



# India: the Vibrant IT/Electronics Industry

Vinnie Mehta  
Executive Director

Manufacturers' Association for Information Technology





## Presentation agenda

- ◆ India – a land of opportunities
- ◆ Snapshot of Electronics & IT industry in India
- ◆ Conclusion

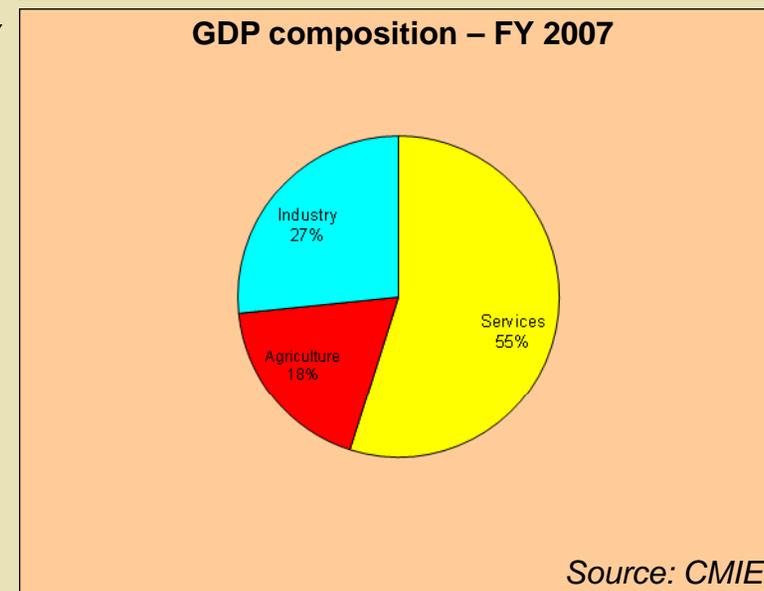
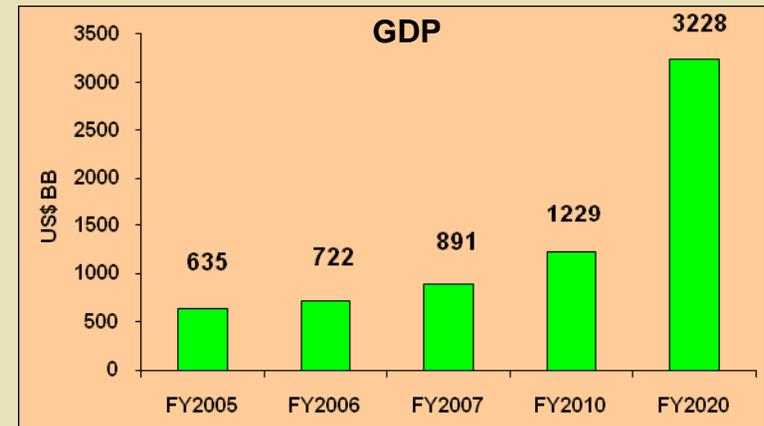
## India on the move...

### ◆ One of the fastest growing nations

- GDP grew at 9.4% during 2007
- Top 10% of nations since 1980
- On the verge of sustained double-digit growth

### ◆ Strong investment momentum

- Market capitalization up from USD 140 bn in FY 2001 to > USD 1 trn recently
- FDI on the rise - USD 23 bn (06) and USD 26 bn (07)
- FII investment (net) - USD 7.0 bn in 2006-07; USD 18.3 bn (H1 2007-08)
- 140 + public traded companies with market cap > USD 1 bn



**By 2050, India projected GDP is US\$ 70 trillion**



## India – the 5 Ds

### • Democracy

- Largest democracy in the world
- Largest digital elections
- 9 Prime ministers from 6 major parties, 50 + state parties, 3 mn elected representatives
- ONE POLICY

### • Diversity

- Highly diverse
- 23 languages, 30 provinces
- 6 major religions
- Cultural, religious, & Climatic

### • Diaspora

- Over 2 mn Indians outside India
- Indian companies outbound M&A > USD 15 bn in 2006

### • Demographics

- 1.12 Bn population, Remain a 'young' nation beyond 2050
- < 20 yrs population
  - 442 mn currently
  - 479 mn by 2050
- ~10 mn finishing school, 600,000 Engineers and 3 mn graduates p.a

### • Demand

- 5th largest consumer market in the world by 2025.
- 300 mn growing middle class
- Rising incomes to lift 291 mn out of poverty to make middle class 583 mn by 2025

**Ingredients for sustained and consistent economic performance**



## Key Electronics Associations in India

- ◆ **CEAMA:** Consumer Electronics & Appliances Manufacturers' Association
- ◆ **ELCINA:** ELCINA Electronic Industries Association of India
- ◆ **ISA:** Indian Semiconductor Association
- ◆ **MAIT:** Manufacturers' Association for Information Technology
- ◆ **TEMA:** Telecom Equipment Manufacturers Association

**CEHA: Council of Electronics Hardware Associations**



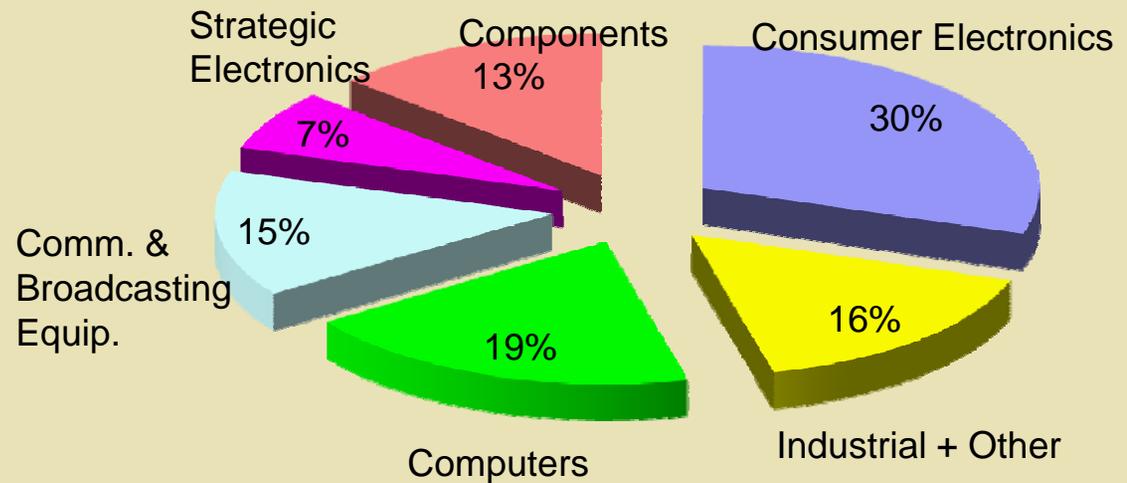
# Electronics industry in India: A snapshot

## ◆ The Market: 2007-08

- Domestic demand: USD 35bn
- Production: USD 18 bn
- Exports: USD 3.0 bn

## ◆ Employment

- Direct: 0.75 million
- Indirect: 1.5 million

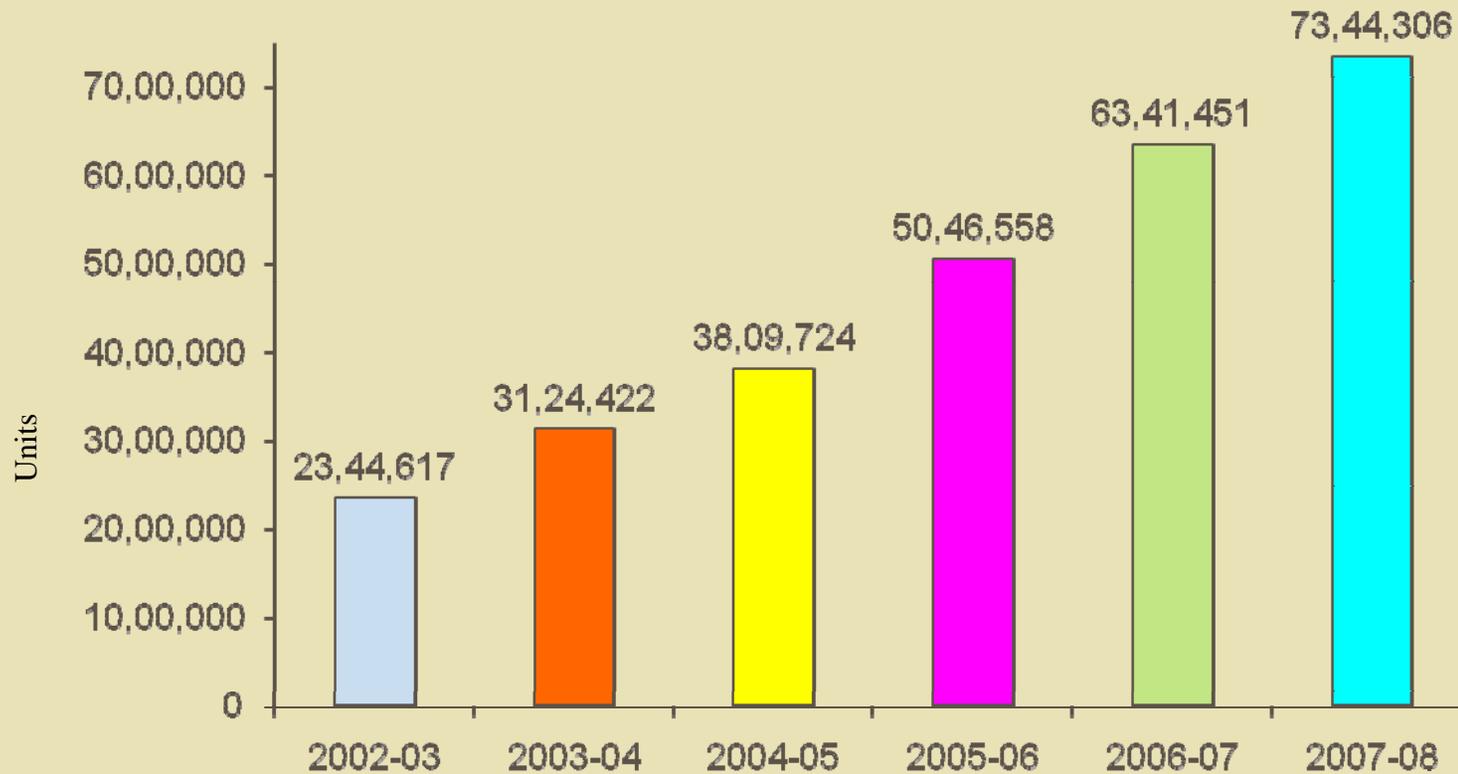


# Electronics & IT industry in India: A snapshot

## ◆ The Market: 2007-08

- IT Industry size: USD 60 bn +
  - IT Hardware Domestic: USD 8 bn; Exports: USD 2 bn
  - ITES & Software Exports: USD 40 bn ; Domestic: USD 9.0 bn
- 7.3 million PCs sold; Installed base: 27+ mn; PC penetration: 2.5%
- 13.5 million TVs consumed; Installed base 120 mn +
- 7 million + DVDs sold: growing at 40% annually
- Internet users: 50 mn+; Broadband connections: 4 mn +
- Mobile sales: 90 mn ; Installed base: 250 mn +
- Significant R&D and product development
- Sizeable presence of MNCs:  
Intel, IBM, Cisco, Motorola, Nokia, Samsung, LG...
- India is suddenly attractive for hardware/electronics manufacturing

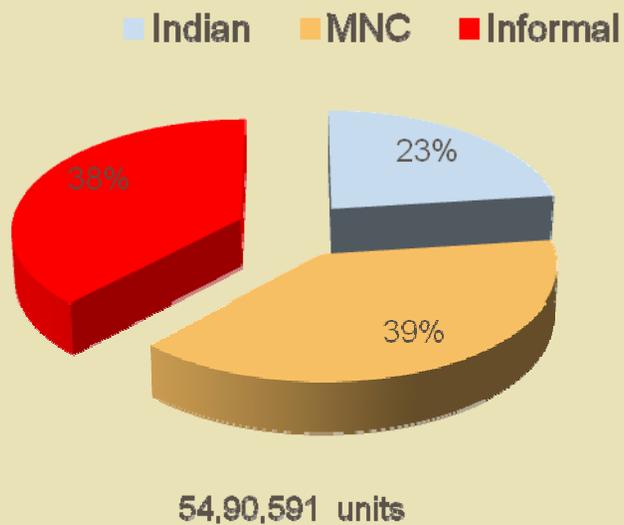
## Total PC (Desktops & Notebooks) sales: 2002-2008



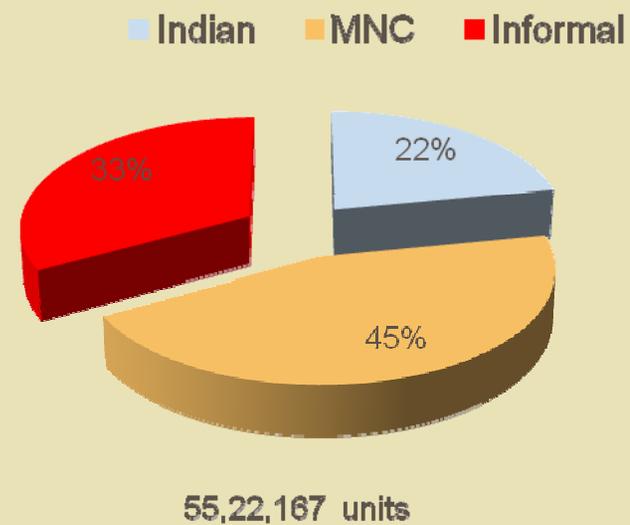
- CAGR 2002-08: 26%
- Growth over 2006-07: 16%



## Desktop Market: Share of Indian, MNC & Informal



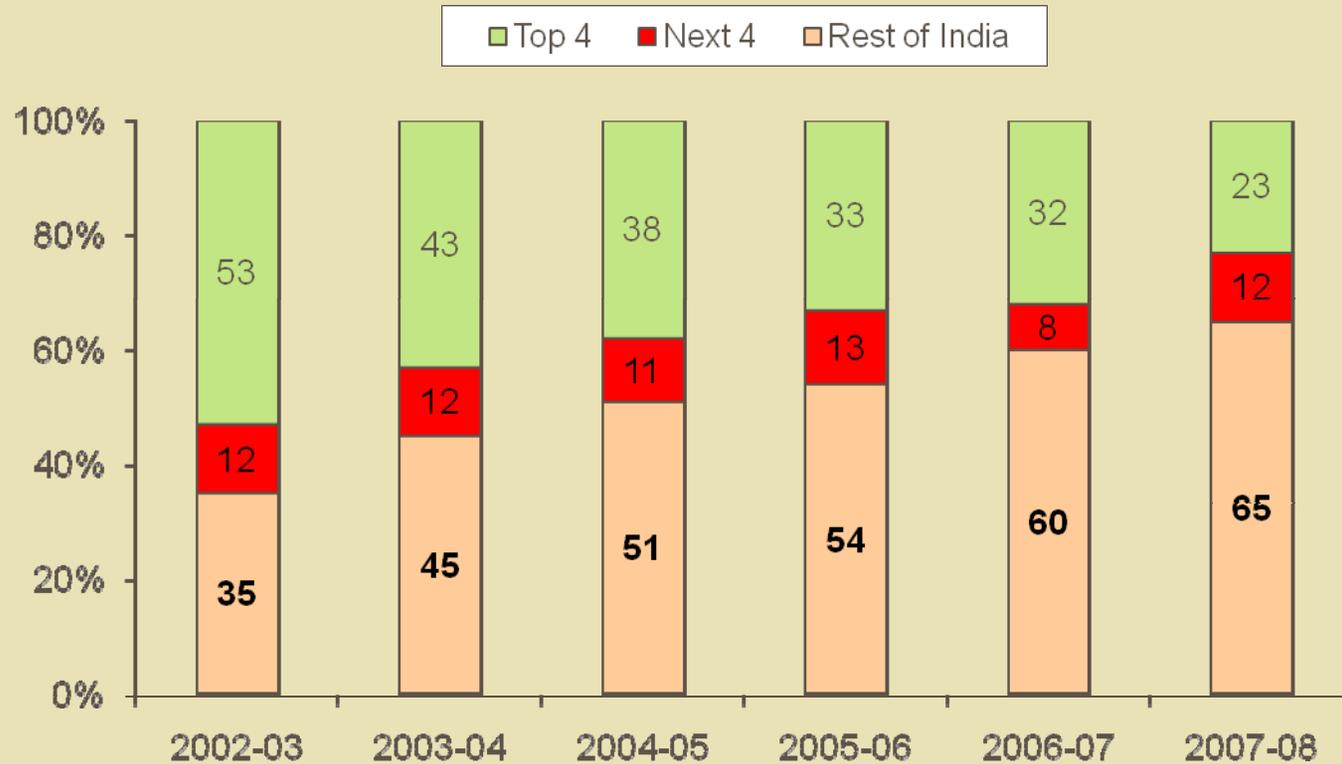
2006-07



2007-08

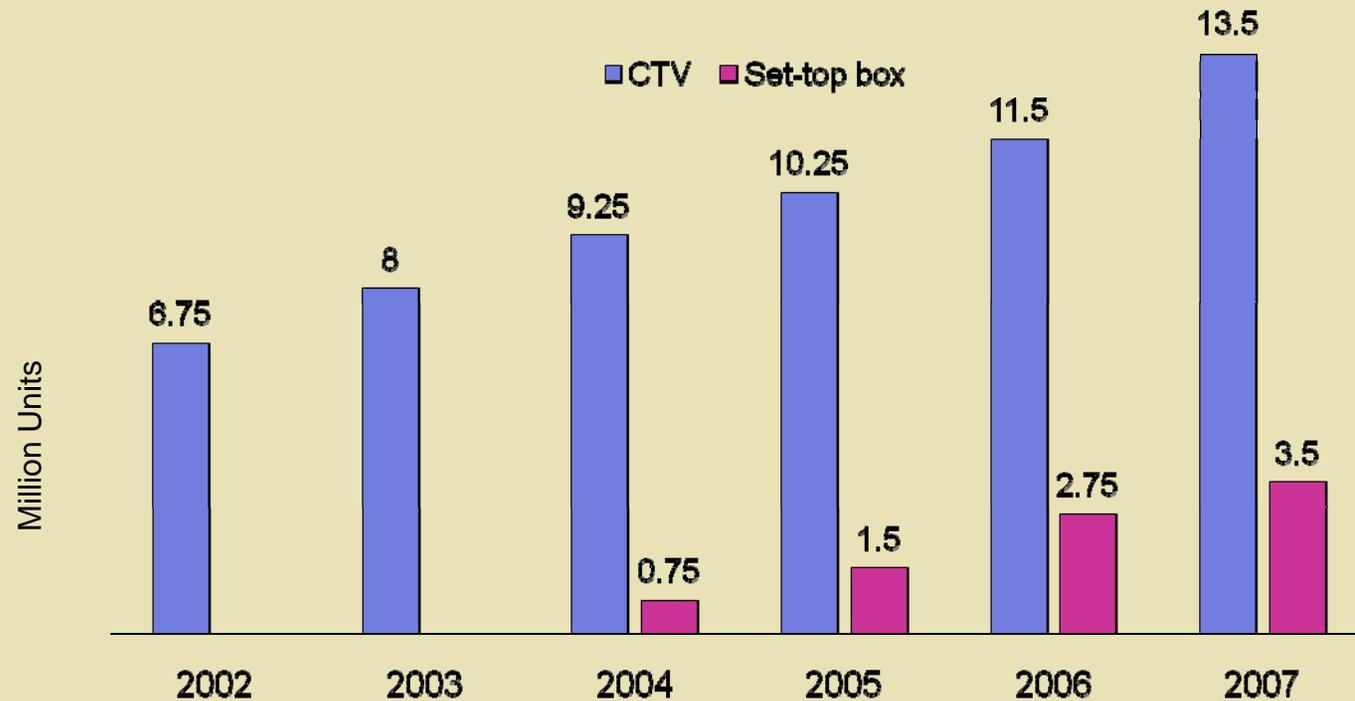
- Consumption of Indian brands decreased 4% in absolute terms
- Sales of MNC Brands grew by 16% however that of Assembled/Informal declined by 12% in absolute terms

## Desktop sales: City-spread



- Consumption in Top 4 metros declined by 28% while sales outside the Top 4 metros grew by 14%

## The CTV and Set top box market

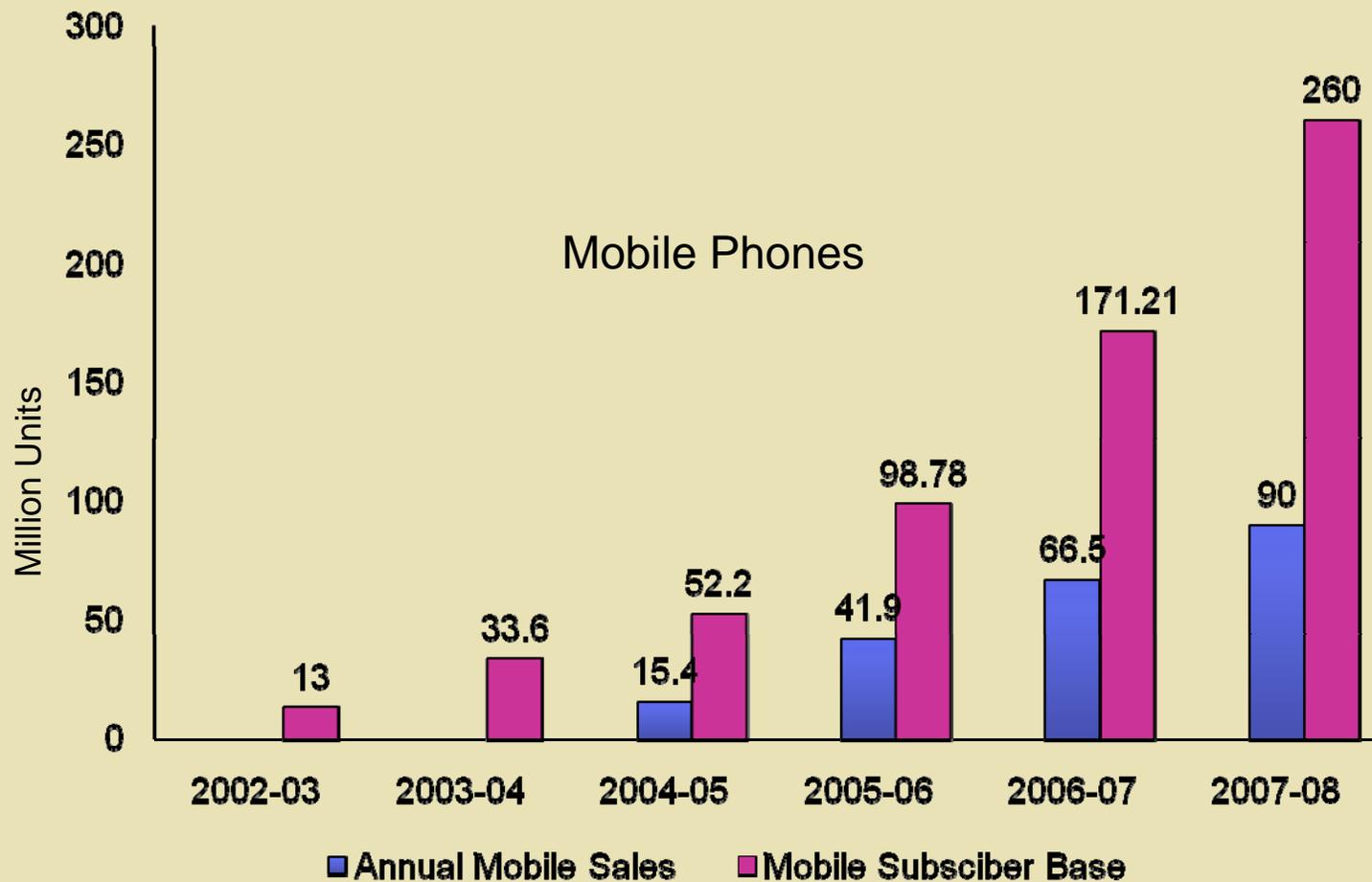


Source: CEAMA

- Expected annual growth - CTV: 20%; STB: 40%



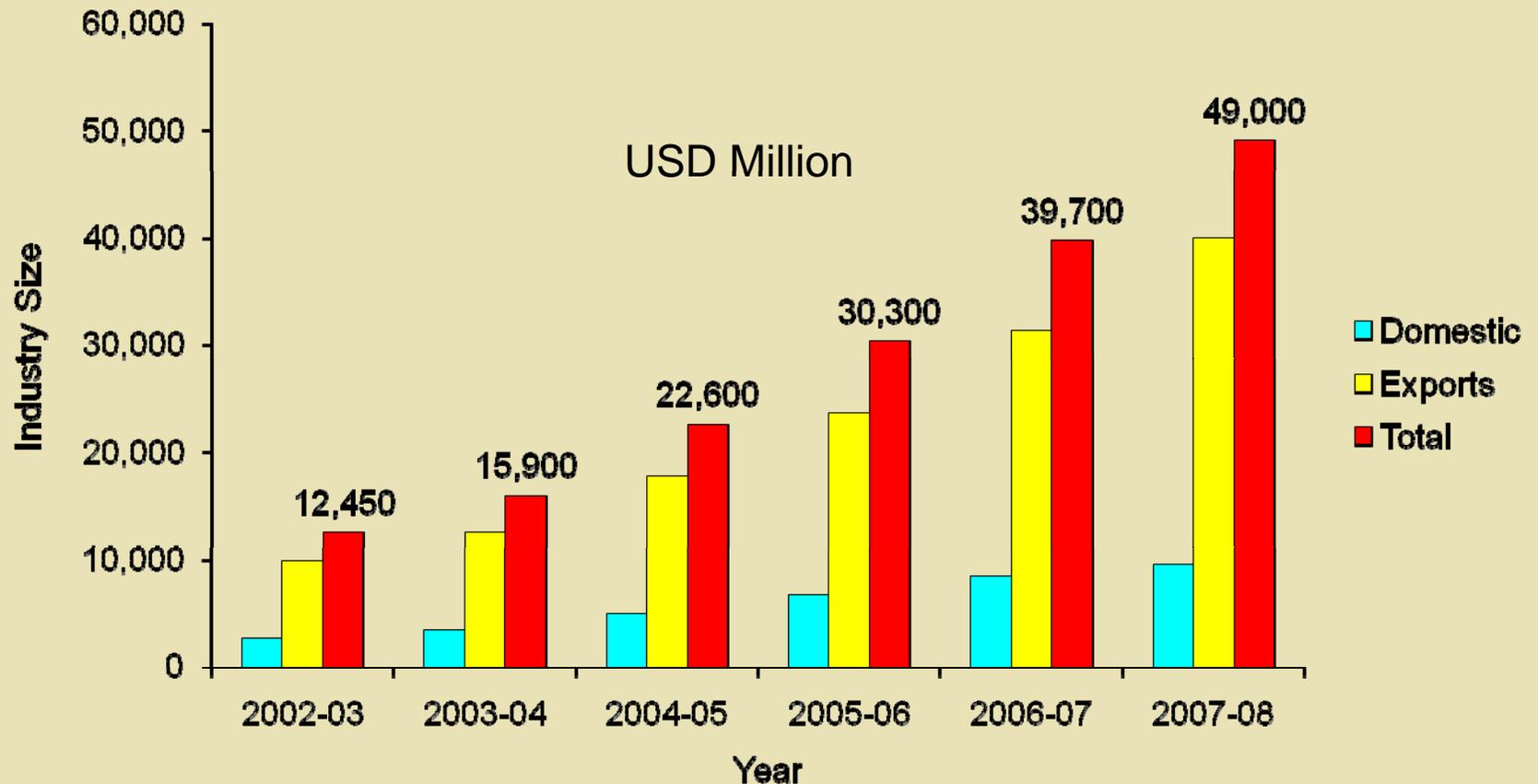
## Telecom Market in India : 2002-08



- 2007-08: subscriber crossed 250 mn
- 2007-08: Base Stations installed: 150,000; Annual growth: 50%
- 2007-08: Towers installed: 150,000; Annual growth: 60%



## The Software & Services market

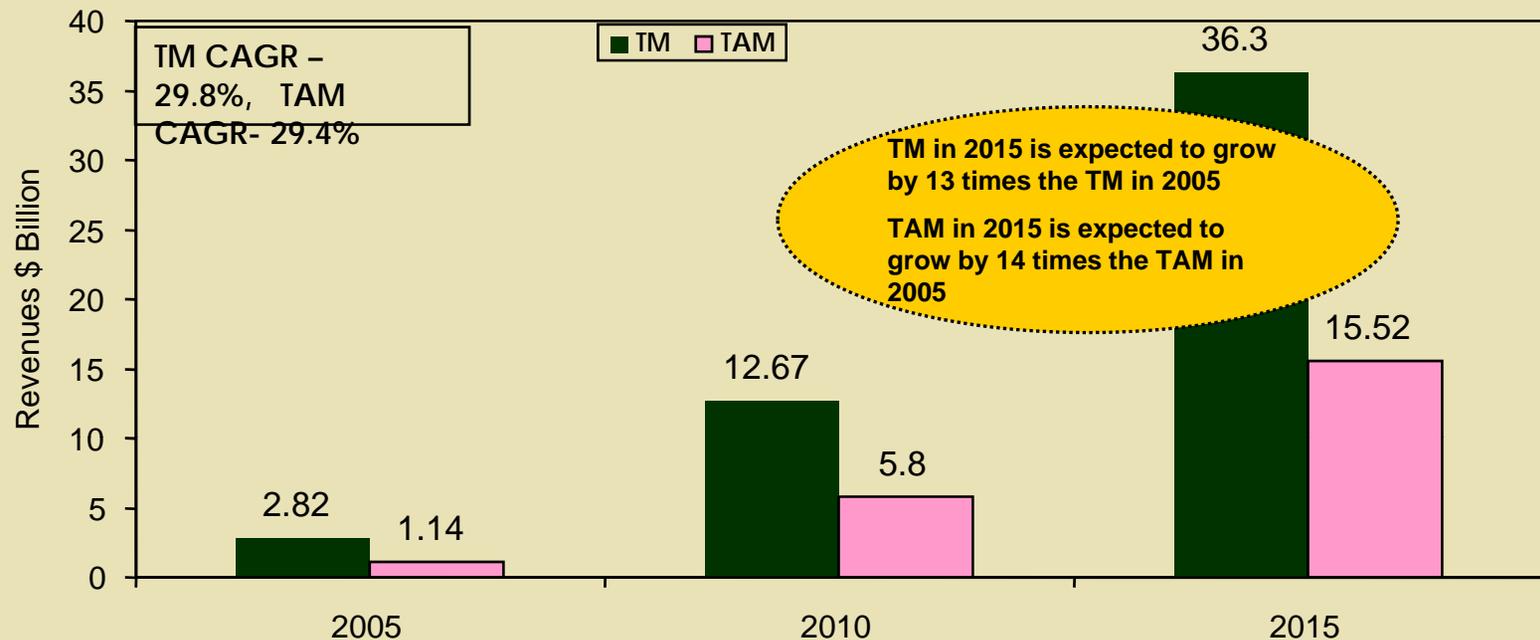


- Annual growth: 23%; Exports growth at over 27% and domestic at 15%
- US is the largest exports destination with 67%; followed by Europe with 25%



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# India Semiconductor Market

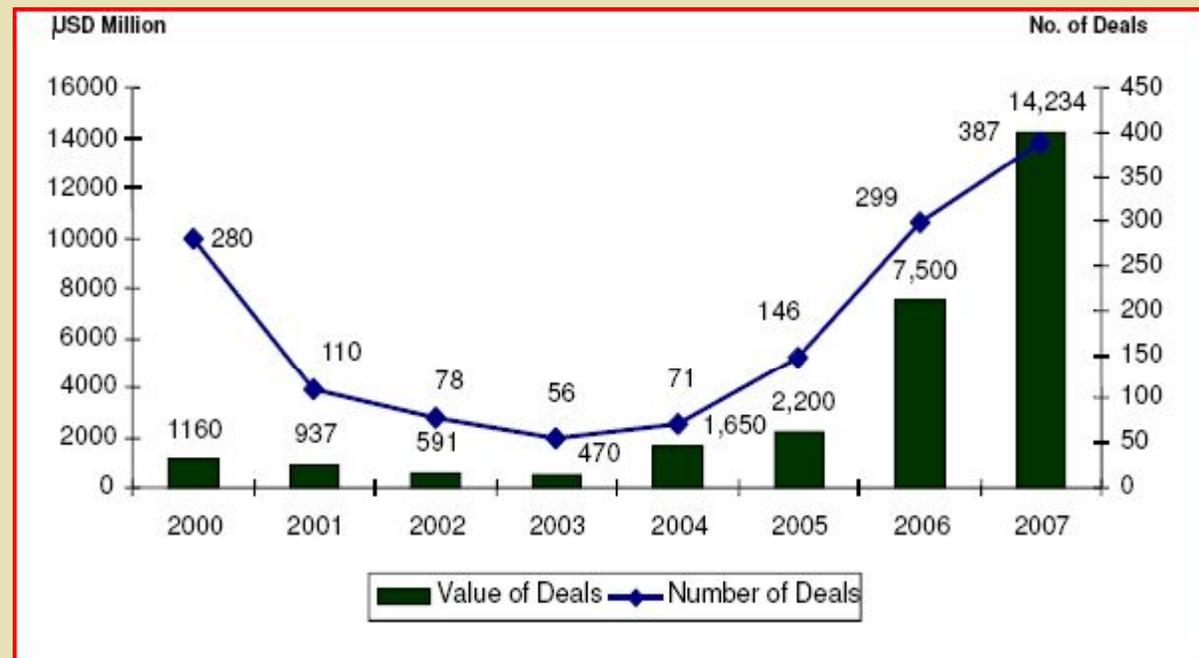


- India's share in the global semiconductor market is expected to increase from 1.2 % in 2005 and is forecast to be 5 % by 2015
- Telecommunication, Consumer and IT Hardware are the segments driving the market during the forecast period
- Wireless handsets, Base Station Transceivers (BTS) are the major sub product categories driving the TAM for telecommunications segment
- Set Top Box, DVD players and writers are the emerging product categories in consumer segment
- Few other emerging product categories are electronic clusters, Capacitive Discharge Units (CDI) and Engine Management Systems (EMS)



## PE/VC Industry

- 2007: Investment of USD 14.23 bn over 387 deals
- Key Sectors: IT & ITES, Manufacturing , Healthcare & Life Sc., BFSI, Real Estate ,Engg & Construction , Retail
- Key Active players: ICICI, Ventures, Goldman Sachs and Helion Ventures.

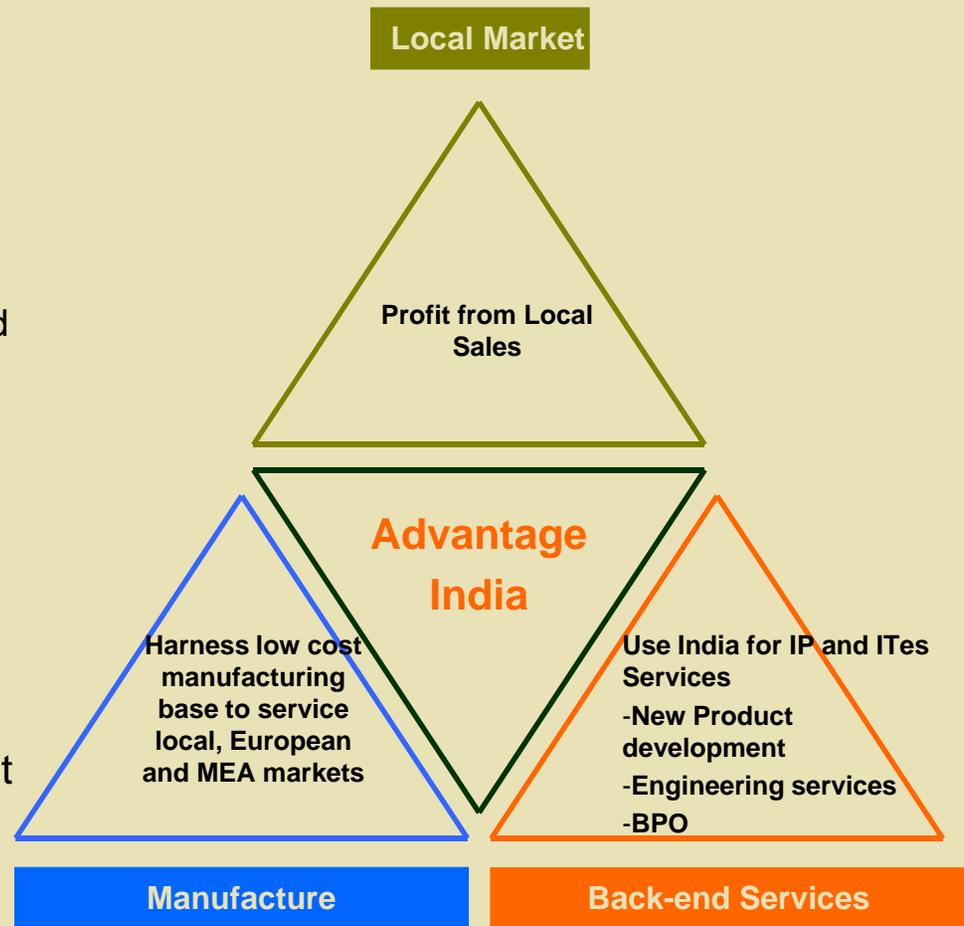


## India emerging as a manufacturing destination

- Surge in manufacturing confidence led by mobile players
  - Branded players: Nokia, Motorola, LG, Samsung, Ericsson...
  - EMS companies: Elcoteq, Flextronics, Solectron, Jabil Circuits, Sanmina, Celestica and Foxconn/Honhai ...
  - With new Fab policy several Semiconductor firms are keen to manufacture in India
- Taiwanese Companies just about coming in
  - Foxconn/Honhai; Compal (Reliance), Delta Electronics, Liteon

## India advantage

- ◆ A very rapidly growing domestic market: CAGR 30%+
- ◆ Global recognition for back-end services:
  - A proven case for IP, embedded systems and IC design
- ◆ Attractive for Manufacturing Investments
  - Skilled employee base
  - Fast and upcoming modern infrastructure (SEZs)
- ◆ Proximity to EU and MEA market
  - Freight Cost; 20% cheaper than China - Faster delivery and lesser pipeline inventory



**India is a great Opportunity  
-Triple Advantage**



## The Future...

### 2010...

- ◆ Mobile installed base: 500 mn
- ◆ PC sales: 27 mn; installed base 65 mn
- ◆ ITES & Software exports: USD 60 bn
- ◆ 40 mn new internet connection; at least 50% broadband
- ◆ Nationwide TV broadcast to be digital by 2015 beginning 2010: significant opportunity for STB consumption & manufacturing
- ◆ Over USD10 bn investment in e-governance and national id card

**2015: Total expected Market USD 320 bn;  
Domestic production USD 155 bn**





Come..explore..be a part of the great Indian opportunity!

We look forward to your continued engagement  
Thank you!

- [vinnie@mait.com](mailto:vinnie@mait.com)

