

COMMITTED TO ELECTRONICS

NEWS

CONSORTIUM OF ELECTRONIC INDUSTRIES OF KARNATAKA

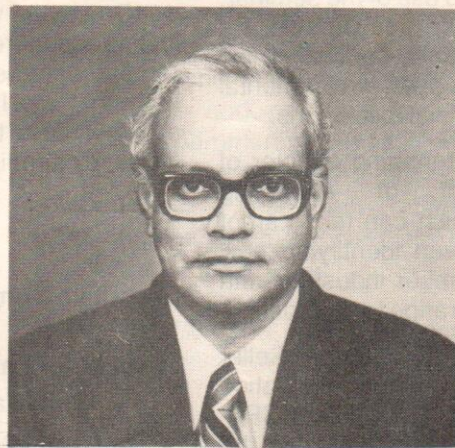
OCTOBER 1989

KEONICS AND THE STATE ELECTRONICS

Dr. S. Srikantan, Managing Director, Karnataka State Electronics Development Corporation Ltd., (KEONICS) met us in a long interview and gave us an extensive insight into the activities of KEONICS, its plans for the future and his opinions on the development of electronics in the state. We give you some extracts from the interview:

Since its inception in 1977, KEONICS has completed 12 years of development and promotional activities in the state electronic sector. What would you list as KEONICS' major achievements?

Historically speaking, KEONICS was set up in 1977 basically as a promotional organisation - its main purpose being - to develop the electronic sector in the State - to complement the small entrepreneur and help them create a strong private sector base, and to serve in an advisory capacity to the large public sectors. So, the achievement of KEONICS in the first few years cannot be measured, say, in terms of turnover. It is only recently that KEONICS has taken up manufacturing and related activities, mainly in the form of Joint Ventures. The turnover of the six KEONICS joint ventures which are fully



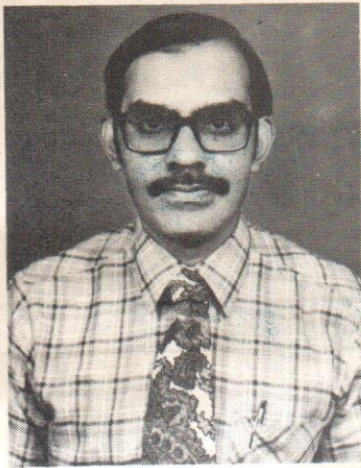
underway was around Rs. 65 crores in 88-89 and is estimated to cross 100 crores this year. On the whole, there are 9 Joint venture Companies and the 10th one is being set-up.

I would consider setting up of KEONICS Electronics City as one of the major achievements of KEONICS. Besides this, KEONICS has been mainly involved in building up a strong industrial base for both public and private sector in Karnataka and bringing up good units through Joint ventures.

KEONICS had rapidly progressed to being the no.1 State government electronic enterprise for a long time. It is now believed to be pushed to the 4th position, superseded by Meltron, Uptron and Keltron? Is this true? And if so, to what factors do you attribute this?

By position, I suppose you mean, in terms of turnover. In which case, let me clarify one point at the outset - the other state electronics development corporations, like say, Uptron and Keltron were involved from inception in their own manufacturing activity. This was due to their particular state economic environment because of which they had to create an industrial base, whether it be in the public or private sector. Whereas in the case of Karnataka, there was already a strong public sector base due to the presence of huge Public Sector Industries such as ITI, BEL, HAL, HMT, BHEL, etc. They in turn, had given rise to a few ancillaries and associated industries. Therefore, KEONICS' role for the first few years was mainly one of promoting a strong private sector base

(Contd. on pg. 5)



From the President's Desk

Dear Members,

By the time this news letter reaches you the seminar on "Financing Electronic Industries" would have been over. I am sure all of you had received my personal letter along with the invitation and would have made good use of the seminar. Immediately after the completion of the seminar we are planning to bring out the proceedings of the seminar which will be circulated to all policy making bodies, governmental agencies, banks and various other financial institutions.

I have been discussing with the managing director of KEONICS regarding establishment of marketing organisations run by professionals, which can take care of Test Marketing of new products or even identifying new products to suit the market needs. Member industries can send their views on this so that we can arrange for interaction.

We are also planning to arrange a Buyer-Seller Interaction during the beginning of next year in co-ordination with other governmental agencies like KEONICS, KSFC, TECSOK, etc. On this occasion we plan to bring out the "Electronic Industries of Karnataka" Directory. CLIK is jointly working with Department of Industries & Commerce to streamline and minimise the number of documents required for obtaining Phased Production Programme approval, Registration Certificate, Actual users certificate, endorsement for project import etc. The complete check-lists will be part of Electronic Industries directory. To go through these programmes I solicit your co-operation & support.

- M. V. Ravi Kumar

Editor's Note

Fellow Members,

This issue of "CLIKNEWS" focuses primarily on KEONICS. After several discussions with Dr. S. Srikantan, and an intense search for facts, this issue outlines all major points relevant to KEONICS. Being the Electronic Development Corporation of Karnataka, KEONICS has extended its utmost support to CLIK and its members over the years. We want and hope this congenial relationship will continue.

CLIK successfully conducted "Financing Electronic Industries" seminar on October 16th and 17th. The mixture of opinions voiced during the seminar has got us all thinking. For the sake of summing up the seminar and also to provide our readers with all important points that emerged during the discussions, the next issue of CLIK news will be totally dedicated to the seminar.

Due to the volume of information that is being published in this issue regarding KEONICS, we are foregoing our regular features such as "Know your members" and "Did U know that" etc. I once again take this opportunity to request all our members to participate actively in bringing out CLIK News, by sending us your thoughts, queries, etc.

- Nanda Prasad

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An Overview of the activities of KEONICS

The Karnataka State Electronics Development Corporation Ltd., (KEONICS) has been playing a key role in the development of electronics in our State. Started in 1977, mainly to serve in a promotional and advisory capacity to the development of electronics, in the State, its areas of concentration have been:

- * To serve the electronic industries at the Macro level by providing material bank facility, custom bonded warehouses and promoting export processing zones and ancillarisation.
- * To act as a catalyst for the growth of electronic industries by identifying good products/projects, attract investors to join hands as partners in the joint sector; start mother industries, which in turn, start several ancillary industrial units in the areas of consumer electronics and mass communication and provide marketing and technical support for SSI units.
- * To ensure balanced development of various regions of Karnataka, by encouraging the dispersal of industries to areas other than those of concentration, by providing necessary infrastructure required for electronic industries and by setting up development-cum-training centres, which act as nucleus of activity in these remote districts.
- * A package assistance scheme containing technical consultancy, marketing assistance and material supply are offered to small scale entrepreneurs for setting up new units.
- * To provide assistance to SSI units

by making available the required raw material for production through its material bank and custom bonded warehouses.

- * To provide marketing assistance in the area of consumer electronics, by promoting products such as TV's, radios, two-in-ones, etc., assembled by small scale units and extending technical assistance, apart from supplying raw materials to these units. KEONICS not only provides marketing facilities but goes one step ahead and provides after sales services also.
- * To provide facilities for development, testing and evaluation of equipment and components and promotes commercial exploitation of designs formulated in the local R & D laboratories, especially those products with the bias for import substitution.
- * To provide trade and technology transfer assistance to small units.
- * To promote joint sector ventures and medium and large scale sectors.
- * To implement special schemes for creating electronic awareness and generate employment in rural areas by promoting electronic talents exhibition, offering summer courses in electronics etc.

KEONICS City: One of the major promotional ventures undertaken by KEONICS.

The availability of ideal infrastructure has attracted many electronic industries to Karnataka. The government of Karnataka, in keeping with the tradition of industrial promotion has given incentives for setting up of

industries in the State and attaches importance for promotion of electronic industries in the State. Electronics city, promoted by KEONICS has attracted many leading industries after 1983. A brief progress in the development of electronic city is detailed below.

Upon completion, KEONICS city will house a total of 60 electronic industries with a total investment of Rs. 300 crores, having an anticipated turnover of Rs. 1,000 crores and generating employment for over 10,000 people. Of these 60 units, 16 units have already started production in KEONICS city, 15 units are in the construction phase, 20 are temporarily operating outside electronic city and 8 units have recently been allotted. Some of the prominent business houses which are coming up in the electronic city include TATAS, PHILIPS, BUSH, ITI, BHEL, Tandons Hewlett Packard etc.

A multi storeyed complex will house and provide all facilities needed to support high-tech electronic industries is nearing completion. Facilities being offered includes ISDN-Integrated Service Digital Network, business switch, 66 KV power and independent water supply. KEONICS city will also have an NTT training school with Swiss Collaboration and centralised facilities for banking, post office, test and development Centres etc.

* * *

WHAT'S UP?

Nehru Udyamotsav

The Federation of Karnataka Chambers of Commerce & Industry (FKCCI) plans to celebrate the Nehru Centenary by holding a 12 day Industrial exposition which will highlight the "Industrial Advancement of free India". Originally planned to be held from November 3 to 14 November, it has now been postponed to 15th to 27th December due to elections in November. Nehru Udyamotsav, will bring together a nation wide display ranging from machine tools to capital equipment and machinery; non- conventional energy to nuclear energy; private transport to public transport; automobile parts to automobilier; plastic goods to plastic engineering; consumer electronics to high-tech electronics and telecommunications equipment; small scale to large scale; micro enterprise to corporate conglomerates and multi- nationals; processed food to food processing equipment; cottage industries to automation; handloom to high-tech textiles.

The organisers are planning to have a unique display approach. Stalls will be arranged so as to focus on various

sectors of the industry -large, medium & small etc. and will even focus on different product ranges. Modern exhibition infrastructure meeting international standards are being erected for this exposition. Entrepreneurs and professionals, industrialists and decision makers will find the various programmes for vendor development; match-making; buyer seller meets etc. definitely worth thier while. Enterprises interested in exhibiting their product range may contact *FKCCI-Nehru Udyamotsav, Federation of Karnataka Chambers of Commerce & Industry, K.G.Road , Bangalore-560 009.*

The stall rates ar as below:

Dimension	Rate
3 m X 4 m	Rs. 12,000
3 m X 3 m	Rs. 9,000

Corner stands and Island stalls will be charged special rates.

Domes will be charged special rates. 10% rebate to small scale industries, 15% rebate to women entrepreneurs and social welfare organisations.

MEMBERSHIP

Admission fee Rs. 50/- common to all

Patron: Rs. 5,000/- One time payment

Donor: Rs. 2,000/- One time payment

Life Member: Rs. 1,500/-

One time payment or three equal instalments

Member: Rs. 200/- per annum

Please fill up the enclosed form and return along with your cheque to:

The General Secretary

CONSORTIUM OF ELECTRONIC INDUSTRIES
OF KARNATAKA

36, II Main Road

Vyalikaval

BANGALORE - 560 003

Tel. No.: 369175 Gram: CLIK, Bangalore.

NEWS LETTER

ADVERTISEMENT TARIFF

	Per Issue Rs.
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2. Half Page	300/-
3. Full Page	600/-
Inside Back Cover Page	900/-
5. Back Cover Page	1,200/-

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and co-ordinating the activities of the public and private sector. It is only as recently as 1984-85 that KEONICS has commenced its own manufacturing activity and that too, mainly in the form of Joint Ventures. Hence a general comparison to other state corporations would not be accurate. But yes, in terms of turnover, we stand 3rd or 4th position based on different reports. But by next year, i.e., 89-90 we are confident of being in the 2nd position.

The Department of Electronics estimates electronic production in the country to reach Rs. 70,000 crores by 2000 A.D. under the 8th Five Year Plan. What plans has KEONICS made to contribute to this target and what would be the areas of concentration?

Based on DOE's last five year plan, Karnataka had set certain targets for the Plan period from 85-86 to 89-90. We are happy that Karnataka has not only maintained the target but also crossed it. For the year ended March 89, Electronic Production in India was around Rs. 6700 crores, out of which Rs. 1,300 crores was from Karnataka. In Karnataka, electronic production in the private sector is on the increase. In the past 6 years from 82-83 to 89-90, the turnover in the Private Sector has increased from Rs. 30 crores in 82-83 to Rs. 645 crores in 88-89, whereas turnover from the public sectors has increased from Rs. 200 crores in 82-83 to Rs. 717 crores in 88-89. Moreover good companies like BPL are moving up rapidly.

As far as next five year plan period is concerned, our areas of concentration will be 1) Telecom Components 2) Consumer Electronics & 3) Computer Software.

One of the main promotional activities of KEONICS was the establishment of electronics city. How far has this been successful? It is believed that 70% of the land is yet to be occupied. Likewise, the SSI multi-

storeyed complex in KEONICS city is yet to be occupied. What are the reasons for this and what solutions have been suggested?

Over the past five years, we have allotted land to 60 companies, so far, out of which 14 are multinationals. As far as the KSSIDC complex is concerned, that land was allotted to KSSIDC as one single plot - they have built an SSI multistoreyed complex there. Yes, it is not fully occupied due to some power and water problems. But we have taken up the issue with KEB. Besides this, we are trying to provide all possible infrastructure needed and improve the existing ones. We have also proposed the setting up of ISDN, i.e., Integrated Systems Digital Network, by DOT in an year's time. We are trying to provide facilities, such as the Business Switch, wherein by means of a single switch all lines i.e., Telephone, Telex, Fax & Intercom lines will be connected and no separate lines will be required.

Coming back to the industries situated in Electronics City, right now, 16 industries are under production, 15 are under construction, 20 are operating temporarily outside Electronic City and 8 have not yet started. The turnover of companies in Electronic City is at present around Rs. 200 crores with 2500 people under their employment and an investment of more than Rs. 100 crores. In 3 years time, we expect the turnover to cross Rs. 1,000 crores and provide employment to more than 10,000 people within KEONICS City.

Karnataka State, compared to its neighbouring states, is paying a very high rate of sales tax and is hence losing considerable potential business. The State Governments of neighbouring states are offering incentives and are actively participating in the development of electronic sector in their states. In this area, an aggressive initiative by KEONICS in the development of electronic production, especially in component and

consumer electronics is definitely needed. Has KEONICS made any recommendations to the Government for special facilities to the electronic sector in the state?

I can only say, that we are doing our part to the extent possible, but it is consortiums like yours and KASSIA who should take up these issues.

KEONICS was planning to establish an export zone in the state to facilitate the development of electronics export from Karnataka. How far have the plans progressed?

No, the export zone is being promoted by the Government of Karnataka and not by KEONICS. KEONICS will try to ensure some zones for electronics.

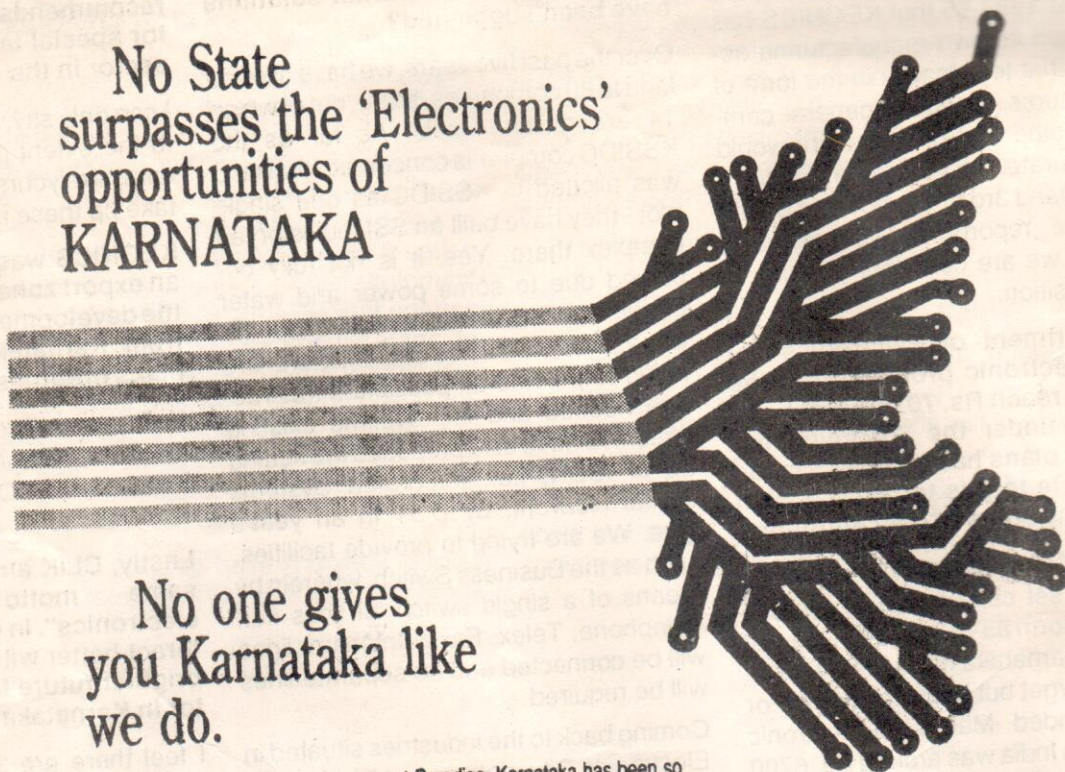
Lastly, CLIK and KEONICS share the same motto "committed to electronics". In what way can CLIK interact better with KEONICS to build a brighter future for the electronic sector in Karnataka?

I feel there are 3 areas which can be developed through mutual interaction and effort. First, the most important aspect in an enterprise is selling. So providing marketing assistance to small scale industries is of prime importance. A buyer-seller meet can be organised regularly by CLIK in association with us.

Secondly, Human Resource Development is of utmost importance in the present day world.

And lastly, it is my opinion that industries manufacturing associated or inter-linked products which go into making one single product or kit should form consortiums to improve their competitiveness and bargaining power in the market. Your consortium should be able to identify such industries among your own members and form mini consortiums, so as to improve their position in the market.

No State
surpasses the 'Electronics'
opportunities of
KARNATAKA



No one gives
you Karnataka like
we do.

An Electronics Investment Paradise, Karnataka has been so described. And why not? Today Karnataka is 'home' for giants like BEL, ITI, BHEL, Karnataka Telecom Limited, TATA, BIRLA 3M, Philips, Yokogawa Keonics, Swede India, DEC, BPL Sanyo, Wipro, Texas Instruments, Tektronix, ASEA... and so many more. Impressive, right? And what's more interesting is that 50 of them are coming up at KEONICS' sprawling 'ELECTRONICS CITY' at Bangalore.

KEONICS - the Karnataka State Electronics Development Corporation - established specifically to plan, promote and catalyze the growth of electronics in the State, is the entry point for the interested investor, you possibly. Yes, KEONICS' comprehensive assistance can make it a cakewalk for you - from identifying the project, locating a business or technical associate, licensing arrangements for the end product allotting work areas, to the very plant itself.

KEONICS. That's the word. That's the code! CALL OR WRITE TO US, SOON!

KEONICS
Your password to
'Electronics' Success.



**Karnataka State Electronics
Development Corporation Ltd.,**
30, Race Course Road, Bangalore 560 001
Karnataka, India.
Tel: 27201 Telex: 0845-2313 "KENX IN"

Let's Solve Our Problems - Together

We, the members of CLIK, are by & large technocrats, which means a typical day in our business life would be involved in production, technical problems and shop floor matters. It is therefore no surprise that we are caught unawares on various administrative legalities. While individually, we may find it difficult to solve these problems, as a Consortium, we can put forward the problems faced by us collectively to the concerned authorities, especially in matter such as customs, sales tax and excise. CLIK is invited to put forward the points for discussion before the advisory committee for the above matters. CLIK's participation will greatly benefit all of us. And for this, we earnestly request all our members to send in their views, problems and suggestions, no sooner we send you circulars regarding the same.

Currently, the Custom Advisory Committee of Karnataka Customs Collectorate is scheduled to

meet in December. CLIK, having been invited to send points for discussion, requests all you members to send in your problems/suggestions on CUSTOMS MATTERS, so as to reach us before 8.12.1989, and we shall forward the same to the Advisory Committee.

Meeting with DC(SSl) Official:

CLIK had the pleasure of meeting Mr. Malhotra, Director (Electronics), DC(SSl), New Delhi, when he visited Bangalore on 8th & 9th November 1989. CLIK discussed various aspects concerning Electronic Industry and also gave representation to DC(SSl) about the following topics.

1. Problem faced by entrepreneurs in obtaining Indo-US Import Certificates.
2. Check-list required for obtaining PMP approval. List Attestation or for any other document to be obtained from DC(SSl).

With best compliments from:

INSTRUMENTS RESEARCH ASSOCIATES (PVT.) LTD.

P.O. BOX NO. 2304, 79/1-2, MAGADI ROAD,
BANGALORE - 560 023.

MANUFACTURERS OF DIGITAL TEMPERATURE INDICATORS

3. Support to Small Scale Industries for Export. Note: Members are also requested to send their views regarding Exports for further representation.
4. Reduction/Rationalisation of custom duties for various inputs to the Electronic Industries like basic raw materials, components and capital equipments. This has reference to the projections of the Planning Commission which envisages Rs. 70,000 Crores production in Electronics by 2000 A.D.

CLIK Plans on Product Development Centre:

Most of us in the small Sector are unable to spend our time in Research & Development of new products for diversification because of lack of resources and infra-structural facilities.

In view of this, CLIK jointly with NTT Electronics Centre is planning to establish a "PRODUCT DEVELOPMENT CENTRE" to help the Small Scale Industries to develop new products to their specifications at a nominal cost.

The scheme envisages the entrepreneur giving product idea, specifications and cost limitations. The centre within a specific time frame will give a report to the entrepreneur giving the cost details and time required for development on getting approval from the entrepreneur, the centre will go ahead with the development work and give a proto-type or few numbers alongwith the necessary documentation for production and testing. However the centre will not provide any marketing/finance assistance.

NTTF Electronics Centre is equipped with complete facilities to manufacture most of the instrumentation products. CLIK is planning to have a free half-a-day work-shop to discuss the effectiveness of having such a centre and the various aspects involved in getting the proto-types developed at the Centre.

Those of the members who are interested in participating in the work-shop are requested to write to CLIK before 15th December, '89.

With best compliments from

VENSONS ELECTRIC COMPANY,

331,9th Cross, 4th Main, IV Phase,
Peeny Industrial Estate,
BANGALORE - 560 058.
Tel: 395223

MANUFACTURERS OF CONTROL PANEL AND TRANSISTOR DEVICES.