



THE VOICE OF
US-INDIA INDUSTRY



November 8, 2018

Shri Ravi Shankar Prasad
Minister Electronics, Information Technology and
Law and Justice
Electronics Niketan, 6, CGO Complex, Lodhi Road,
New Delhi, India.

RE: Notification No. 74/2018 and 75/2018 – Customs, 11 October 2018

Dear Sir:

We, the undersigned, represent technology companies dedicated to doing business in India. We support the objectives of Digital India and see it as an important element of India's growth strategy.

However, we do not see raising customs duties as described in the above referenced notices as an effective strategy to spur the deployment and use of broadband digital services in India. Increased duties have a direct impact on the cost of providing telecommunications for the domestic companies who serve the market, which ultimately will get passed on to customers. The end result could be a counterproductive effect on the government's goals of bringing broadband services to the population of India.

We note that the recently adopted National Digital Communications Policy (NDCP) sets a high bar for achieving growth in infrastructure and leveraging that growth for corresponding macro-economic gains. We support the policy objective to create a competitive facilities-based telecommunications market but have deep concerns about India's ability to meet those objectives with an unstable cost structure exacerbated by unjustified, unpredictable, and WTO-inconsistent tariff increases. We believe that without foreign companies, such as our Members, supplying critical ICT components and other essential equipment needed for secure, reliable and interoperable network systems, the NDCP's policy objectives and timeframes will be difficult, if not impossible, to meet.

Finally, we want to express our concerns about the frequency of changes being made to India's Customs duty schedule, a practice that dates back to July 2014. The October Customs Notifications were preceded by changes made to India's Customs schedule in April and February 2018; June and December 2017; and July 2014. The disruption and uncertainty this creates in corporate planning cycles and global supply chains will ultimately have an impact on investment decisions, putting at risk the NDCP's goal of attracting US\$100 billion in investment.

Honorable Minister, we respectfully urge MeitY to carefully consider the long-term impact that the imposition of unjustified duties will have on the Indian government's overall growth objectives, and to revert to a duty-free environment for these products, in line with India's WTO commitments.

Sincerely,

Information Technology Industry Council (ITI)
Telecommunications Industry Association (TIA)
U.S.-India Business Council (USIBC)

Cc:

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