

IT Ministry releases five-year roadmap for electronics sector in India. 5 points



Union Minister for Railways, Communications, Electronics and Information Technology, Ashwini Vaishnaw

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Ministry of Electronics and Information Technology, on Monday released a five-year roadmap and vision document for the electronics sector titled "USD 300 bn Sustainable Electronics Manufacturing & Exports by 2026".

As per a press release issued by the ministry, the roadmap, released in association with India Cellular & Electronics Association (ICEA), is the second volume of a two-part vision document - the first of which titled "Increasing India's Electronics Exports and Share in GVCs" was released in November 2021.

"This report provides a year-wise break-up and production projections for the various products that will lead India's transformation into a USD 300 billion electronics manufacturing powerhouse, from the current USD 75 billion," read the release.

"Amongst the key products that are expected to lead India's growth in electronics manufacturing include mobile phones, IT hardware (laptops, tablets), consumer electronics (TV and audio), industrial electronics, auto electronics, electronic components, LED Lighting, strategic electronics, PCBA, wearables and hearables, and telecom equipment. Mobile manufacturing that is expected to cross USD 100 billion annual production - up from the current USD 30 billion - is expected to constitute nearly 40 per cent of this ambitious growth," it added.

Ashwini Vaishnaw, Union Minister of Electronics & Information Technology, congratulated and lauded the entire team of the Ministry of Electronics & Information Technology for their efforts in bringing out the documents and policy framework items at this remarkable speed. During the event, Vaishnaw also addressed some points raised by industry leaders during the recent interaction with him. Addressing the industry's apprehensions over the issue of dual regulations in mobile manufacturing, the Minister clarified that the telecom department is not going to enter into mobile manufacturing and the mobile manufacturing regulatory regime will remain the same.

Speaking on the occasion, Rajeev Chandrasekhar, Minister of State, Electronics & IT and Skill Development & Entrepreneurship, said that Ministry is focusing on broadening and deepening of electronics industry in India in line with Prime Minister's recent statement at World Economic Forum, where he said that India is emerging as a reliable and trusted partner in value chains.

Talking about the objective of volume-2 of the vision document released today Chandrasekhar said, "New markets, new customers and being a player in Global Value Chain (GVC) is the goal and mission of the secnd phase. This volume along with the 1st Volume on electronics manufacturing, represents an excellent example of goal setting, detailed strategy making after hours of deep engagement between government and industry. He further added that the numbers in the 2nd Volume of vision document confirms that there is a real opportunity in electronics sector, driven by 2 factors: growth of digital consumption and growth and diversification of global value chains.

The domestic market is expected to increase from US\$65 billion to US\$180 billion over the next 5 years. This will make electronics amongst India's 2-3 top ranking exports by 2026. Of the US\$300 billion, exports are expected to increase from the projected US\$15 billion in 2021-22 to US\$120 billion by 2026.

The five-part strategy to reach the US\$300 billion goal, based on an "all of the government" approach, sharply focuses on broadening and deepening electronics manufacturing in India. This, by building competitiveness and scale by attracting global electronics manufacturers/brands, shifting and developing sub-assemblies and component ecosystem, building a design ecosystem, nurturing Indian champions and steadily removing cost disabilities faced by India.

The US\$300 billion electronics manufacturing comes on the back of US\$10 billion PLI Scheme announced by the government to propel forward the Semiconductor and Display ecosystem. The government has committed nearly US\$17 billion over the next 6 years across four PLI Schemes - Semiconductor and Design, Smartphones, IT Hardware and Components. The Vision Document makes a strong recommendation on the need to focus on aggregate domestic value addition in the electronics sector, as India transforms from its current state to one that is gearing to compete with the likes of China and Vietnam. It also details the importance of the key role Indian champions will play in addition to global companies - both of whom are already part of the PLI Schemes.

The report seeks a competitive tariff structure on electronic components and removal of all regulatory uncertainty to put India on the path to US\$300 billion electronics manufacturing. The report recommends a "winner takes all" strategy backed by economies of scale and global competitiveness, new and revised incentive schemes for some sectors, and the need to address issues of sustainability and ease of doing business.