

\$125 bn to be touched by electronics sector by 2014

By Mail Today Bureau
in New Delhi

THE ECONOMIC meltdown might have played spoilsport with the global electronics industry but the demand in the domestic industry is likely to touch the figure of \$125 billion by 2014, up sharply from the present \$45 billion.

According to a report filed by the department of information technology (DIT) taskforce, the impact of the recession is bottoming out as the decision-making is beginning to happen along with pent-up demand for IT products and services. The companies emerging out of recession will need to leverage to compete effectively, the study added.

Electronic exports stood at \$4.4 billion in FY'09

Adds Vinnie Mehta, executive director, Manufacturers Association of Information Technology (MAIT), "The overall consumption of IT products and services in the country is increasing. And based on this, the taskforce feels that the industry has potential to grow exponentially in the coming years."

The export of electronics is expected to increase to \$15 billion by 2014 from the current \$4 billion. The size of the domestic IT-ITeS sector currently stands at \$12.4 billion. This is expected to grow to \$23 billion by 2014 and to \$50 billion by 2020. Exports too, are expected to increase to \$82 billion by 2014 and \$175 billion by 2020 from the current level of \$43.6 billion.

Eyeing the growth potential of the IT manufacturing industry an IT industry taskforce headed by HCL Infosystems chairman Ajai Chowdhry has called for the setting up of a 'national electronics mission' and extension of the existing tax holidays to promote the industry.

The taskforce submitted the report to telecom and information technology minister A. Raja on Friday.

"To achieve the targets, a definite action plan needs to be put in place by both the industry and the government. That apart, some immediate measures need to be taken to

tackle the current sluggishness in the market," said Chowdhry.

The national electronics mission is envisaged as a nodal agency for the industry within the DIT and with direct interface with the Prime Minister's Office (PMO). The nodal agency would help in the synchronised functioning of the industry through effective coordination across ministries and departments at the Centre and state levels.

Said R. Chandrashekhar, secretary, department of IT, ministry of communications & IT, "The goal is to arrive at a shared government-industry

vision of what the sector should aspire to achieve in the next few years, particularly in terms of investment, contribution to GDP and employment."

The electronics industry has the potential to increase employment in the country significantly, since some of its segments, such as electronic systems manufacturing, are human capital-intensive. The sector employs around 44 lakh people currently and this number is expected to grow to 1.61 crore by 2014 and 2.78 crore by 2020.

The electronics industry has high potential for domestic

value addition, especially in some of the segments such as semiconductor design and electronic systems product design. The domestic production of electronics has grown at 16 per cent annually over the period 2004-09 to tough revenues of \$20 billion.

A big portion of the domestic production is consumed by the Indian market and only a small part of it is exported. The export of electronics stood at \$4.4 billion for FY09, representing 21 per cent of the domestic production. Exports have grown at 19.5 per cent annually for the FY04-09 period, the taskforce report said.



DIT taskforce report

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