

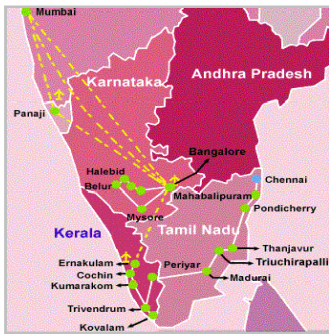
Industry Monitor – Karnataka



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Introduction

Indian economy is expected to register a robust growth rate of 9.2% in its GDP at constant prices (1999-2000), according to the advanced estimates for the year 2006-07. During this period the manufacturing sector is expected to grow at 11.3%, the agricultural sector is expected to grow at 2.7%, and the finance, insurance, real estate, & business services is expected to register a growth of 11.1%. According to the latest estimates of cumulative index of industrial production, for the Apr-Jan 2006-07 period, the manufacturing sector registered a growth of 11.9% compared to 9.1% in the Apr-Jan 2005-06. The South Indian states—Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and the Union Territory of Pondicherry—contribute over 22% to India's total GDP. They are emerging as the major destinations for industrialisation.



From August 1991 to November 2006, a total of 68,468 Industrial Entrepreneurs Memorandums (IEMs) were implemented with an investment of Rs23,107.3 billion, generating an employment for over 13.14 million people in the country. During this period, Andhra Pradesh attracted 4,785 IEMs with total investment of Rs2,013.5 billion, which accounts for over 6.99% of the total investment in the country, and the state also generated total employment for 822,453 people (6.2%). Karnataka drew 2751 IEMs with an investment of Rs1,545.9 billion (6.69%), generating employment of 494,183 (3.76%). Tamil Nadu attracted 5843 IEMs with an investment of Rs1,423.62 billion (6.16%), which generated employment for 1,764,137 people (13.42%). Kerala drew 578 IEMs with an investment of Rs93.11 billion (0.40%), creating employment for 91,599 people (0.70%). Lastly, the Union Territory of Pondicherry attracted 675 IEMs with an investment of Rs82.28 billion (0.36%) and generated an employment of 67,749 (0.52%). From January 2000 to October 2006, Foreign Direct Investment (FDI) inflows in India accounted for Rs1316.02 billion, out of which Andhra Pradesh attracted Rs48.25 billion (3.67%), Karnataka Rs84.45 billion (6.45%), Tamil Nadu and Pondicherry together drew Rs76.91 billion (5.84%), Kerala and Lakshadweep together attracted Rs3.40 billion (0.26%).

According to the contribution to the state's economy, the key sectors identified are automobile and auto components, IT, engineering, electronic and steel industry. During 2004-05, the state economy registered a growth rate of 10.23% at constant price. In the same year, Karnataka's GSDP at current prices was estimated to be worth Rs1,485.23 billion. Primary sector witnessed a growth rate of 16.99%, secondary sector 8.73%, and that of tertiary sector was 16.07% during 2004-05.

The objective of this industry monitor is to review the performance of the five major sectors in the state during October 06-March 07 and to give an outlook for the forthcoming half year April 07-September 07. This industry monitor will also identify the sectoral bottlenecks and make appropriate recommendations, which will assist in higher growth.

Karnataka is the largest exporter of IT/ITeS in the country. During 2005-06, IT/ITeS exports from the state witnessed a growth rate of 36% to Rs376 billion, while Bangalore alone accounted for over 97% of total IT/ITeS exports. The state's share to the country's total export of IT/ITeS sector is over 37.6%. Another important feature of 2005-06 was hardware exports, which shot up by 40% to Rs24.81 billion from Rs17.68 billion a year ago. Total employment generated by IT/ITeS sector in the state was over 0.35 million from 0.28 million in 2004-05. The state also contributed immensely towards the country's steel, engineering, electronics and automobile industry.

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The Industry Monitor for other Southern Region states namely, Andhra Pradesh, Kerala, Tamil Nadu and the union territory of Pondicherry can be downloaded from www.ciionline.org/south

You may please contact Mr. R. Shiva Kumar at r.shivakumar@ciionline.org in case of any clarifications

Sources: ▶ Ministry of Statistics and Programme Implementation (www.mospi.nic.in), Government of India. ▶ Ministry of Commerce and Industry, Department of Industrial policy and Promotion, (www.commin.nic.in), Government of India. ▶ Ministry of Finance (www.finmin.nic.in), Government of India. ▶ SLA Statistics (www.sladpp.nic.in), ▶ Government of Karnataka official website. (www.karnataka.gov.in) ▶ Ministry of Steel, GoI (<http://steel.nic.in>)

SECTORAL OVERVIEW

Automotive and Auto Components Industry

The automobile industry in India crossed a landmark with the total vehicle production crossing the 10 million mark during first 11 month of calendar year 2006. The domestic automobile industry sales grew by 12.8% in 2005-06. The passenger car and the motorcycle segment in Indian auto industry grew by 8-9% during 2005-06. The two wheeler market grew by 13.6% and the commercial vehicles segment grew by 10.1% during the same period. The car exports stood 175,772 units in 2005-06, showing a growth of 5.63% over previous year. The total automobile export of India stood at 806,494 during 2005-06, an increase of 28.11% over 2004-05. It is expected that by 2010 India will take over Germany and by 2012 Japan in sales volume. By 2050 every sixth car produced in the world will be purchased by Indians. Further, India is expected to surpass the UK and Canada as a car-producing country by 2008. India's car production capacity is predicted to cross 2 million units by 2008 from the current capacity of more than 1.4 million units. It has already surpassed Korea to become the third largest car market in Asia-Pacific after China and Japan. Since India has low car penetration rate of eight out of every 1,000 people in India owning a car, compared with 16 in China and 500 in developed markets, India has a large potential.

The Indian automotive components industry has an annual turnover of over US\$ 10 billion, and it employs about 250,000 people. The Indian auto component industry is likely to almost double to US\$18.7 billion by 2009 and reach about US\$40 billion by 2014. The Indian component industry has seen a shift from being an exporter of Aftermarket to being a Tier 1/OEM (original equipment manufacturer), in the last two decades.

The southern state of Karnataka is the hub of some leading automobile companies. The state has a vibrant auto industry with investments of over Rs 29.24 billion and

annual turnover of Rs 20billion. Auto components are one of the major industries in Karnataka. Out of the total 201 listed auto ancillary firms in India, 10 are based in Karnataka.

The automobile sector's contribution to the central excise department of the Karnataka was Rs 38.96 billion during the first half of 2004-05, a 31% growth over the same period previous year. To give momentum to the automobile sector in the State Government of Karnataka has set up many Auto parks. One at Bidadi in Bangalore, one at Shimoga, and the third one at Dharwar. These auto parks house many automobile ancillary and servicing units.

According to data available for listed auto and auto components industry in the state, the net sales has grown by 18.89% and PAT has increased by 25.79% during Oct-Dec, 2006 compared the same period previous year.

Electronics Industry

The electronic industry in India is growing at a rate of 11% annually. The industry was worth Rs 522 billion in the year 2005. Globally, India has a relatively small electronics market. It is only 0.8% of the total global electronics market. It stands 26th in terms of sales and 29th in terms of production. The consumer electronics segment is the mainstay of the Indian electronic industry has an industrial share of about 35%. The color television segment is the largest contributor to this sector. The other major sectors which contribute to the industry revenues are industrial electronics (15%), components (18%), computers (18%), strategic electronics (6%), and communication & broadcasting equipments (9%). The OEM/brand revenue for the electronic industry in India is estimated to be approximately Rs 349 billion in the year 2005. The brand revenue of the industry is expected to grow at a CAGR of approximately 19% during the period 2004 to 2010.

The growth of sectors such as automotive, medical and communication is driving the

growth of the electronics industry. More over, the surging demand for telecom equipment (fuelled by the growth of cell phones and Internet usage, computers and peripherals) and consumer electronics (VCD/DVD players, televisions and audio equipment) lie behind the growth of the electronics industry. Demand is also coming from automotive electronics.

The other growth drivers of the industry are the high economic growth, the higher disposable income, the boom in retailing, and the large base of young population in the country. About 31.2% of the population fall under the age 14 category and the 63.9% of the population is in the 15-64 age groups. India has a growing middle class population of around 400 million people. India's electronic equipment consumption estimated to be an Rs 1269 billion market in 2005 is expected to reach Rs 16,335 billion in the year 2015 at an estimated CAGR of 30%.

Karnataka is the leader among Indian states in the electronic and telecommunications industry, boasting of as many as 300 leading international giants. A number of public sector electronic companies as well as defence research institutions are based in Bangalore.

Karnataka has a sprawling 500 acre Electronic City in Bangalore with lot more in other centres. STPI-Bangalore, provides incubation facilities and datacom services. Electronic trade and Technology Development Center provides quality human resource. Excellent telecom infrastructure with 140 out of 170 towns connected by OFC network is available. A Hardware Technology park is also on the anvil.

As per the data available for electronics companies in Karnataka, net sales and PAT have gone up by 26.09% and 65.54% respectively during Oct-Dec, 2006 compared to the same period previous year. Similarly, States' hardware exports have increased by 40% to Rs24.81 billion in 2005-06 from Rs17.68 billion a year ago.

Information Technology Industry

Information Technology (IT) is one of the fastest growing segments of Indian industry both in terms of production and exports. As per NASSCOM, the overall Indian IT-ITeS industry (including hardware market) growing by 31.69%, registering revenues of US\$37.4 billion in FY06, up from US\$28.4 billion in the previous year. Domestic market revenues grew by 36.7%. The expected domestic market revenue in FY07 is US\$ 8.4 billion. The exports of Indian IT-ITeS industry recorded 33% growth to US\$23.6 billion in FY06, as compared to export revenues of US\$17.7 billion in FY05.

Of the total IT-ITES exports in FY06, IT software and services grew by 32%, registering revenues of US\$17.8 billion; while ITES-BPO segment revenues reached US\$7.2 billion, recording a growth of 38.46%. The year 2007 is expected to show a growth of 32% to reach US\$9.5 billion in the ITES-BPO segment, while it is expected to clock revenue of US\$ 23.7 billion in IT software and services in FY07. Engineering services and product exports grew from US\$3.14 billion in FY05 to US\$4 billion in FY06 and is expected to reach US\$ 4.9 billion in FY07.

There are over 925 software companies employing over 80,000 IT professionals and 80 private IT parks. In fact about 50% of the world's SEI CMM Level 5 certified companies are located in Bangalore. Over 40% of Bangalore's software exports are in the high technology areas-IT access networks, optical networks, video broadcasting, Bluetooth. WAP, 3G Wireless Applications, VOIP, ATM switches, SDH, etc. Software exports from Bangalore grew over 28% over the same period last year.

Engineering Industry

Indian engineering industry is a major contributor to the country's economy. The engineering goods sector consisting mainly of intermediate and capital goods

have fared better during 2006. The IIP data for the month of April- January 2007 shows that intermediate and capital goods sectors have recorded a 16.8% and 11.4% increase over the same period last year. The engineering industry comprises of both heavy and light engineering sectors. The heavy engineering market contributes to about 80% of the net engineering production. The segments in these sub sectors are diverse including power equipment manufacturer, electrical and non-electrical manufacturer, and static equipment manufacturer. The industry is less fragmented at the top but highly fragmented at the bottom. The export growth of the engineering goods at 37.9% which was the fastest in the manufacturing segment. The segments which contributed to this were machinery and instruments, iron and steel, and other engineering items. The total export is expected to touch about Rs1035 billion in the year 2006-07.

Another focus of the industry is the engineering process outsourcing (EPO) services from India. India is a favorite destination of big automotive and aerospace companies like Ford, and General Motors. The EPO market is expected to cross US\$ 40 billion by 2020, which will increase the global market share of India to 32% from the current 12% in the same segment.

Demand in the engineering industry segment is driven by investments and capacity creation in core sectors like power, infrastructure developments, mining, oil and other sectors like the general manufacturing sector, automotive and process industries, and consumer goods industry.

The thrust given by the government on infrastructure development, the capacity addition done by the steel, power, refineries, and chemicals all provide further fillip to the engineering industry segment.

The net sales of Karnataka's electronics industry has gone up by 28.43% during Oct-Dec 2006 compared to same period of previous year. During the same time the industry's PAT has increased by 43.64%.

Steel Industry

Steel industry is one of the important infrastructure industries, which has a derived demand from the other end-use industries like real estate, infrastructure, electricity, and other machineries and automobile at home and abroad. In 2006 steel industry, unlike 2005 when top producers in Japan, USA and Germany registered a slump in production, saw a manifold increase in production. According to International Iron and Steel Institute, India is the seventh largest steel producer of steel in the world. According to Indian Steel Ministry, the total steel output in the country was estimated (provisional) at 43.98m tonnes during April 2006-January 2007. The Indian steel production of 49.24m tonnes during 2005-06 showed a impressive growth of 13.76% over the previous year. It indicates that Indian steel production has achieved 89.32% of total steel production of 2005-06 in the eleven month period of April 2006-January 2007. World wide steel demand is expected to be somewhere between 1,040 m tonnes and 1,053 m tonnes in the year 2006. The production figures for India is expected to increase radically in the next 6 to 7 years, given the investment flows to the resource-rich states in eastern India like Orissa, Jharkhand, and Chhatisgarh.

During 11 months of April 2006-January 2007, India's export and import of steel is estimated at 4.172m tonnes and 3.250m tones respectively. The import of finished carbon steel has increased by a whopping 78.52% from 2.109m tonnes in 2004-05 to 3.765 tonnes in 2006-07.

The Government of India has approved the National Steel Policy (NSP) 2005, which aims to build up a steel industry, capable of standing up to international competition and catering to the domestic demand for steel. According to the Ministry of Steel, the Government of India's target for the steel industry stands at 110 million metric tones by 2019-20. As of November 2006, over 102 MoUs have been signed by different State governments adding up to 103m tones in steel capacity and investments over Rs 269.7 billion in investments. The change in the regulatory environment, has opened up the foreign

shores for the Indian steel majors and the industry is getting renewed global attention..

Karnataka, as one of the fastest growing economies/states, has keep increasing its demand for steel for its infrastructure development and boasts several steel companies. According to data available for steel companies in Karnataka, their net sales and PAT of these companies have increased by 22.68% and 53.30% respectively in during Oct-Dec 2006.

INDUSTRY PERFORMANCE REVIEW FOR OCTOBER '06– MARCH '07

Automotive and Auto Components Industry

During Oct 06-Mar 07, automobile and auto component industry in Karnataka has recorded a same level of performance as experienced in the previous six month, excepting 3% growth in employment level in the industry.

Auto and Auto Components industry Views for Oct 06 – Mar 07*	
Production	Same
Sales	Same
Capacity utilization	Same
Value of Production	Same
Inventory level	Same
Pricing	Same
Profit Margin	Same
Employment Level	Increased (3%)
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Oct 06 – Mar 07</i>	

Electronics Industry

The electronics industry of Karnataka has performed well during Oct 06-Mar 07 in terms of production (20-25% increase), sales (15-20%) and exports (15-20%). However, same level of capacity utilization and growth in value of production (15-20%) were issues of concern during the period. Inventory level has remained at same level. Though the pricing has remained at same level, the increased sales has helped the industry to increase the profit margin realization by 5%. The employment level in the industry has gone up by 10%.

Electronic industry Views for Oct 06 – Mar 07*	
Production	Increased (20-25%)
Sales	Increased (15-20%)
Exports	Increased (15-20%)
Capacity utilization	Same
Value of Production	Increased (10-15%)
Inventory	Same
Pricing	Same
Profit Margin	Increased (5%)
Employment Level	Increased (10%)

Impact of Monsoon	Significant
Impact of Cost of Capital	Significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Oct 06 – Mar 07</i>	

Information Technology Industry

The performance parameters of IT sector Karnataka during Oct 06-Mar 07, have shown mixed trends. The increase in demand (15-20%) has resulted in increased sales (20%), overseas billing (20-25%) and manpower utilization (10%). However, other parameters like pricing, profit margin, order book position, and level of employment has remained at same level. Despite the increased revenue, the profit margin remained at same level due to increased manpower cost and competitive pressure where companies were unable to increase the price..

IT Industry Views for Oct '06 – Mar '07*	
Revenue	Increased (20%)
Overseas billing	Increased (20-25%)
Manpower utilization	Increased (10%)
Demand	Increased (15-20%)
Pricing	Same
Profit Margins	Same
Order book position	Same
Employment	Same
Impact of currency fluctuation	significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Oct 06 – Mar 07</i>	

Engineering Industry

The engineering industry of the state has witnessed a moderate performance during Oct 06-Mar 07. The production increased by 5-10%.. However, the sales has gone up by 10-15% during the period, which resulted in increased profit margin (5%), partly offsetting the impact of stagnant price level. The level of capacity utilization has also gone up by 5-10%,

while the value of production has increased by 5-10% during Oct 06-Mar 07. The inventory levels remained at same level. Industry employment level increased by 10-15% during the same period.

Engineering industry Views for Oct 06 – Mar 07*	
Production	Increased (5-10%)
Sales	Increase (10-15%)
Capacity utilization	Increase (5-10%)
Value of Production	Increase (5-10%)
Inventory	Same
Pricing	Same
Profit Margin	Increased (5%)
Employment Level	Increased (10-15%)
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Oct 06 – Mar 07</i>	

Steel Industry

Karnataka steel industry has shown buoyant performance during Oct 06-Mar 07, indicated by increased production (20-25%), increased sales (15-20%) and increased exports (15-20%). However, the levels of capacity utilization and inventory have remained at same level. The value of production has increased by 10-15% during the same period. Though the price level has remained at same level, the profit margin has increased marginally by 5%, increased sales and exports. The employment level in the industry has increased by 10%.

Steel industry Views for Oct 06 – Mar 07*	
Production	Increased (20-25%)
Sales	Increased (15-20%)
Exports	Increased (15-20%)
Capacity utilization	Same
Value of Production	Increased (10-15%)
Inventory	Same
Pricing	Same
Profit Margin	Increased (5%)
Employment Level	Increased (10%)
Impact of Monsoon	Significant
Impact of Cost of Capital	Significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Oct 06 – Mar 07</i>	

INDUSTRY OUTLOOK FOR APRIL 2007 – SEPTEMBER 2007

Automotive and Auto Components Industry

Automotive and auto components industry in Karnataka is expecting a moderate performance during Apr 07 – Sep 07. The expected increase (10%) is likely to increase the production level by 5-7.5%, sales by 10% and capacity utilization by 2-5% during the same period. The value of production as well as inventory levels is expected to remain at same level. The level of employment level is expected to grow by 3% during Apr 07 – Sep 07. Also the cost of capital is also expected to exert a major impact on the industry during Apr 07 – Sep 07.

Auto and Auto Components industry Expectations for Apr 07 – Sep 07*	
Demand outlook	Increase (10%)
Production	Increase (5-7.5%)
Sales	Increase (10%)
Capacity utilization	Increase (2-5%)
Value of Production	Same
Inventory	Increase (10%)
Pricing	Same
Profit Margin	Increase (2-5%)
Employment Level	Increased (3%)
Impact of Currency fluctuations	Significant
Impact of Cost of Capital	Major
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Apr 07 – Sep 07</i>	

Electronics Industry

The industry experts predict an excellent performance of the electronics industry in Karnataka during Apr 07 – Sep 07. The industry expects an increase in sales (20-25%), sales (15-20%) and exports (15-20%). The level of capacity utilization and inventory is likely to remain at same level. The expected increase in cost of production (10-15%) may concern the industry. The pricing is expected to remain at same level during Apr 07 – Sep 07, hence there would only a slight growth in profit margin (5%) despite increased sales and exports. The industry anticipates a

10% increase in the level of employment in the industry.

Electronic industry Expectations for Apr 07 – Sep 07*	
Production	Increase (20-25%)
Sales	Increase (15-20%)
Exports	Increase (15-20%)
Capacity utilization	Same
Value of Production	Increase (10-15%)
Inventory	Same
Pricing	Same
Profit Margin	Increase (5%)
Employment Level	Increase (10%)
Impact of Monsoon	Significant
Impact of Cost of Capital	Significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Apr 07 – Sep 07</i>	

Information Technology Industry

The Karnataka IT sector is expected continue its journey in the positive growth trajectory during Apr 07 – Sep 07. According to industry experts, on the back of expected increase in demand (15-20%), the industry's revenue is expected to increase by 20-25%, overseas billing to go up and increase in manpower utilization by 10% during Apr 07 – Sep 07. However, the industry does not expect any change in pricing during the same period, and hence no changes in profit margins too. The IT sector expects a stronger impact of currently fluctuations during Apr 07 – Sep 07, which may also be one of reasons for stagnant profit margins despite increased overseas billing.

IT Industry Expectation for Apr '07 – Sep '07*	
Revenue	Increase (20-25%)
Overseas billing	Increase (25%)
Manpower utilization	Increase (10%)
Demand	Increased (15-20%)
Pricing	Same
Profit Margins	Same
Order book position	Same
Employment	Same
Impact of currency fluctuation	significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	

**Summary of responses from selected companies within the industry regarding performance in Apr 07 – Sep 07*

Engineering Industry

The engineering industry leaders are expecting a moderate growth in the performance of the industry during Apr 07 – Sep 07. The industry anticipates 10-15% growth in the production level and 5-10% growth in sales during the same period. The increased production is expected to push the capacity utilization levels by 5-10%. The value of production is also expected to grow by 15-20% while the inventory levels are not expected to change during the period. The increased sales are expected to bring in a growth of 5-6% in profit margin.

Engineering Industry Expectation for Apr '07 – Sep '07*	
Production	Increase (10-15%)
Sales	Increase (5-10%)
Capacity utilization	Increase (5-10%)
Value of Production	Increase (15-20%)
Inventory	Same
Profit Margins	Increase (5-6%)
Impact of Currency Fluctuation	Significant
Cost of capital	Significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Apr 07 – Sep 07</i>	

Steel Industry

The steel industry of Karnataka is predicting a prosperous half year of Apr 07 – Sep 07 in terms of increased production (20-25%), sales (15-20%) and exports (15-20%). However, the level of capacity utilization and inventory is expected to be at same level during the period. The value of production is likely to go up by 10-15%. The pricing levels are expected to be remained at same level which in turn, leading to a little growth in the profit margin (5%). The industry employment level is also predicted to go up by 10%.

Steel Industry Expectation for Apr 07 – Sep 07*

Production	Increased (20-25%)
Sales	Increased (15-20%)
Exports	Increased (15-20%)
Capacity utilization	Same
Value of Production	Increased (10-15%)
Inventory	Same
Pricing	Same
Profit Margin	Increased (5%)
Employment Level	Increased (10%)
Impact of Monsoon	Significant
Impact of Cost of Capital	Significant
<i>Source: Primary research by Cygnus Business Consulting and Research.</i>	
<i>*Summary of responses from selected companies within the industry regarding performance in Apr 07 – Sep 07</i>	

INDUSTRY CONCERNS AND SUGGESTIONS

Automotive and Auto Components Industry

• Issues and Concerns

One of major issues is the shortage of skilled labour force in the state, which adversely affects the growth of the industry. Industry also expressed concern over the higher sales tax which also constraining the growth of the industry. Some of the industry leaders opined that the excise duty exemption given to SSI units is misused by some companies, which opens up several SSI units, compete with mid size companies and win over the tender contracts.

• Suggestions

Industry expects the government to remove the specialty tax. The industry also suggests the removal of stamp duty as well as FBT.

Electronics Industry

• Issues and Concerns

The industry leaders have expressed concerns over the availability and quality of manpower. The industry is constrained by the availability of quality machineries in the state. Some of industry leaders opined that they cannot realize the VAT, when the purchase is made from other non-VAT states. The industry is concern over the poor condition of the roads in the state.

• Suggestions

The industry leaders have suggested the uniform implementation of VAT throughout the country. Some of them suggested a cut in the service tax duty rate to the industry. They have also suggested that the government should take steps to improve the road conditions.

Information Technology Industry

• Issues and Concerns

The industry faces problem in availability of skilled manpower, which badly cripple the industry as it depends heavily upon the high quality manpower. Some of the

industry leaders expressed concern over the bad and congested road traffic in Bangalore.

• Suggestions

The industry leaders suggest the reorientation of the curriculum in tune with the requirement of the industry which would help in getting the required and skilled workforce. The industry is also looking for the abolition of Fringe Benefit Tax (FBT) in the state.

Engineering Industry

• Issues and Concerns

As per the industry leaders the industry faces infrastructural problems like inadequate power supply and bad conditions of the roads. Lack of availability of trained manpower at supervisory level is another constraint faced by the industry.

• Suggestions

According to the industry leaders, the infrastructure problems like shortage of power supply and road conditions needs to be focused.

Steel Industry

• Issues and Concerns

The industry is concerned with the inadequate infrastructure facilities such as poor roads and links in the state. This constraints the general transportation of goods, especially when road is major means of transportation of steel products.

• Suggestions

The industry suggests the abolition of FBT. It is also opined that the focus should be on development of infrastructure facilitates in the state for better and faster movement of goods. The industry leaders suggested that the Foundry cluster work needs to be speeded up.