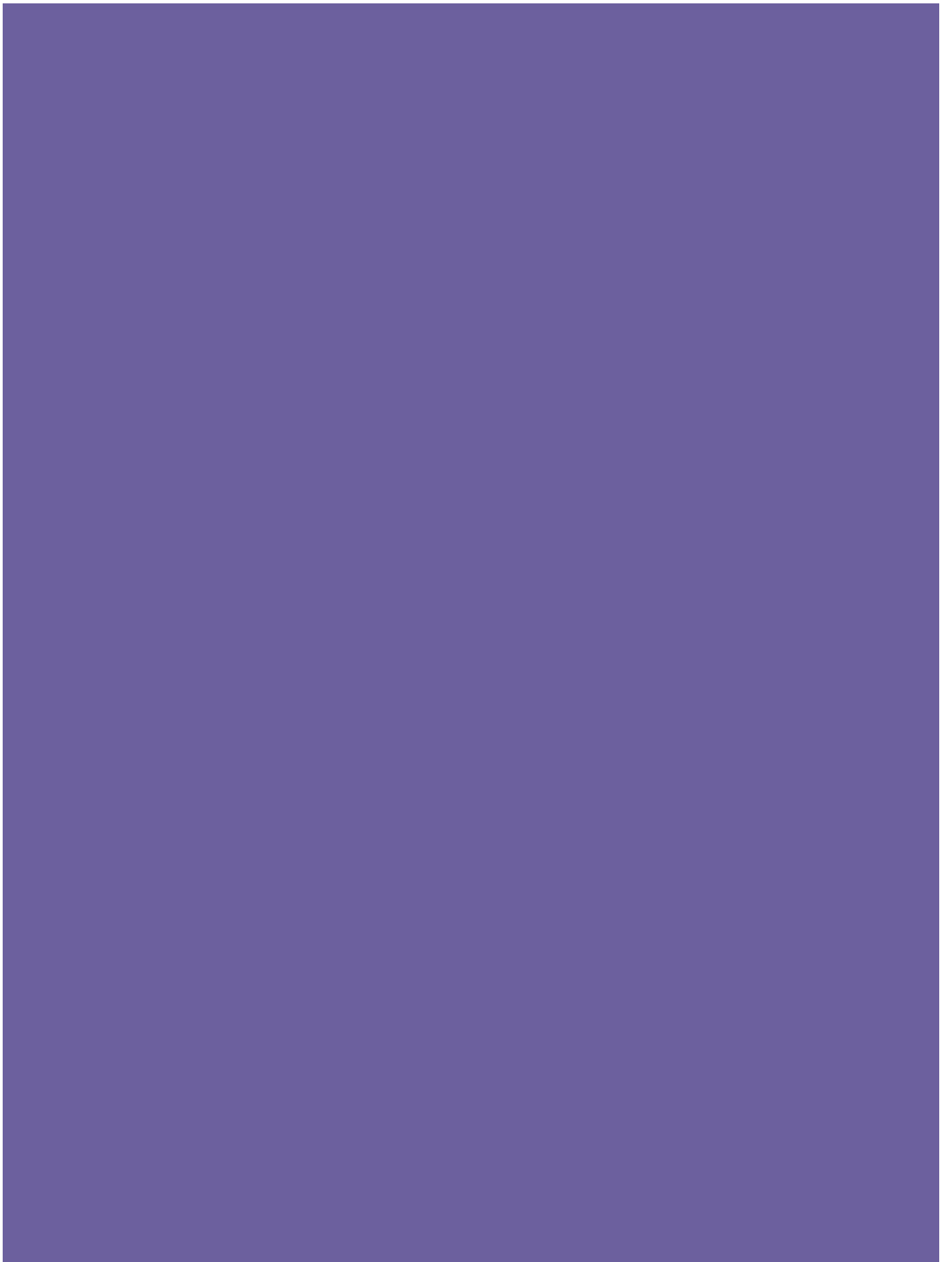




ELECTRONICS  
HARDWARE EXPORT  
2010-11





# Electronics Hardware Export 2010-11

## GOVERNMENT INITIATIVES

Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes. Sales from Domestic Tariff Area to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/ Duty Entitlement Pass Book (DEPB) benefits, CST exemption and Service Tax exemption. 100% Income Tax exemption on export profits is available to Special Economic Zone (SEZ) Units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter. The salient features of the existing tariff structure/ policy applicable to electronics hardware Industry are brought out below:

### Customs

- ◆ Peak rate of basic customs duty is 10%.
- ◆ India is a signatory to the Information Technology Agreement (ITA-1) of the World Trade Organization. Therefore, the basic customs duty on all the specified 217 tariff lines is 0%.
- ◆ All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to actual user condition.
- ◆ Customs duty on specified raw materials

and inputs used for manufacture of electronic components and optical fibres/ cables is 0%.

- ◆ Customs duty on specified capital goods used for manufacture of electronic goods is 0%.
- ◆ LCD Panels have been levied a concessional customs duty of 5% to promote indigenous manufacture of LCD TVs.
- ◆ Parts, components and accessories of mobile handsets including cellular phones are exempted from customs duty.

### Central Excise

- ◆ The standard rate of excise duty (CENVAT) is 10%.
- ◆ Microprocessors, Hard Disc Drives, Floppy Disc Drives, CD ROM Drives, DVD Drives/DVD Writers, Flash Memory and Combo-Drives are levied concessional excise duty of 5%.

## IT MANUFACTURING IN INDIA

- ◆ There are immense opportunities in the Indian hardware sector as the IT sector continues to be as dynamic as ever. With



increasing PC penetration in both corporate and home segments, the opportunities for IT manufacturing companies are immense.

- ◆ The competitive edge of India's IT capabilities is well recognized globally. Both hardware and software sectors have made important strides in the past one decade. It is evident that the movement up the value chain in product design, involving integration of both hardware and software, commonly known as “embedded technology”, will truly be to the advantage of India and the global IT industry.
- ◆ The Indian IT industry has matured over the years and improvements in quality standards in products and services has also evolved. MNCs can establish their manufacturing facilities in India as the hardware industry possesses requisite expertise and world class manufacturing standards.
- ◆ The socio-economic dimensions of IT manufacturing are equally important. A vibrant IT manufacturing base in the country would have immense multiplier effects on generating employment as well as spawning of tiny and small enterprises. There is immense scope for employment generation not only in manufacturing but also in servicing, maintenance etc.

## Electronics Hardware and Components Industry in India - An Overview

The electronic hardware and components industry has emerged as one of the dynamic, vibrant, diversifying and expanding manufacturing sectors in India. There has been a significant rise in the disposable surplus income with the middle class families in India. Their growing tech-savvy culture, passion for the latest fashion and purchasing power is fuelling a high demand for hi-tech high-end consumer electronic products, particularly home entertainment systems, high resolution LCD/Plasma TVs, audio-video equipment, telecom products including mobile phones, IT Hardware, domestic white goods etc. As a result, the India electronic industry has been diversifying its product range, and expanding its manufacturing base in India.

India now offers a huge potential and opportunity as a market as a market as well as a manufacturing base to cater not only to the growing domestic market but also to the global market. The total electronic hardware and components market in India is estimated US\$ 363 billion, according to Frost and Sullivan. By 2015, the TAM (Total Available/ Accessible Market) for the local Indian manufacturing industry is US\$ 158 billion.



Historically, the Indian electronics industry dates back to the 1960s, when it was initially focused on the development and maintenance of fundamental communication systems. Main players in India were public sector giants. During 1980s and 1990s, Indian electronics industry witnessed a steep growth due to the liberalization, mainly in the consumer electronics are, driven primarily by the growing middle class with a higher disposable income. The 1980s saw growth rates in excess of 30 percent.

The emergence of a business-friendly economic environment in India has attracted almost all major consumer electronics players from South Korea, Japan, USA, Germany, UK and China etc. They import as well manufacture locally to sell in the large domestic Indian market. India's burgeoning software sector is generating huge demand for IT hardware and components in the domestic market.

### **REGIONAL SPREAD OF INDIAN ELECTRONIC UNITS**

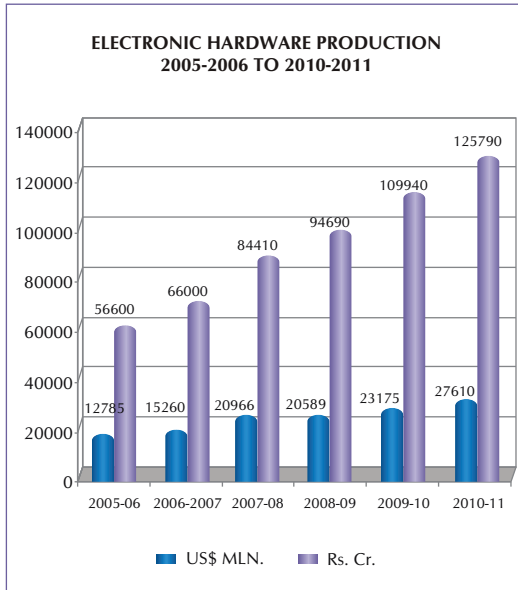
India's electronic hardware industry is concentrated in 3 main regions — the Northern Region around Delhi, the National Capital of India which accounts for 37% of the output. The Western Region around Mumbai and Pune accounts for 25% and the Southern

Region, which is mainly around Bangalore, Hyderabad and Chennai, accounts for 32% of the output. Bangalore has much concentration of public sector units and organised private sector players, partly linked to the presence of Indian defence establishments in the city.

There are more than 3500 units in both organised and unorganised sectors in India who are engaged in manufacturing of electronic goods as diverse as audio/video products, TV tubes, test and measuring instruments, medical electronic equipment, analytical and special application instruments, process control equipment, power electronic equipments, office equipment, electronic components, strategic electronics, telecom products and equipment. The electronics industry employs more than 400,000 persons in both the organised and unorganised sectors.

### **PRODUCTION OF ELECTRONICS HARDWARE DURING 2010-11**

India's Production of Electronic Hardware during the year 2010-11 is estimated to be Rs. 125790 crore (US\$ 27.61 billion). The production during the year 2010-11 registered a growth of 14 percent (19 percent in US\$ terms) over the year 2009-10 when the total production of Electronics hardware was estimated to be Rs. 109940 crore (US\$ 23.17 billion).

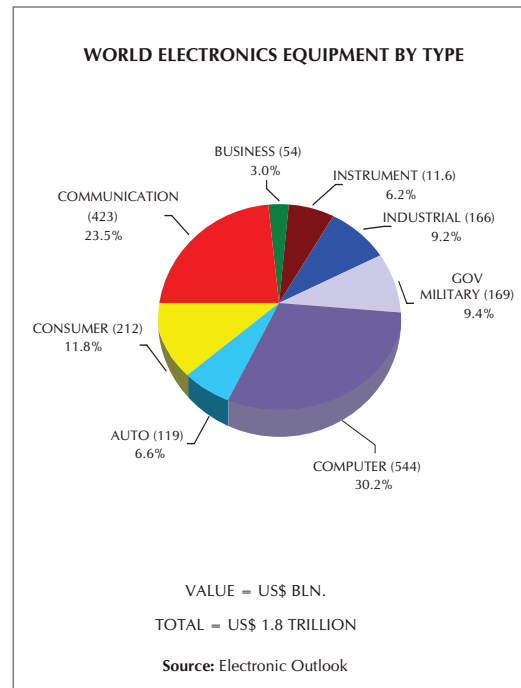


The annual average growth during the past five years in the production of Electronics Hardware has been 17.31 percent (16.79% in US\$ terms). Maximum production is seen in the consumer electronics sector followed by communication and broadcasting sector.

### WORLD ELECTRONICS EQUIPMENT PRODUCTION.

The total Electronics Equipment Production of the world during the year 2010-11 is estimated to be US\$ 1800 billion. The maximum production is that of Computer Systems and Peripherals (30.2 percent) followed by communication equipment (23.5 percent), Consumer Electronics (11.80 percent), Equipment for Government / Military (9.40 percent) and industrial equipment (9.20

percent). The breakup of world Electronics equipments by sector is shown below.



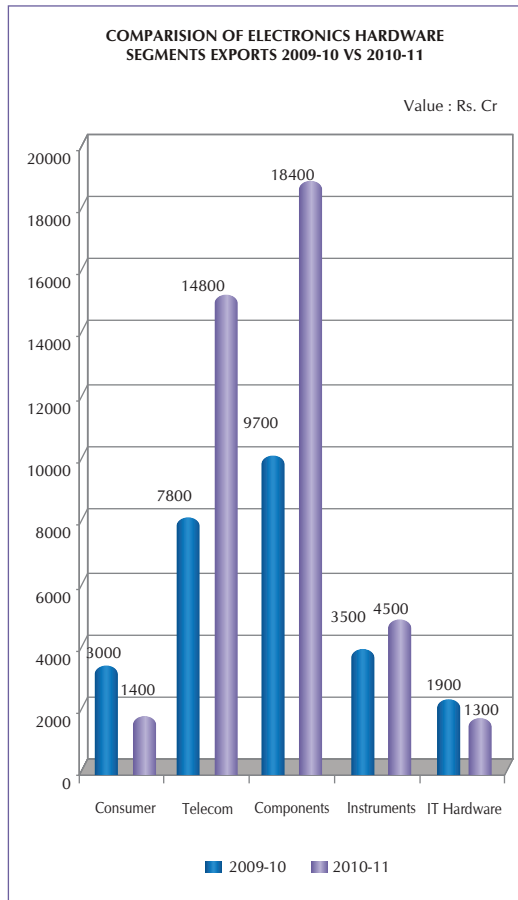
### INDIA'S SHARE IN WORLD ELECTRONICS EQUIPMENT PRODUCTION 2010-11.

India's total electronics hardware production estimated at US\$ 27.61 billion during the year 2010-11 accounts for a share of 1.54 percent in world electronic equipment production. Japan dominates world's production of electronic equipment with a share of 20 percent followed by China with a share of 18 percent. Europe and North America each accounts for a share of 15 percent. Rest of the world including India accounts for 32 percent.

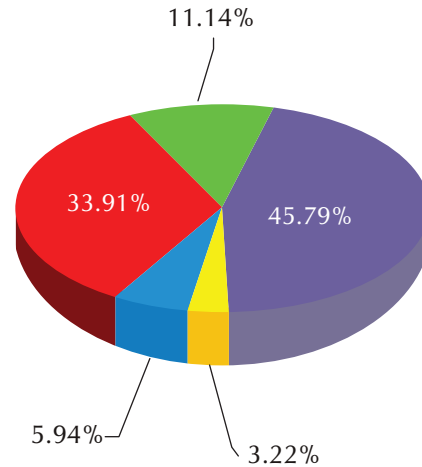


## EXPORT OF ELECTRONICS HARDWARE DURING 2010-11

Export of Electronics goods and components from India during the year 2010-11 registered a high growth of 56 percent (62 percent in US\$ terms) over the year 2009-10. In value terms, export of electronics goods during the year 2010-11 is estimated to be Rs. 40400 crore (US\$ 8867 million) up from Rs. 25900 crore (US\$ 5460 million) estimated in the year 2009-10.



### SECTORAL CONTRIBUTION IN EXPORTS OF ELECTRONIC HARDWARE 2010-11



Consumer Electronics (5.94%)	Rs. 2400 Cr [US\$ 527 mln]
Telecom Equipments (33.91%)	Rs.13700 Cr [US\$ 3007 mln]
Electronic Instruments (11.14%)	Rs. 4500 Cr [US\$ 988 mln]
Electronic Components (45.79%)	Rs. 18500 Cr [US\$ 4061 mln]
Computer Hardware (3.22%)	Rs. 1300 Cr [US\$ 285 mln]

**TOTAL : RS. 25900 CRORE (US\$ 5460 MILLION)**

## MAJOR ITEMS OF EXPORT

Export of Mobile phone registered a growth of 96 percent (104 percent in US\$ terms) during the year 2010-11. There has been a very high growth in export of printed circuits making it the 2nd top item of export during 2010-11. The other major items of export under Electronics hardware during 2010-11 are distributions panels, Solar Cells, Parts of Telephones, X-Ray Equipments, Rectifiers, Television Reception Apparatus etc.



**TOP ITEMS OF ELECTRONICS HARDWARE EXPORT DURING 2010-11**

S.No.	Items	Export 2010-2011		Export 2009-2010		%Age Growth during 2010-11 over 2009-10		Major Destinations During 2010-2011 with Approximate %age Share of Items in Total Export Value
		Rs. Lacs	US\$ Mln.	Rs. Lacs	US\$ Mln.	Rs. Term	US\$ Term	
1	MOBILE PHONES	1199599	2633	611497	1289	96.17	104.27	UAE (13%), NIGERIA (7%), INDONESIA (7%), ROMANIA (6%), SOUTH AFRICA (4%)
2	PRINTED CIRCUITS	451159	990	44648	94	910.48	952.18	AUSTRIA (89%), USA (6%), GERMANY (1%), SWEDEN (1%)
3	DISTRIBUTION PANELS	356882	783	215421	454	65.67	72.50	GERMANY (23%), USA (11%), UK (6%), QATAR (5%), UAE (5%)
4	SOLAR CELLS	249868	548	151912	320	64.48	71.27	ITALY (28%), GERMANY (21%), NETHERLAND (15%), SPAIN (6%), USA (5%)
5	PARTS OF TELEPHONES	169284	372	77388	163	118.75	127.77	ROMANIA (19%), CHINA (17%), NETHERLAND (17%), MEXICO (12%), USA (11%)
6	X-RAY EQUIPMENTS	125770	276	81384	172	54.54	60.92	SINGAPORE (55%), CHINA (12%), JAPAN (7%), GERMANY (7%), USA (7%)
7	RECTIFIERS	116060	255	100336	212	15.67	20.44	USA (41%), NETHERLANDS (25%), FRANCE (13%), S'PORE (6%), UAE (3%)
8	TELEVISION RECEPTION APPARATUS	99893	219	81663	172	22.32	27.37	USA (97%), GERMANY (1%), TAIWAN (1%)
9	PARTS OF PC	70399	155	27012	57	160.62	171.38	USA (48%), UAE (26%), S'PORE (4%), UK (4%), ALGERIA (3%)
10	Transformers	63663	140	48863	103	30.29	35.67	Nigeria (30%), KENYA (15%), Italy (15%), USA (6%), UAE (4%)





## MAJOR DESTINATION OF ELECTRONICS HARDWARE EXPORTS DURING THE YEAR 2010-11

There has been high growth of 138.65 percent (148.49 percent in US\$ terms) in export of Electronics products from India to EU countries during 2010-11 making this region the top destination. In value terms export of

electronics goods to EU countries is estimated to be Rs.13478 crore (US\$ 2958 million) during 2010-11 up from Rs. 5648 crore (US\$1190 million) estimated in the year 2009-10. Export to Singapore, Hong Kong and other South Asian countries registered a small growth export to Middle East, North America and Africa registered a growth of 45 percent or above.

COMPARISON OF MAJOR DESTINATIONS FOR ELECTRONIC HARDWARE EXPORTS  
(2010-2011 Vs 2009-2010)

Value : Rs. Cr (US\$ Mln.)

Destination	2010-11		2009-10		Variation %	
	Value	%age of Sectoral Total	Value	%age of Sectoral Total	In value terms	In %age Share Terms
EUROPE (EU COUNTRIES)	13478.00 (2958.30)	33.36	5647.69 (1190.49)	21.81	138.65 (148.49)	52.99
SINGAPORE, HONGKONG & OTHER SOUTH ASIAN COUNTRIES	6362.00 (1396.40)	15.75	6049.85 (1275.26)	23.36	5.16 (9.50)	-32.58
MIDDLE EAST COUNTRIES	5803.00 (1273.71)	14.36	4003.51 (843.91)	15.46	44.95 (50.93)	-7.08
NORTH AMERICA	5730.00 (1257.68)	14.18	3929.02 (828.21)	15.17	45.84 (51.86)	-6.50
AFRICAN COUNTRIES	3942.00 (865.23)	9.76	2718.09 (572.95)	10.49	45.03 (51.01)	-7.02
JAPAN KOREA & OTHER FAR EAST COUNTRIES	1838.00 (403.42)	4.55	1881.34 (396.57)	7.26	-2.30 (1.73)	-37.37
EUROPE (NON EU COUNTRIES)	1208.00 (265.14)	2.99	804.68 (169.62)	3.11	50.12 (56.32)	-3.76
LATIN AMERICA	1005.00 (220.59)	2.49	385.99 (81.36)	1.49	160.37 (171.11)	66.92
RUSSIA & C.I.S. COUNTRIES	720.00 (158.03)	1.78	259.28 (54.65)	1.00	177.69 (189.15)	78.03
AUSTRALIA & OTHER OCEANIC COUNTRIES	314.00 (68.92)	0.78	220.55 (46.49)	0.85	42.37 (48.25)	-8.73
<b>TOTAL</b>	<b>40400.00</b> <b>8867</b>	<b>100</b>	<b>25900.00</b> <b>5,460</b>	<b>100</b>	<b>55.98</b> <b>(62.42)</b>	
Average Exchange Rate 1US\$ =	<b>45.56</b>		<b>47.44</b>			



## MAJOR COUNTRIES FOR ELECTRONICS HARDWARE EXPORTS FROM INDIA DURING 2010-11

United States of America remains the top destination for India's Export of Electronics Hardware during the year 2010-11 as well. Austria has emerged as the 2nd top

destination for India's Electronics Hardware exports during 2010-11. The share of export to this country is estimated to be 10% percent in 2010-11. UAE has maintained its 3rd position in 2010-11. The other top countries to which India exported its electronics hardware are Germany, Singapore, Netherlands, Italy, Hong Kong, Nigeria and China.

MAJOR COUNTRIES FOR ELECTRONIC HARDWARE EXPORTS DURING 2010-11		
Value : Rs. Cr (US\$ Mln.)		
COUNTRY NAME	ELECTRONIC HARDWARE VALUE	%AGE OF SECTORAL TOTAL
UNITED STATES OF AMERICA	5513.00 (1210.05)	13.65
AUSTRIA	4046.00 (888.06)	10.01
UNITED ARAB EMIRATES	3094.00 (679.10)	7.66
GERMAN F REP	2368.00 (519.75)	5.86
SINGAPORE	2011.00 (441.40)	4.98
NETHERLANDS	1872.00 (410.89)	4.63
ITALY	1388.00 (304.65)	3.44
HONG KONG	1376.00 (302.02)	3.41
NIGERIA	1293.00 (283.80)	3.20
CHINA	1241.00 (272.39)	3.07
OTHERS	16198.00 (3555.31)	40.09
<b>TOTAL</b>	<b>40400.00</b> <b>(8867.43)</b>	<b>100.00</b>



Region	States/union Territories	2008-2009			2009-2010			2010-2011		
		Rs. Cr	US\$ Mln.	%age Total	Rs. Cr	US\$ Mln.	%age Total	Rs. Cr	US\$ Mln.	%age Total
SOUTH	TAMIL NADU	13200.00	2870.19	42.27	8000.00	1686.34	30.89	18500.00	4060.58	45.79
	KARNATAKA	6200.00	1348.12	19.86	6200.00	1306.91	23.94	6850.00	1503.51	16.96
	KERALA	865.00	188.08	2.77	850.00	179.17	3.28	1000.00	219.49	2.48
	ANDHRA PRADESH	310.00	67.41	0.99	280.00	59.02	1.08	400.00	87.80	0.99
	PONDICHERY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>REGION TOTAL</b>	<b>20575.00</b>	<b>1603.61</b>	<b>65.89</b>	<b>15330.00</b>	<b>3231.45</b>	<b>59.19</b>	<b>26750.00</b>	<b>5871.38</b>	<b>66.21</b>
NORTH	UTTAR PRADESH	4200.00	913.24	13.45	4300.00	906.41	16.60	5500.00	1207.20	13.61
	DELHI	650.00	141.34	2.08	600.00	126.48	2.32	700.00	153.64	1.73
	RAJASTHAN	275.00	59.80	0.88	292.00	61.55	1.13	350.00	76.82	0.87
	HARYANA	275.00	59.80	0.88	250.00	52.70	0.97	300.00	65.85	0.74
	HIMACHAL PRADESH	150.00	32.62	0.48	175.00	36.89	0.68	290.00	63.65	0.72
	PUNJAB	185.00	40.23	0.59	150.00	31.62	0.58	175.00	38.41	0.43
	UTTARANCHAL	0.00	0.00	0.00	30.00	6.32	0.12	100.00	21.95	0.25
	CHANDIGARH	27.00	5.87	0.09	24.00	5.06	0.09	49.00	10.76	0.12
	MADHYA PRADESH	25.00	5.44	0.08	24.00	5.06	0.09	48.00	10.54	0.12
	JAMMU & KASHMIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>REGION TOTAL</b>	<b>5787.00</b>	<b>1258.32</b>	<b>18.53</b>	<b>5845.00</b>	<b>1232.08</b>	<b>22.57</b>	<b>7512.00</b>	<b>1648.81</b>	<b>18.59</b>
WEST	MAHARASHTRA	4100.00	891.50	13.13	4000.00	843.17	15.44	4975.00	1091.97	12.31
	GUJARAT	425.00	92.41	1.36	400.00	84.32	1.54	600.00	131.69	1.49
	GOA	125.00	27.18	0.40	120.00	25.30	0.46	150.00	32.92	0.37
	<b>REGION TOTAL</b>	<b>4650.00</b>	<b>1011.09</b>	<b>14.89</b>	<b>4520.00</b>	<b>952.78</b>	<b>17.45</b>	<b>5725.00</b>	<b>1256.58</b>	<b>14.17</b>
EAST	WEST BENGAL	210.00	45.66	0.67	200.00	42.16	0.77	400.00	87.80	0.99
	BIHAR	4.00	0.87	0.01	3.00	0.63	0.01	10.00	2.19	0.02
	JHARKAND	0.00	0.00	0.00	2.00	0.43	0.01	3.00	0.66	0.01
	ORISSA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	CHATTISGARH	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>REGION TOTAL</b>	<b>214.00</b>	<b>46.53</b>	<b>0.69</b>	<b>205.00</b>	<b>43.21</b>	<b>0.79</b>	<b>413.00</b>	<b>90.65</b>	<b>1.02</b>
	<b>TOTAL</b>	<b>31226.00</b>	<b>6789.74</b>	<b>100.00</b>	<b>25900.00</b>	<b>5459.53</b>	<b>100.00</b>	<b>40400.00</b>	<b>8867.43</b>	<b>100.00</b>

