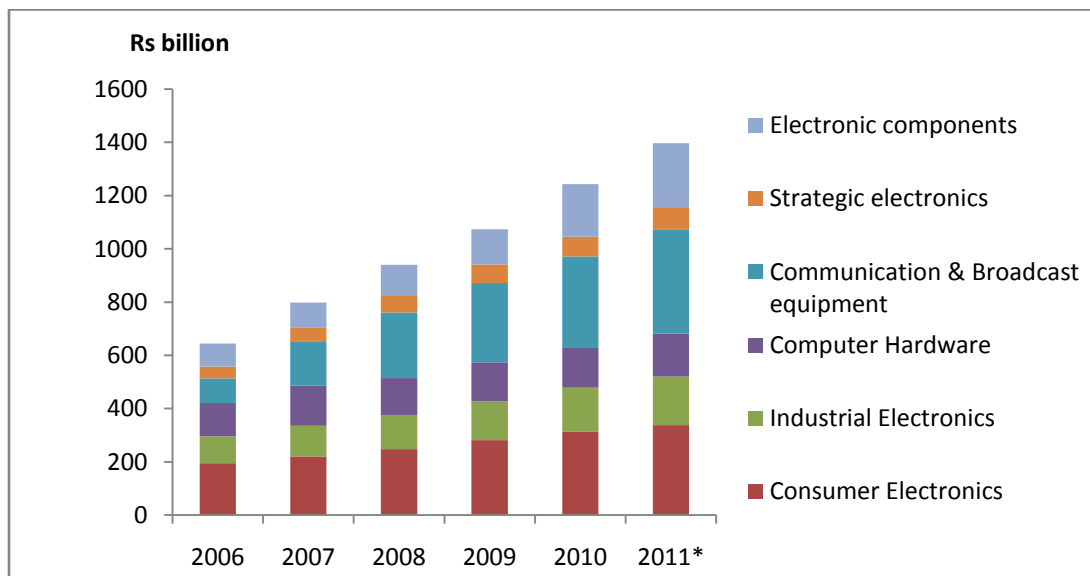


## IT Hardware & Electronics – Industry Structure

The Indian electronics industry date backs to the mid-1960s. Until 1984, the industry was primarily under government control. The industry witnessed rapid growth in the late 1980s with the entry of products like transistor radios, Black & White TV, Calculator and other audio products. Post the economic reforms and liberalisation in 1991; the industry witnessed private and foreign investments in the sector. The opening of electronics industry to the private sector facilitated establishment of industries across various product segments to meet the hitherto suppressed demand. India signed the ITA-1 (Information Technology Agreement) in 1997 which was implemented in 2005, post which the import duties for all ICT products and their inputs were removed. While this policy attracted foreign companies to the Indian market, it also created challenges for the domestic industry which was unable to compete with global companies on account of its higher cost structure. However, in recent times the industry has witnessed higher growth due to increased demand and high market growth along with policy changes that have encouraged manufacturing by removing the anomalies in the tax system.

### Product segments

The Indian IT Hardware and Electronics market constitutes seven broad product segments namely, Consumer Electronics, Controls, Instrumentation & Industrial Electronics, Electronic Data Processing (IT Hardware), Communication & Broadcast Equipment, Strategic Electronics and Electronic Components. The production trend for various product segments over the last six years is illustrated in the exhibit below.



Source: Department of Information Technology, Bangalore

### Geographic concentration

Most of the large IT hardware and electronics companies are located in major cities i.e. Delhi NCR, Mumbai, Bangalore, Chennai and Pune.