IT Hardware & Electronics: Consolidated Issue Summary

S.No.	Areas	Issues
1	Scalability	Unlike other Asian countries, India has not been able to attract enough foreign investments to ensure technological development of domestic industry. Inflexible labour laws and high tax regime have restricted foreign investments to reach their potential.
		Poor development of domestic components industry, due to which the industry is largely dependent on imports of the raw material.
		Lack of economies of scale, due to inability to get adequate market access and volumes.
2	Cost Efficiency	Poor development of domestic components industry, due to which the industry is largely dependent on imports of the raw material. The low production volume of Indian manufacturers inhibits them to negotiate competitive rates from these suppliers, which impacts the cost of production.
		Inverted duty structure in India. This means that finished products are imported at zero duty while import duty is levied on inputs/raw-materials. This impacts the cost structure of Indian manufacturers.
		Most of the electronic components & communication equipment manufacturing machinery is imported from countries like China, Taiwan & Japan. This imported machinery is expensive and increases the overall cost of production.
		Traders in Land locked regions like Pune, Delhi/NCR; Bangalore etc. which contribute majority share of Indian IT hardware & electronics trade, incur higher costs of transportation in the form of additional cost burden to transfer goods to the ports.
3	Productivity Optimization	Non-availability of precious metals, gold & palladium alloys, metals like 99.99% pure aluminium foil, cathode foil, anode foil etc.
		Non-availability of other critical components like : electronic chemicals, Putin rubber, high garden tissue paper, tin coated copper leads, copper coated steel wires, single core high temperature cables etc.
		Support skills like Technicians/Engineers for repairs of imported machinery are missing.
		Lack of incentives for having hostels/in-house residential facilities for labours which could help increase productivity of labours.
		Lack of R&D and innovation in Indian electronic components industry. E.g. Very few companies are able to manufacture newest technologies like Tandem Capacitors, Through-hole components etc.
4	Quality Excellence	Skill gaps exist for CNC trained personnel. Basic knowledge of precision components & their assembly is also lacking in the industry
		Inadequate testing & certifying labs of global standard present in India
		Lack of R&D and innovation in Indian electronic components industry. E.g. Very few companies are able to manufacture newest technologies like Tandem Capacitors, Through-hole components etc.
		Lack of awareness about global standards like ROHS legislation of EU, CE certification etc.
		No incentives for R&D and development of Indian products and IPR
5	Sustainability	No preferential access to domestic manufacturers of IT hardware & electronics manufacturers for government procurement.

		Lack of economies of scale, due to inability to get adequate market access and volumes.
		Very limited companies following Technology Leadership Model, i.e. IPR & Strategic control resides in India
		No efforts on R&D on organized reprocessing of electronic components.