

# Computer manufacturing recodes hardware of Hindi heartland

## Over A Third Of Computers And Devices Come From Uttar Pradesh And Uttarakhand

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**C**ALL it a case of the cow belt going high-tech. Or simply a digital makeover of an unlikely area. Believe it or not, Uttarakhand and Uttar Pradesh lead the country in computer, electronics and optical products manufacturing.

The two states together account for well over a third of the country's output of computers and high-tech devices — both in terms of making and assembling them. Uttar Pradesh has a slight edge over neighbour Uttarakhand in manufacturing. But when it comes to adding value to the output by high-tech assembly, the small hill state clearly leads the pack with a

share of 34.33%.

Uttarakhand has stolen a march over the traditional computer hub of Puducherry and even given Chennai and Bangalore a run for their money. "Uttarakhand has had a vision towards high-tech and it has paid off," says Ashwini Aggarwal, executive director of the Manufacturers' Association for Information Technology (MAIT).

As per the Annual Survey of Industries for 2008-09, Uttar Pradesh and Uttarakhand now make over 36% of India's computers and electronic products, with Maharashtra running a close third.

Puducherry, which was on top with a 36% share in India's manufacturing and value-addition of office and communication equipment till 2007-08,

has disappeared from the charts. In 2007-08, Uttar Pradesh had a production share of nearly 18% which has grown marginally, though the value added in the state has shrunk from 31% that year to a mere 7.25% in 2008-09.

Uttarakhand's emergence as a hi-tech manufacturing hub in 2009 is meteoric given that till a year before that, it didn't even figure in the top four states in communication equipment and electronics.

Maharashtra, Karnataka and even West Bengal had more production capacity.

But an array of tax sops, improved power supply, abundant water and good local talent has attracted the likes of HCL, H-P, Wipro Infotech, Videocon, Intex and TVS Electronics to opt for Uttarakhand to man-

ufacture computers, printers, servers and high-end electronic products like LCD televisions.

Wipro Infotech set up its second manufacturing facility at Kotdwar in Uttarakhand to make servers, storage devices, desktops and notebooks. It started in 2008 with a capacity of 1,000 machines a day. HCL Infosystems has a manufacturing facility at Rudrapur, also in Uttarakhand, to make desktop computers, LCD monitors, servers and related products. Pantnagar and Rudrapur in the state areas are the key manufacturing bases in Uttarakhand as they offer good road and rail connectivity and access to key markets such as Delhi.

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## Tax incentives in Uttarakhand a major attraction

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IN UP, Noida and Greater Noida the presence of companies such as Moser Baer, Samsung, LG, ST Microelectronics and others have resulted in an ecosystem to attract high-tech manufacturing. Vinnie Mehta, executive director, Automotive Components Manufacturers Association (ACMA), says: "Tata Motors has a factory in Pantnagar and this has had a cascading effect, attracting not only auto component makers but technology products manufacturers as well."

All categories of vehicles have about 15-25% of electronic components and they tend to set up base in proximity to customers and that's another reason for the region to attract notebooks to printers manufacturing and assembly of products like LCD TVs. The initial magnet for Uttarakhand's rise as a tech manufacturing hub were the decade-long tax sops on offer for those who set up plants before March, 2010. The sops included 100% excise exemption, 100% income tax exemption, an investment subsidy from the state of up to 15% of total investment and a 1% exemption on central sales tax.

Kishan Bhat, engagement manager, Zinnov Management Consulting, said: "State exemptions give a boost to manufacturing as initial costs are very high. Manufacturing moves on a combination of factors that includes tax sops, power, water and education. Uttarakhand offered all of these". Any new destination offering excise duty cuts and sales tax savings will be able to attract new companies. Moreover, as the market is more spread out now, it helps save time and money on logistics, by setting up plants across India.

