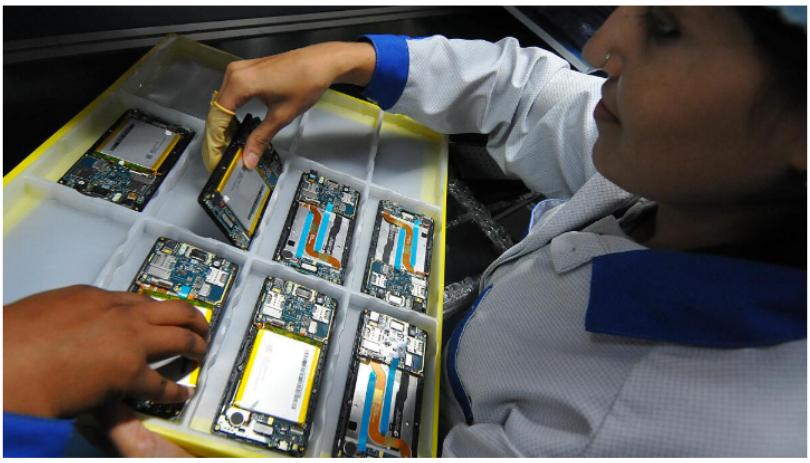
Accelerating India's Electronics Export Boom: The Urgent Need for Air Cargo Infrastructure Overhaul



India's electronics industry is on the cusp of a transformative leap, with mobile phone exports projected to skyrocket to $180 billion by 2030, a massive **eightfold increase** from current levels. This rapid growth is pivotal to achieving the government's ambitious target of $500 billion in electronics production within the same timeframe. However, the key to unlocking this potential lies in overhauling India's airport cargo infrastructure—a challenge industry leaders say needs immediate and strategic intervention.

The electronics sector has become the largest contributor to India's air cargo exports and ranks third overall among export categories. Mobile phones, contributing $15 billion out of $29.1 billion in total electronics exports during FY 2023-24, exemplify the sector's robust growth. Industry body India Cellular and Electronics Association (ICEA) predicts that by 2030, electronics will dominate India's air cargo landscape, far outpacing other exports.

"Electronics exports will require airport capacities to expand sixfold to handle $180 billion of annual shipments," said ICEA Chairman Pankaj Mohindroo. He also emphasized the urgency of reducing export turnaround times, highlighting that India lags behind China, where shipments leave within a day of production, compared to India's two-day timeline.

India's existing airport infrastructure is struggling to keep pace with current demand, let alone future growth. Major cargo hubs like Delhi, Chennai, and Bangalore airports handle 55%, 30%, and 10% of mobile phone exports, respectively. Yet, these facilities operate at 80-100% of their capacity.

Mohindroo pointed out critical gaps in cargo operations at many airports, including:

- Limited docking and truck parking facilities.
- Inadequate space for unit load device (ULD) assembly.
- Insufficient covered and temperature-controlled areas for loading and unloading electronics, which are highly sensitive to heat, water, and other weather conditions.

These inefficiencies jeopardize just-in-time production schedules, a cornerstone of global electronics supply chains.

Custom clearance processes remain another significant hurdle. Mohindroo noted that customs brokers often operate in an unstructured manner, further delaying shipments. In an industry where speed and precision are paramount, these delays undermine India's competitiveness.

Recognizing these challenges, the Indian government is taking steps to bolster airport infrastructure. Plans include developing 50 new airports over the next five years, including greenfield projects like the Noida International Airport and Tamil Nadu's Parandur Airport. In fact, the latter is expected to handle 100 million passengers annually and feature a dedicated cargo terminal linked to a multimodal logistics park.

The government is also considering tax incentives, rationalization of aviation turbine fuel (ATF) prices, and investments in air cargo handling facilities. These measures aim to create an ecosystem that not only supports the electronics industry but also generates employment and boosts India's logistics capabilities.

India's burgeoning electronics export market has already attracted investments from global giants like Apple and Samsung. Tamil Nadu, home to Apple's manufacturing hubs, and Noida, hosting Samsung's massive smartphone factory, have emerged as key production zones. Both regions are set to benefit significantly from planned airport expansions and improved cargo handling facilities.

For India to emerge as a global electronics export powerhouse, coordinated efforts between the government, industry stakeholders, and airport authorities are critical. Expanding airport cargo capacity, streamlining customs processes, and ensuring temperature-controlled and secure facilities for sensitive electronics are non-negotiable priorities.

As India aims to compete with export giants like China, the alignment of infrastructure development with industry needs will determine whether the nation can fully capitalize on its electronics export boom.

India stands at the threshold of a logistics revolution, with its airports poised to become the lifelines of a $180 billion electronics export industry. The question is: Can it rise to meet the challenge?