

Hardware sector is a 'victim' industry, says Nasscom chief

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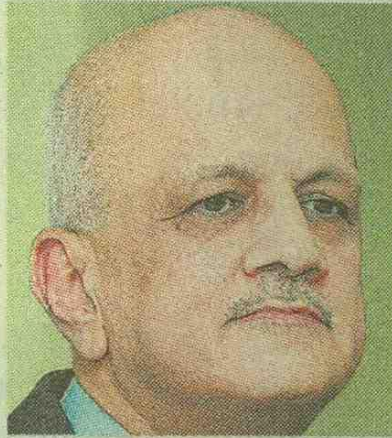
India's electronic hardware suffers from a 'competitive disability' when compared with countries like China. The industry has become far weaker than it was in 1970s, at least in relation to the global industry, according to R Chandrashekhar, President, Nasscom, and former Telecom Secretary.

The IT and telecom industries have grown tremendously in the last few years. However, the hardware sector is a 'victim' industry, he said while inaugurating the Centre for Technology and Policy at IIT Madras.

Key factors

The reasons are completely out of the control of the industry and revolves around issues such as high cost of finance, power, and uncertainty on logistics. In a high velocity, high volume and low margin industry, how to overcome this problem and boost the industry's performance is critical, he said.

Chandrashekhar said policy level decision and agreements in the electronic sector that allow zero duty imports have contrib-



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R CHANDRASHEKHAR,
President, Nasscom

uted to the problems. The Government lost the ability to provide protection to local manufacturing.

(In 1997, the ITA agreement was signed at the WTO where India committed itself to total elimination of all customs duties on IT hardware by 2005. The domestic demand is expected to increase by nearly four times to \$400 billion by 2020, according to the Ministry of Information and Technology).

As India gets more information, communication and technology centric, the usage and consumption of electronic hardware will increase manifold. Some of the projections that went into the hardware policy said that by 2020 the country would be paying for importing electronic hardware twice as much as of it pays for oil imports today. "These are alarming projections," he said.

Optical fibre network

He said one of the initiatives of the telecom policy was to spread optical fibre network across the country. The Government has undertaken a massive programme involving ₹20,000 crore to take the optical fibre to every Panchayat.

As the roll out is happening, the concerns include ensuring that such a large infrastructure gets used. While hundreds of gigabits of connectivity are being created, the usage is in megabits. What are the missing pieces? Policies are needed to ensure that the application and content and the capabilities built in the IT space is actually brought to this ecosystem., he said.