

BUDGET 2023-24

Update with focus on Electronics Industry



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Union Budget 2023-24: Provisions Driving Electronics System Design & Manufacturing Sector – Some examples

- Per capita income at ₹1.97 lac more than double in last 5 years
- India 5th largest economy of the world.
- Clean Energy: Rs 35,000 crores priority capital for the energy transition, Green credit programme, support for Battery storage programs, National Green Hydrogen mission with an outlay of Rs 19,700 crore
- Big push on Infra and Transportation, Logistics:
 - Aviation: 50 additional airports, helipads, water aero drones, etc.
 - Railways gets massive boost: An outlay of Rs 2.4 lakh crore
- Digital services: DigiLocker to be expanded, 100 labs for 5G applications, Labs will cover smart classrooms, precision farming, and healthcare applications.
- Phase 3 of E-courts projects to be launched with outlay of Rs 7,000 crore
- Education: Three centers of excellence for AI, and other advanced emerging technologies
- Skill Development in Industry 4.0, Robotics, Drones and more

Customs Tariff Key highlights : Electronics Industry

- ❑ Custom duty exemption for the import of machinery required for manufacture of lithium-ion cells for batteries used in EVs
- ❑ Reduction on Basic Custom duty on specific parts used in manufacturing of Television Sets to 2.5%
- ❑ Reclassification in HS Codes 8517 and 8524 for Flat Panel Display inputs *(Slides 8, 10, 11)*
- ❑ Relief on custom duty on import of certain parts used in the manufacturing of Mobile Phones *(Change in Effective Tariff Rate Slide 5&7; Srl 3 and 7)*
- ❑ Rectification of inverted duty structure to encourage manufacturing of electric kitchen chimneys *(Change in Effective Tariff Rate Slide 5&6; Srl 1 and 4)*
- ❑ Extension of Exemption notifications *(Slide Nos. 12 – 19)*

Notable Changes

- Substitution/ Amendment in **Tariff Heading 8517** – Information Technology Agreement, 1996 – motivated in Supporting Manufacturing of Electronics
- Expansion in the scope of **Tariff Heading 8524**
 - Separate tariff items have been added for flat panel display modules for certain categories of ADPM, mobile phones, television sets/ LCDs, and residual categories for others.
- Scope of exemption widened to include **capital goods used for manufacturing** the batteries for electrically operated vehicles
- Reduction in the customs duty rate on **components** used in the **manufacture of open-cell of TV panels**
- Reduction in effective customs duty on **camera lens and sub-parts/ inputs** used in the manufacture of mobile phone camera module

Changes in Effective Tariff Rate

S. No.	Tariff Heading	Description	From	To
Rate Change w.e.f. 02.02.2023				
1.	8414 60 00	Hoods (<i>Electrical Chimney</i>) having a maximum horizontal side not exceeding 120 cm	7.5% (Tariff)	15% (Tariff)
2.	25, 28, 32, 39, 40, 69, 73, 85	Goods mentioned at Column (3) of S. No. 17, List A of Notification No. 25/1999-Cus dated 28.02.1999 when imported for manufacture of Ferrites and Pre-calcined Ferrite Powder	Nil (Except for manufacture of pre-calcined ferrite powder)	Nil [S. No. 17, List A, Notification No. 25/1999-Cus dated 28.02.1999]
3.	Chap 84 and Chap 85	Goods mentioned in Column (2) of S. No. 69 of Notification No. 25/2002-Cus dated 01.03.2002 when imported for Lithium Ion Cell for use in the manufacture of Battery of Mobile Hand Sets or Battery of Electrically Operated Vehicles	Nil [Except for manufacture of Electrically Operated Vehicles]	Nil [S. No. 69 of Notification No. 25/2002-Cus dated 01.03.2002]

SI no 2 - accepted by govt. of ELCINA wish list

Changes in Effective Tariff Rate

S. No.	Tariff Heading	Description	From	To
Rate Change w.e.f. 02.02.2023				
4.	8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys falling under CTI 8414 60 00	20%	15% (Condition No. 9, IGCRS) [S. No. 498AA of Notification No. 50/2017-Cus dated 30.06.2017]
5.	8529	The following goods for use in the manufacture of Open cell of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels of heading 8524, namely: - (i) Chip on Film; (ii) Printed Circuit Board Assembly (PCBA); (iii) Cell (glass board/substrate).	5%	2.5% (Condition No. 9, IGCRS) [S. No. 515B of Notification No. 50/2017-Cus dated 30.06.2017]

Changes in Effective Tariff Rate

S. No.	Tariff Heading	Description	From	To
Rate Change w.e.f. 02.02.2023				
6.	39, 40, 58, 70, 72, 73, 83, 84, 85, 87, 90	Vehicles, automobile parts/components, sub-systems and tyres specified in List 36, when imported by testing agencies specified in List 37, for the purpose of testing and/or certification	Variable Rates as per Chapter	Nil (Condition No. 113) [S. No. 532A of Notification No. 50/2017-Cus dated 30.06.2017]
7.	Any Chapter	Camera lens and its inputs/ parts for use in manufacture of camera module of cellular mobile phone	2.5% (S. No. 6B, Notification No. 57/2017-Cus dated 30.06.2017)	Nil (S. No. 6BA, Notification No. 57/2017-Cus dated 30.06.2017)

SCHEDULE CHANGES

Tariff Heading 8517- Telecom Equipment and Devices

S No	Previous Description	HS Code	New Description
1.	Modems (modulators-demodulators)	85176230	Modems (modulators-demodulators) for xDSL based Wireline Telephony
2.	High bit rate digital subscriber line system (HDSL)	8517 62 40	Omitted
3.	Multiplexers, statistical multiplexers	8517 62 70	Multiplexers, statistical multiplexers for PDH based Wireline Telephony”
4.	Subscriber end equipment	8517 69 50	Omitted
5.	Set top boxes for gaining access to internet	8517 69 60	Set top boxes for gaining access to internet for Wireline Telephony

Flat Panel Display Modules – CTH 8524

NEW ENTRIES SUBSTITUTED TO CUSTOMS TARIFF W.E.F. 01/05/2023

- **Changes on import of Flat Panel Display Modules under CTH 8524 with effect from 01.05.2023 – (Slides 10, 11)**
 - **Earlier tariff entries have been substituted with new entries**
 - **Now separate tariff items (8-digit level) have been added for flat panel display modules for certain categories of ADPs (Computers), mobile phones, television sets/ LCDs, and residual category for others.**
 - **No change in effective BCD rate**

SCHEDULE CHANGES

Tariff Heading 8524: FLAT PANEL DISPLAY MODULES, WHETHER OR NOT INCORPORATING TOUCH-SENSITIVE SCREENS

S No	Previous HSC	Description	Revised HS Lines (Finance Bill 2023)	New Description
1	8524 11 00	Of Liquid Crystal	8524 11 10	For the goods of sub-heading 8471 30 or 8471 41 Laptop, Notebook, Computers
			8524 11 20	For the goods of sub-heading 8517 13 or 8517 14 Smart phones, Cellphones
			8524 11 30	For the goods of sub-heading 8528 72 or 8528 73 Monotor/Projector, LCD TV
			8524 11 90	Other
2	8524 12 00	Of organic light-emitting diodes (OLED)	8524 12 10	For the goods of sub-heading 8471 30 or 8471 41
			8524 12 20	For the goods of sub-heading 8517 13 or 8517 14
			8524 12 30	For the goods of sub-heading 8528 72 or 8528 73
			8524 12 90	Other
3	8524 19 00	Other	8524 19 10	For the goods of sub-heading 8471 30 or 8471 41
			8524 19 20	For the goods of sub-heading 8517 13 or 8517 14
			8524 19 30	For the goods of sub-heading 8528 72 or 8528 73
			8524 19 90	Other
4	8524 91 00	Of liquid crystals	8524 91 10	For the goods of sub-heading 8471 30 or 8471 41

Schedule Changes for 1) Laptop, Notebook, Computers, 2) Smart Phones, Cellphones, 3) Monitor Projector, LCD TV

SCHEDULE CHANGES

Tariff Heading 8524: FLAT PANEL DISPLAY MODULES, WHETHER OR NOT INCORPORATING TOUCH-SENSITIVE SCREENS

S No	Previous HSC	Description	Revised HS Lines (Finance Bill 2023)	New Description
			8524 91 20	For the goods of sub-heading 8517 13 or 8517 14
			8524 91 30	For the goods of sub-heading 8528 72 or 8528 73
			8524 91 90	Other
5	8524 92 00	Of organic light-emitting diodes (OLED)	8524 92 10	For the goods of sub-heading 8471 30 or 8471 41
			8524 92 20	For the goods of sub-heading 8517 13 or 8517 14
			8524 92 30	For the goods of sub-heading 8528 72 or 8528 73
			8524 92 90	Other
6	8524 99 00	Other	8524 99 10	For the goods of sub-heading 8471 30 or 8471 41
			8524 99 20	For the goods of sub-heading 8517 13 or 8517 14
			8524 99 30	For the goods of sub-heading 8528 72 or 8528 73
			8524 99 90	Other

Schedule Changes for 1) Laptop, Notebook, Computers, 2) Smart Phones, Cellphones, 3) Monitor Projector, LCD TV

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

S. No.	S. No. according to Notification 50/2017	Description
1	133	Gold Ores and Concentrates for use in the manufacture of gold
2	172	The following goods, namely:- (a) Silicon in all forms, that is, polycrystalline silicon or ingots, for the manufacture of undiffused silicon wafers; (b)Undiffused silicon wafers, for the manufacture of solar cells or solar cell modules;
3	238	Organic / inorganic coating material for manufacture of electrical steel
4	253	The following goods for use in the manufacture of Brushless Direct Current (BLDC) motors, namely:- (i) Magnet Resin (Strontium Ferrite compound/before formed, before magnetization); (ii) Neodymium Magnet (before Magnetization)
5	257	Tags, labels, stickers, belts, buttons or hangers, imported by bonafide exporters
6	261	(i) Alatheon (ii) Copper wire
7	265	Capacitor grades polypropylene granules or resins for the manufacture of capacitor grade plastic film
8	276	Ethylene – propylene – non-conjugated diene rubber (EPDM) for use in the manufacture of insulated wires and cables falling under heading 8544 (except sub-heading 8544 11)

Relevant Entries for ESDM Sector: Srl. 172, 253, 257, 261, 265, 276

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

9	277A	Calendared plastic sheet for use in manufacturing of Smart Card falling under the heading 8523
10	333	Moulds (including chassis for the manufacture of semi-conductor devices), tools (excluding tungsten carbide micro PCB drills) and dies, for the manufacture of parts of electronic components or electronic equipments
11	334	The following goods, namely:- (1) Graphite Felt or graphite pack for growing silicon ingots; (2) Thin steel wire used in wire saw for slicing of silicon wafers
12	378	Metal parts for use in the manufacture of electrical insulators falling under heading 8546
13	392	Dies for drawing metal, when imported after repairs from abroad, in exchange of similar worn- out dies exported out of India for repairs
14	415	(a) Parts of catalytic convertors, for manufacture of catalytic convertors (b) The following goods for manufacture of catalytic convertors and their parts, namely: - (i) Palladium (ii) Platinum (iii) Rhodium (iv) Raw Substrate (ceramic) (v) Washcoated Substrate (ceramic) (vi) Raw Substrate (metal) (vii) Washcoated Substrate (metal) (viii) Noble Metal Solution (ix) Noble Metal Compounds (x) Stainless Steel wire cloth stripe (falling under CTH 7314 14 10) (xi) Wash Coat (falling under CTH 3824 99 90)
15	421	(i) Goods specified in List 1 6, other than those falling under tariff items 8517 61 00, 8517 62 90, 8517 69 90, required for basic telephone service, cellular mobile telephone service, internet service or closed users's group 64 KBPS domestic data network via INSAT satellite system service (ii) Parts, for manufacture of the goods at (i)
16	422	Machinery, electrical equipment, other instruments and their parts except populated Printed Circuit Boards for use in fabrication of semiconductor wafer and Liquid Crystal Display

Relevant Entries for ESDM Sector: Srl. 277A, 333, 334, 378, 421, 422

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

		(LCD)
17	423	Machinery, electrical equipment, other instruments and their parts except populated Printed Circuit Boards for use in assembly, testing, marking and packaging of semiconductor chips
18	426	The goods specified in List 19, for the manufacture of goods falling under heading/sub - heading/tariff item 8523 52 00, 8541, 8542, 8543 90 00 or 8548 90 00 (2) Parts, for manufacture of the goods at (1)
19	428	The following goods, imported by an accredited press cameraman: - (i) Photographic cameras; (ii) cinematographic cameras; (iii) digital cameras; and (iv) lenses, filters, flash light apparatus and exposure meters required for use with the aforesaid cameras
20	429	The following goods, imported by an accredited journalist: - (i) Personal computers including lap top personal computers; (ii) typewriters; and (iii) fax machines
21	435	The following goods, namely: - (A) High speed cold -set web offset rotary double width four plate wide printing machines with a minimum speed of 70,000 copies per hour or High speed Heat -set web offset rotary printing machines with a minimum speed of 70,000 copies per hour; (B) Mailroom equipment suitable for use with (A), namely: - (i) overhead conveyor gripper; (ii) stacker; (iii) wrapper; (iv) labeller; (v) strapper; (vi) inserters; (vii) delivery conveyors
22	462	Ball screws for use in the manufacture of CNC Lathes (tariff item 8458 11 00, 8458 91 00) or Machining Centres (tariff item 8457 10 10, 8457 10 20)

Relevant Entries for ESDM Sector: Srl. 423, 426

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

23	463	Linear Motion Guides for use in the manufacture of CNC Lathes (tariff item 8458 11 00, 8458 91 00) or Machining Centres (tariff item 8457 10 10, 8457 10 20)
24	464	CNC Systems for use in the manufacture of CNC Lathes (tariff item 8458 11 00, 845891 00) or Machining Centres (tariff item 8457 10 10, 8457 10 20)
25	468	The following goods, namely : - (i) Micro ATMs as per standards version 1.5.1; (ii) Fingerprint reader / scanner; (iii) Iris scanner; (iv) Miniaturised POS card reader for mPOS (other than Mobile phone or Tablet Computer); (v) Parts and components for use in the manufacture of the goods mentioned at (i) to (iv) above.
26	471	All parts for use in the manufacture of LED lights or fixtures including LED Lamps
27	472	All inputs for use in the manufacture of LED (Light Emitting Diode) driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps
28	475	Goods specified in List 28
29	476	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team
30	477	Photographic, filming, sound recording and radio equipment, raw films, video tapes and sound recording tapes of foreign origin, if imported into India after having been exported therefrom .
31	478	The wireless apparatus, accessories and parts specified in List 29, imported by a licensed amateur radio operator

Relevant Entries for ESDM Sector: Srl. 468, 471, 472, 475

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

32	489B	The following goods for use in the manufacturing of Microphones falling under tariff item 8515 10 00, namely: (i) Microphone Cartridge; (ii) Microphone Holder; (iii) Microphone Grill; (iv) Microphone Body
33	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles. Explanation: For the purposes of this entry, "electrically operated vehicles" means vehicles which are run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicles and shall include electric motor assisted cycle rickshaw driven by rechargeable solar batteries, also known as 'soleckshaw'.
34	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
35	504	Parts and Components of Digital Still Image Video Cameras
36	509	(a) Parts, components and accessories except populated printed circuit boards for manufacture of Digital Video Recorder (DVR)/ Network Video Recorder (NVR) falling under 85 21 90 90; (b) Sub -parts for use in manufacture of items mentioned at (a) above.
37	510	(a) Parts, components and accessories except populated printed circuit boards for use in manufacture of reception apparatus for television but not designed to incorporate a video display falling under tariff item 8528 71 00; (b) Sub -parts for use in manufacture of items mentioned at (a) above.
38	511	(a) Parts, components and accessories except populated printed circuit boards for use in manufacture of CCTV Camera /IP camera falling under 8525 80 20; (b) Sub-parts for use in manufacture of items mentioned at (a) above.

All Relevant Entries for ESDM Sector

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

39	512	(a) Parts, components and accessories except populated printed circuit boards for use in manufacture of lithium -ion batteries other than batteries of mobile handsets including cellular phones falling under tariff item 8507 60 00; (b) Sub -parts for use in manufacture of items mentioned at (a) above
40	512A	Inputs, parts or sub-parts for use in the manufacturing of Printed Circuit Board Assembly (PCBA) (falling under tariff item 8507 90 90) of Lithium-ion battery and battery pack
41	515A	Open cell (15.6" and above) for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels of heading 8524 8529
42	516	The following goods for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels of heading 8529, namely: - (i) Open cell (15.6" and above); (ii) Plate diffuser; (iii) Film diffuser; (iv) Reflector sheet; (v) Film, top; (vi) Film, middle; (vii) Film, bottom; (viii) BAR, LED; (ix) Cushion /Gasket; (x) Bezzal; (xi) Back cover sheet (xii) Back Light Unit Module
43	517	Magnetron of up to 1.5KW used for the manufacture of domestic microwave Ovens
44	519	Raw materials or parts for use in manufacture of e-Readers
45	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium ion cells falling under tariff item 8507 60 00
46	527	Lithium ion automotive battery for manufacture of Lithium ion battery packs for supply to the manufacturers of hybrid and electric vehicle

All Relevant Entries for ESDM Sector

Extended by 1-year to 31.03.2024 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

47	565	The following goods for use in the manufacture of Flexible Medical Video Endoscope (heading 9018), namely :- (i) CCD/CMOS Camera Sensor; (ii) Main printed circuit board of CCD/CMOS Camera Sensor; (iii) Objective Lens for CCD/CMOS Camera Sensor; (iv) Light Guide/Image Guide optical fiber bundle; (v) Ultrasound Transducer; (vi) Main printed circuit board of Ultrasound Transducer.
48	568	Parts and components required for manufacture of Blood Pressure Monitors and blood glucose monitoring system (Glucometers)
49	591	Parts of electronic toys for the manufacture of electronic toys, namely, parts of electric trains, including tracks, signals and other accessories therefor
50	593	Parts of video games for the manufacture of video games

All Relevant Entries for ESDM Sector

Extended by 2-year to 31.03.2025 – (EXTENSION OF NOTIFICATIONS Vide Notification No. 2/2023 dated 01.02.2023) - Electronics

S. No.	S. No. (Cust. Notif. 50/2017)	Description
1	168	The following goods, namely:- (A) Goods specified in List 5, for the manufacture of telecommunication grade optical fibres or optical fibre cables; (B) Fibre reinforced plastic rods (FRP),for the manufacture of telecommunication grade optical fibres or optical fibre cables; (C) Goods specified in List 6 for manufacture of telecommunication grade FRP.
2	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables.
3	341A	The following goods for the manufacture of Preform of Silica, namely: (i) Refrigerated Helium Liquid (2804); (ii) Germanium Tetra Chloride (2812); (iii) Silica tetra chloride (2812); (iv) Silica tube (7002); (v) Silica Rods (7002)
4	405	The following goods, namely: - (1) Wind operated electricity generators upto 30 KW and wind operated battery chargers upto 30 KW (2) Parts of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators, namely: - (a) Special bearings, (b) Gear box, (c) Yaw components, (d) Wind turbine controllers, and (e) Parts of the goods specified at (a) to (d) (3) Blades for rotor of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators (4) Parts for the manufacture or the maintenance of blades for rotor of wind operated electricity generators
5	406	Permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators

Relevant Entries for ESDM Sector: 168, 341, 341A