV in the Indian market, said that due to this move, small players would be impacted more as they have limited inventory of open cells with them.

Sources in the know of the matter and the industry said that the initiative of government to boost local manufacturing is a nice initiative, but this may not boost local manufacturing and rather may put a major dent on the existing manufacturing work in this industry.

If the duty is levied, TV manufacturers would be constrained to pass on the additional costs to the consumer if the import duty concession is not extended beyond September, thus burdening the consumers with higher purchase prices for TV sets ahead of the festive season.

At present, India doesn't have any production facility for open cell, and in such a situation, any restriction or price increase on the import of open cell in India may make it difficult for manufacturers to import open cell.

If open cells are not imported, then all activities – manufacturing, assembling and servicing done in relation to TV manufacturing in India will also reduce.

A lot of companies are planning to invest in this space in India, but they may divert if no action or definitive plan is introduced.

Responding on this issue, Ashok Aggarwal Director Espoir Plast India Pvt Ltd, a reputed manufacturer or supplier of plastic granules to TV Panel manufacturers and other industries, said that the government's move to end the import duty concession on the import of open cell panels might adversely affect the TV manufacturers and industries linked to them, including the plastic industry.

He appreciated the government's intent but was of the view that the same should be extended for at least one year as the industry is already trying to cover the loss caused on account of Global pandemic Covid- 19.

He said, 'Meanwhile, the manufacturers should discuss with the government and may start developing manufacturing facilities for open cells in India.'

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Contact us at :-

United News of India

9, Rafi Marg, New Delhi-110001

Email: vsat@uniindia.com

Contact: 011-23714434 / 23357614 (O)

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