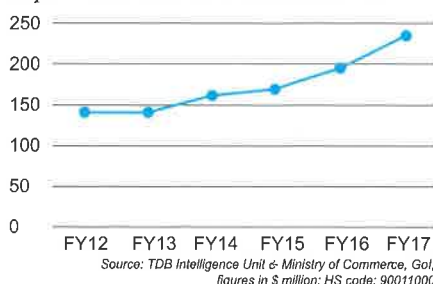


research, has recommended items under 13 HS codes, including OFC, be given 5% MEIS benefits. Bhatnagar says that if the government can lend this support, exports from the telecom sector, including OFC, can increase by over \$3 billion in the next three years.

### India's export of OFC

Exports have been on a continuous rise



Another major issue for manufacturers and exporters of OFC is the Goods and Services Tax (GST) that was introduced on July 1, 2017. Tax under GST for OFC has been fixed at 18%, which means a large chunk of an exporter's working capital will remain in government coffers till the time the refund is issued. Parag Tyagi of Himnash Limited, a Ghaziabad-based exporter, says, "The business has been growing substantially over the last 10 years. But with the introduction of GST we are very worried. In fact, we are spending a lot of time analysing how GST will impact us and how we can minimise it." But then, there are exporters like Jain who have welcomed GST with open arms. "This is a positive move and will benefit the industry, because now we

will be able to get input tax credit for all taxes paid," says Jain.

### DOUBLE BONANZA

Despite the low rates of incentives and the teething troubles that exporters face due to implementation of GST, the times are good for manufacturers of optical fibre cables. For those OFC manufacturers who have been able to backward integrate and produce raw fibre the opportunities are enormous, both in the country and beyond. For instance, in 2011, the Indian government created a project called National Optical Fibre Network, to be executed by India's most prominent public sector undertakings (PSUs) – RailTel, Bharat Sanchar Nigam Limited and Power Grid Corporation

## "NEW EXPORT MARKETS ARE EMERGING"

**TDB:** Exports of optical fibre cables (OFC) has grown 66.1% since FY2012. What's driving the growth?

**Parth Aggarwal (PA):** Several factors have contributed to this incredible growth. But, mostly it is the increasing demand for higher and faster connectivity across the globe that has been boosting its exports. Presently, there are several telecom projects under execution in countries like Bangladesh, Nepal, China, Sri Lanka, Africa, etc., and India-based original equipment manufacturers (OEMs) cater to almost 80% of the requirement in Nepal and Bangladesh.

Buyers that majorly procure optical fibre cable (OFC) from India include telecom industries, large infrastructure contractors and large retail based distributors that cater to Internet service providers, multiple system operators and civil contractors. Our company's OFCs range from 1F to 144F, both armoured and unarmoured. And, several customisations go into the making of OFC, depending on the project requirement or the type of application it is used for.

**TDB:** How stiff is the competition amongst domestic suppliers?

**PA:** Suppliers mostly compete against



**Parth Aggarwal**  
DIRECTOR, PARAMOUNT WIRES  
AND CABLES LTD.

each other in two ways: either by offering better quality or by offering lower price. Several OEMs have the advantage of backward integration and, at the moment, there is a huge deficit of fibre in the market. So, the few OEMs that can manufacture bare fibre use their resources strategically. Additionally, some companies (including ours) also offer services including laying, execution of turnkey projects, etc. Hence, many customers prefer companies that can provide end-to-end solutions.

**TDB:** Are you saying that the business

is restricted to mostly larger players?

**PA:** Yes, that's somewhat true. The major reason being, producing bare fibre is a big challenge. To do the same, a company needs the financial strength and the infrastructure to manufacture bulk quantities as well as meticulous resource management and planning.

**TDB:** India is ranked third in exports of OFC. How can we improve on this?

**PA:** As of now, there is so much of demand for OFC from India that business will sustain for at least another decade. But, the leading manufacturers will have to prioritise their supplies and arrange their resources, mainly fibre, according to the changing demand. At present, export figures are directly related to availability of fibre to Indian manufacturers. So, the sooner availability increase, the faster exports figures will rise.

**TDB:** What are your views on the future of the OFC manufacturing sector?

**PA:** It's a very promising time for the OFC industry because domestic demand is booming and new export markets are emerging. And, since the world is moving towards digitalisation, the demand is bound to remain stable in near term. ■