

ATMANIRBHAR BHARAT: BECOMING AN ELECTRONICS MANUFACTURING HUB

Electronic Exports have become the 6th Largest Export Commodity Group

India: Second Largest Mobile Phone Producer in the World

PLI for LSEM: Rs. 5998 Crore Invested, Production of Rs 2.76 lakh crore, Export of Rs. 1.28 lakh crore

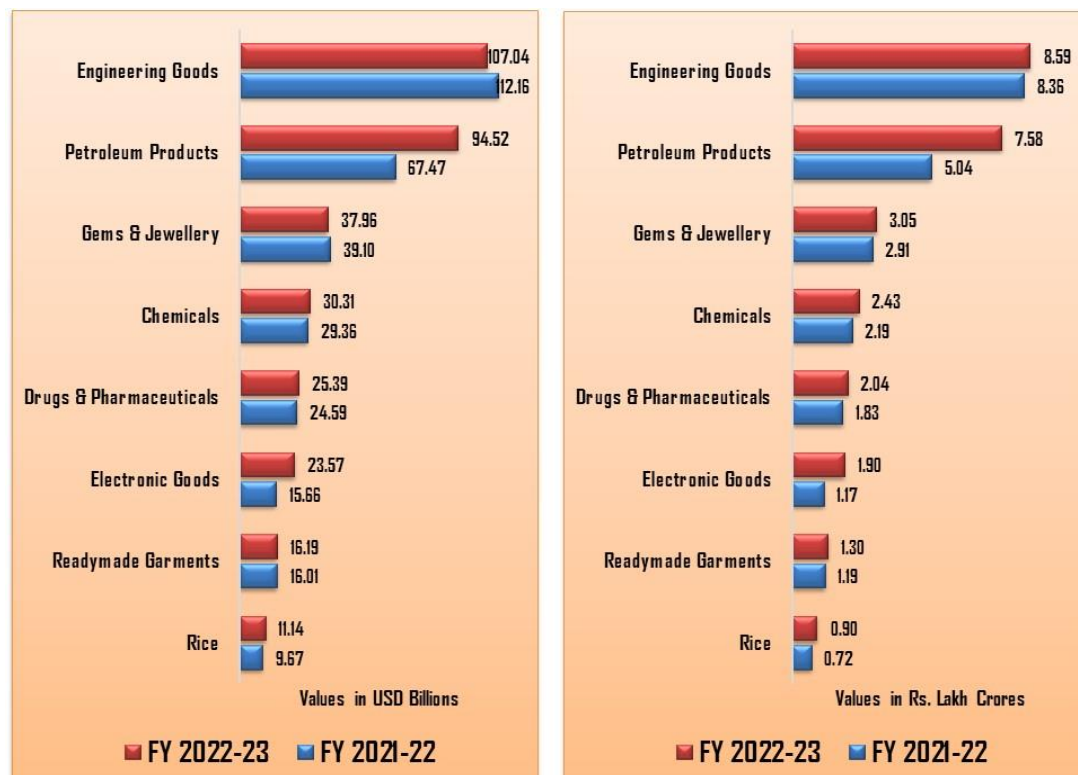
(Ministry of Electronics & Information Technology)

April 28, 2023

“New India will not remain a mere consumer of technology, but India will play an active role in the development and implementation of that technology. From exporting zero mobile phones in 2014, today we have become a mobile phone exporting country worth thousands of crores”

[Prime Minister Narendra Modi](#)

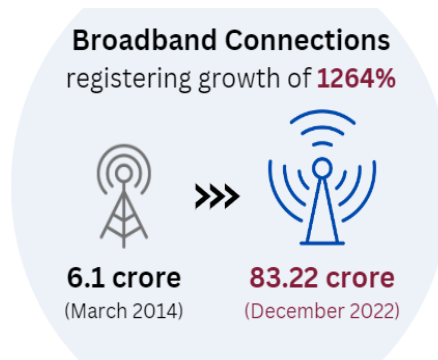
Once upon a time, the textile industry used to be a jewel in India’s crown. For centuries, Indian textiles used to go offshore, contributing significantly to India’s GDP. Even in the colonial period, textile mills in Kanpur and Bombay used to serve as tailors to the world. However, New India has chosen its next big export segment. As per the quick estimates for selected major commodities for March 2023, **electronic exports have become the 6th largest export commodity group** surpassing readymade garments.¹



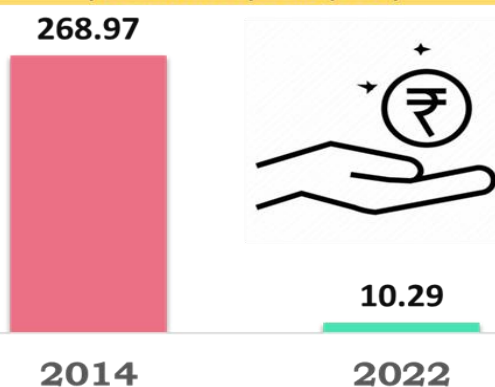
¹ <https://commerce.gov.in/wp-content/uploads/2023/04/Quick-Estimates-March-2023.pdf>

INDIA'S ELECTRONIC HARDWARE LANDSCAPE IS LED BY MOBILE PHONES

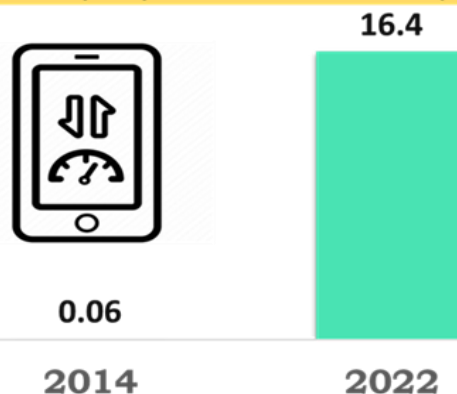
India has almost 120 crore mobile connections, among which a major chunk are smartphones. The demand started growing throughout the first decade of the new millennium, and it exploded in 2016 when the per GB data price became as low as Rs. 10, making India a global leader in cheap internet accessibility and penetration.



96.17% reduction of average revenue realization per subscriber per GB (in Rs.)



266x growth in average monthly data consumption per wireless data subscriber (GB)

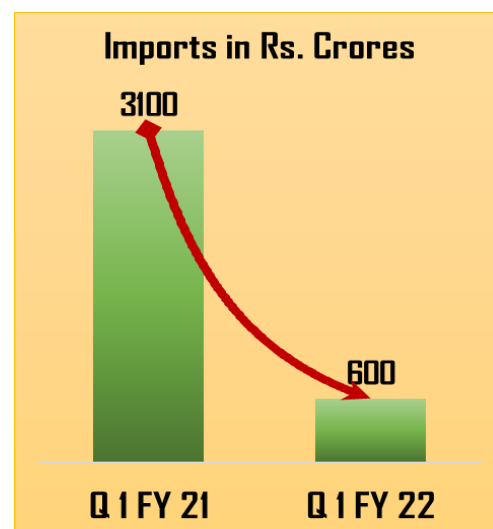


In May 2017, the Indian government announced the Phased Manufacturing Programme (PMP) to promote the domestic production of mobile handsets.

This initiative helped in building a robust indigenous mobile manufacturing ecosystem in India and incentivized large-scale manufacturing. The PMP has successfully helped in nudging companies to move toward manufacturing from direct imports. According to the Indian Cellular Association (ICA), the total capital investment by device and component players by the end of 2018 under the PMP was INR 57 billion.²

Today the telecom & allied industries are amongst the top employment generators in India. From just 2 mobile phone factories in 2014, India now has become the **second largest mobile phone producer** in the world. The target of the Central Government is to increase electronics manufacturing capacity to **Rs. 24 lakh crore by 2025-26, which will also help create over 10 lakh jobs.**³

India accounts for 30 million smartphone purchases every quarter, and this percentage keeps increasing several times a year. There was also a sharp decline in the import of mobile phones at ₹600 crores during the first quarter of FY22, while it was as high as ₹3,100 crores during the same period in



² <https://www.ibef.org/blogs/mobile-phone-manufacturing-in-india-towards-a-brighter-future>

³ <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1908064>

FY21. Imports of mobile phones have decreased from USD 3.5 billion in 2017-18 to [USD 0.5 billion in 2021\(April 21-September 21\)](#)⁴. Another feather in India's cap is that during the first quarter of 2018, India became the world's fastest-growing market for mobile applications.

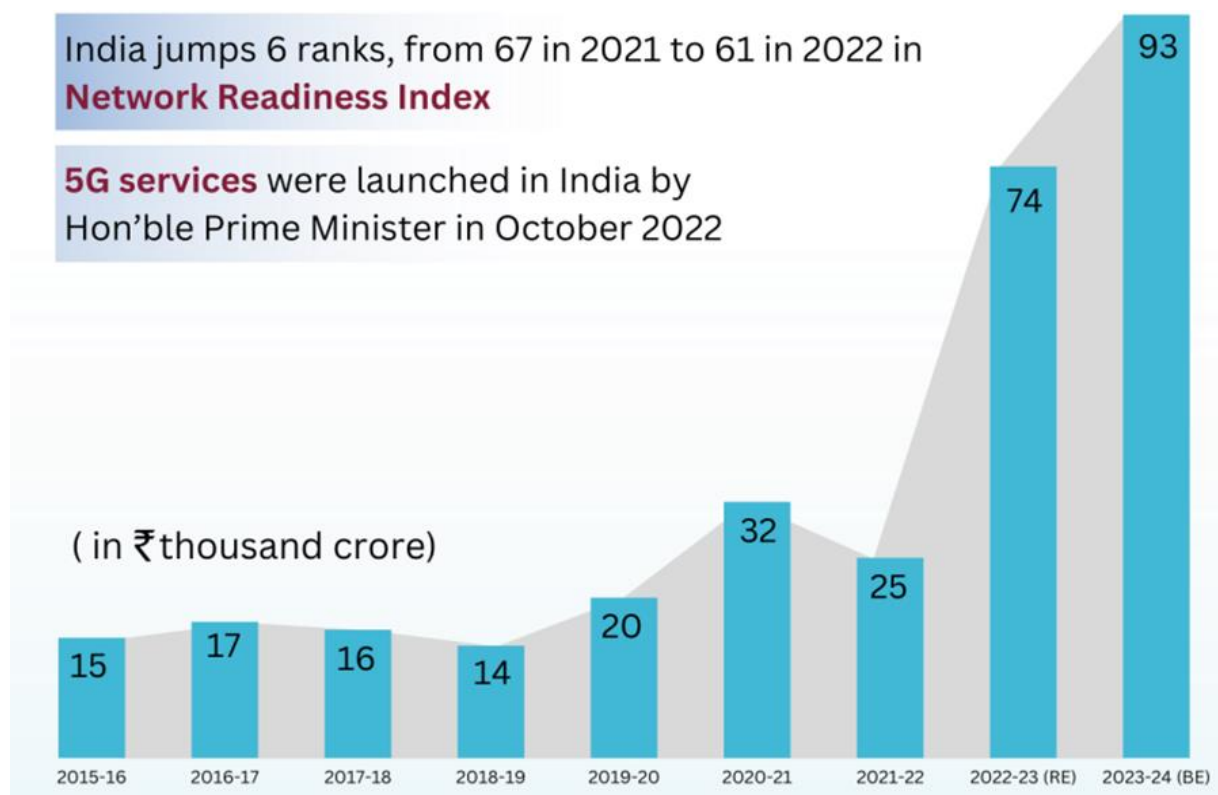
GOVERNMENT HAS SET THE PRIORITIES

The Government has taken [several steps](#) which are expected to increase the domestic manufacturing and export of electronics goods, including mobile phones. These include

- ✓ Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing
- ✓ Production Linked Incentive Scheme (PLI) for IT hardware
- ✓ Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECs)
- ✓ Modified Electronics Manufacturing Clusters (EMC 2.0) under the **National Policy on Electronics, 2019**, which envisages positioning India as a global hub for Electronics, System Design and Manufacturing (ESDM).
- ✓ FDI up to 100% under the automatic route is permitted for electronics manufacturing subject to applicable laws.

India jumps 6 ranks, from 67 in 2021 to 61 in 2022 in **Network Readiness Index**

5G services were launched in India by Hon'ble Prime Minister in October 2022



(Union Budget: Expenditure on IT & Telecom Sector)

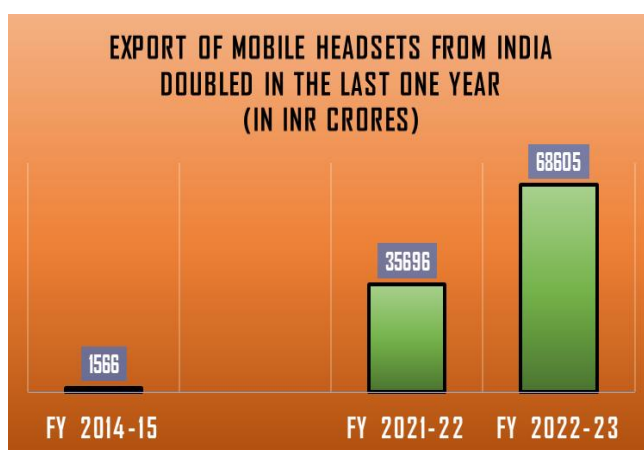
⁴ <https://pib.gov.in/PressReleasePage.aspx?PRID=1782694>

PRODUCTION LINKED INCENTIVE SCHEMES BECOMING SUCCESSFULL

The Production Linked Incentive scheme for Large-Scale Electronics Manufacturing (LSEM) and for IT hardware is advancing towards making India a competitive destination for electronics manufacturing and providing a boost to Atmanirbhar Bharat while creating more global champions in this sector.

As a result of government initiatives and industry efforts, India has made rapid advances in the past five years in the field of electronics manufacturing. The export of mobile phones has also seen a sharp increase.

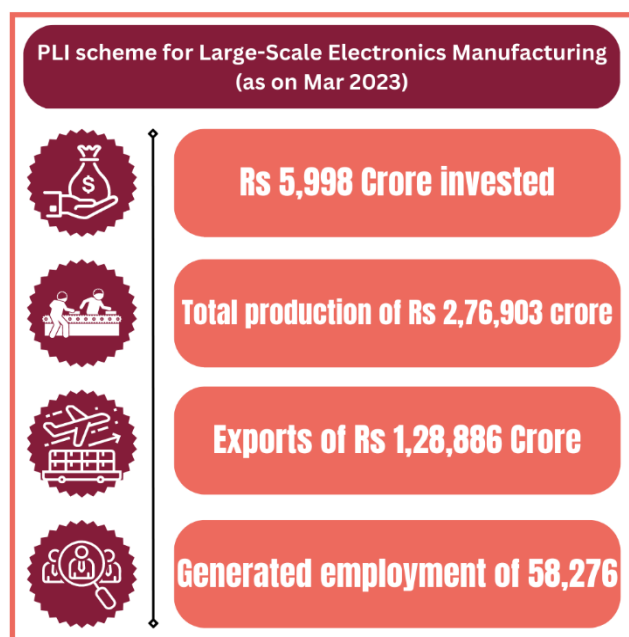
- The production of mobile phones has risen from about six crores in 2014-15 to approximately 32 crores in 2021-22.
- Export of Mobile handsets from India increased from over INR 1,566 crore (USD 0.25 Billion) in FY 2014-15 to INR 35,696 crore (USD 4.44 Billion) in FY 2021-22. The value of export of mobile phones in FY 2022-23 (Till Jan 2023) stood at INR 68,605 Crore (USD 8.5 Billion), which has approximately doubled as compared to the same period of the preceding year.
- While the exports of electronic goods have increased from INR 39,978 crore (USD 5.96 billion) in 2016-17 to INR 109,797 crore in 2021-22 (USD 14.6 Billion), exhibiting a Compound Annual Growth Rate (CAGR) of 22.39%, India's share in global electronics manufacturing has grown from 1.3% in 2012 to 3.75% in FY 21-22, as per industry estimates. During April – January 2022-23 electronic goods exports were [recorded](#) at USD 18.78 Billion.



Data till Jan 2023

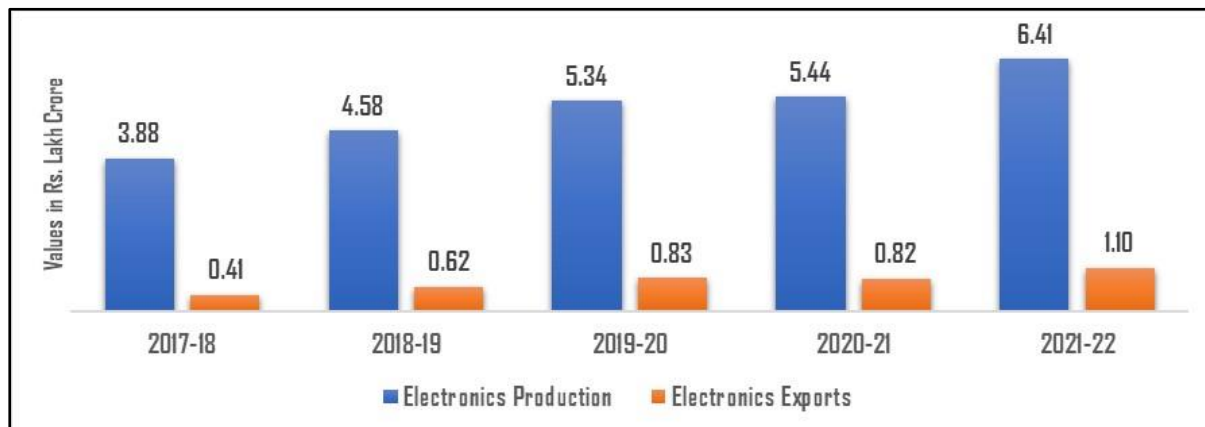
As of March 2023, the PLI scheme for LSEM has attracted investment of Rs 5,998 crore and led to a total production of Rs 2,76,903 crore, including exports of Rs 1,28,886 Crore. The scheme has also generated employment of 58,276. Electronics manufacturing is expected to rise to USD 300 billion by 2025-26.

The PLI for the Large-Scale Electronics Manufacturing sector has attracted leading global players, including Foxconn, Samsung, Pegatron, Rising Star and Wistron, while leading domestic companies, including Lava,



Micromax, Optiemus, United Telelinks Neolyncs and Padget Electronics, have also participated in this scheme.⁵

As of March 2023, PLI for IT hardware has attracted an investment of Rs 195 crore and led to a total production of Rs 5,715 crore. The scheme has also generated employment of 1089.



WAY FORWARD: INDIA AS A GLOBAL ELECTRONICS MANUFACTURING HUB

In a win for the Make in India program to lure investors into manufacturing in the country, Samsung Electronics Company has opened the world’s largest mobile phone factory in India. This will double Samsung’s Noida unit capacity for mobile phones to [120 million units a year from 68 million](#)⁶. The company has taken the ‘Make in India’ initiative to another level by launching the ‘Make for the World’ initiative, as part of which it aims to export mobile handsets produced in India, to overseas markets.

The Electronics Manufacturing Industry today has committed and assured us of [\\$300 Billion](#)⁷ production by 2025-26. Moreover, a rise in mobile-phone penetration and a decline in data costs will add 500 million new internet users in India over the next five years. The factors that will ensure the market remains on an upward curve include low smartphone penetration, ease of foreign investment in India, and the ascendancy of Long-Term



⁵ <https://pib.gov.in/PressReleaseFramePage.aspx?PRID=1885189>

⁶ <https://www.ibef.org/blogs/mobile-phone-manufacturing-in-india-towards-a-brighter-future>

⁷ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1776945>

Evolution. A total of Rs 3,56,303 crore FDI has been committed in Computer Software and Hardware during FY 2019-2022 and **Rs 63,819 crore in the current FY 2022-2023** (till Dec 2022)⁸.

The Government of India under the leadership of Prime Minister Narendra Modi has always believed in transformative programs, be it Digital India, Make in India or Startup India. These initiatives have empowered Indians, led to digital inclusion, encouraged innovation and entrepreneurship and raised the stature of **India as a Global Digital Superpower**.

FURTHER READING

- [Design and manufacturing of electronics system](#), *PIB Mar 15, 2023*
- [Govt approves setting up of Electronics Manufacturing Cluster at Hubli-Dharwad in Karnataka](#), *PIB Mar 24, 2023*
- [IT Hubs](#), *PIB Mar 15, 2023*
- [Setting up of Software Technology Parks of India](#), *PIB, Feb 8, 2023*
- [Information Technology Exports from India](#), *PIB, Feb 8, 2023*
- [Indian Semiconductor Mission](#), *PIB, Feb 3, 2023*
- [PLI for Large Scale Electronics Manufacturing](#), *Ministry of Electronics & Information Technology*

CHART SOURCE

- [QUICK ESTIMATES FOR SELECTED MAJOR COMMODITIES FOR MARCH 2023](#)
- [Manufacturing of Electronic Items](#), *PIB Dec 14, 2022*
- [Year End Review 2022: Ministry of Communications](#), *PIB Dec 16, 2022*
- [Union Budget: Highlights](#), *PIB Mar 1, 2023*

AG/HP/RK/PPD/SS

⁸ <https://pib.gov.in/PressReleasePage.aspx?PRID=1907277>