


India's Electronics Manufacturing: Tackling Challenges, Seizing Opportunities

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India's electronics manufacturing industry is undergoing a transformative shift, driven by strategic government initiatives, increasing domestic demand, and a commitment to self-reliance (Atmanirbhar Bharat). Policymakers want India to become a global hub for electronics production, leveraging innovation, infrastructure, and private sector collaboration.

Expanding Your Business in India's E-Commerce Sector: Strategies, Trends, and Compliance Insights

 **Webinar | Monday, December 16, 2024 | 2:30 PM India / 4:00 PM Vietnam / 5:00 PM China**

Join Umair Ul Haque, Assistant Manager - International Business Advisory, and Ashna Kohli, Associate - International Business Advisory, as they delve into India's thriving e-commerce sector. The session will cover key growth drivers, emerging sectors, market entry strategies, and FDI norms, offering businesses the insights, compliance considerations and strategies needed to expand their presence in this lucrative market.



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New initiative to boost electronics component manufacturing

India is preparing to launch a new scheme focused on manufacturing components for electronic gadgets like mobile phones, laptops, and tablets. This initiative aims to replicate the success of India's mobile phone production sector and reduce dependence on imports.

Key highlights:

- > **Proposed investment:** The central government plans to allocate INR 400 billion (US\$4.7 billion) for this initiative, expecting to attract INR 820 billion (US\$9.6 billion) in private investments.
- > **Projected output:** The scheme could generate a total production value between INR 1.95–2 trillion (approximately US\$23-23.6 billion) during its tenure.

A key goal is to strengthen local manufacturing of critical components, such as printed circuit boards (PCBs), displays, and capacitors. This aligns with the 'Self-Reliant India' (*Atmanirbhar Bharat*) initiative, aiming to:

- > Create jobs and spur economic growth.
- > Develop a resilient supply chain network.
- > Reduce reliance on imports to bolster national self-reliance.

Growth drivers for electronics manufacturing

India's electronics manufacturing growth is driven by mobile phones, automotive electronics, and industrial segments. Growth in the sector is fueled by several factors:

1. Policy support at the federal and state government level

- > **Production Linked Incentive (PLI) Scheme:** Encourages domestic production of high-priority components like batteries, Printed Circuit Board Assembly (PCBA), and displays.
- > **Semicon India Program:** Promotes semiconductor design and manufacturing.
- > **Relaxations for R&D:** Import duty exemptions on imports for research and development (R&D) and testing to foster innovation.

2. Expanding domestic and export markets

Electronics production is expected to grow at a compound annual growth rate (CAGR) of 26 percent between 2023 and 2030, with a projected value of US\$500 billion by 2030.

3. Focus on automotive electronics

Valued at US\$10.6 billion in FY 2023-24, the automotive electronics market is projected to reach US\$74 billion by FY32. The rise of electric vehicles (EVs) and advanced systems is driving this growth, with electronic content in vehicles expected to increase from 20 percent to 40–50 percent within a decade.

Path to value-added manufacturing

According to a recent report by the Confederation of Indian Industry (CII), India's electronics industry needs a fundamental shift from its current import-reliant, assembly-driven model to a focus on value-added component manufacturing.

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In 2023, India's electronics production reached US\$102 billion, supported by a component and sub-assembly demand of US\$45.5 billion. This demand is anticipated to surge to US\$240 billion by 2030, aligning with an electronics production target of 2030. The report emphasizes the critical role of PCBAs and other essential components in achieving this transformation.

As per industry observers, PCBAs are projected to grow at a robust 30 percent CAGR, as the segment is expected to reach a demand of US\$139 billion by 2030.

Additionally, five essential components, i.e., lithium-ion batteries, camera modules, mechanicals, displays, and PCBs, accounted for 62 percent of the total demand in 2023. This figure is projected to