



# Electronic Production in India

## Why in News?

Recently, the Minister of State for Electronics & Information Technology launched a report titled **'Globalise to Localise: Exporting at Scale and Deepening the Ecosystem are Vital to Higher Domestic Value Addition'**.

- Further, the government is focused on achieving the target of USD 300 billion in electronic production by 2026.

## What are the Key Highlights of the Report?

- **About:**
  - The report was prepared by the **India Council for Research on International Economic Relations (ICRIER)**, in collaboration with the [India Cellular and Electronics Association \(ICEA\)](#) explores how **India can achieve an electronics production target of USD 300 billion and exports of USD 120 by 2025-26.**
    - It examines the **empirical relationship between exports and the share of domestic value addition in successful exporting nations.**
    - It emphasizes **strengthening the domestic manufacturing ecosystem** to make India more **resilient to supply chain disruptions** and the aim is to emerge as **a reliable and trusted partner in Global value chains.**
- **Present Status:**
  - India's electronics exports crossed USD 16 billion in Financial Year 2021-22.
  - Electronics as a sector has jumped to **the 6<sup>th</sup> largest export from India in 2022.**
    - **Mobile phones constitute the single largest component of electronics exports from India.**
    - They are expected to contribute nearly 50% of the total electronics exports by next year.
- **Issue:**
  - **Shift in Global value Chain:**
    - Post [Covid-19](#) world is undergoing **deep tectonic irreversible changes in the value chains of electronics.**
      - As major manufacturing firms are venturing out of China due to uncertain Chinese government policies and US-China rivalry.
- **Opportunities:**
  - India should **grab the opportunity of shifting [supply chains](#) out of China and export aggressively to reach the scale in electronics manufacturing.**
    - Rising exports will **create a network effect of creating the supply chain interests**, and supply chain investments that in turn will increase the value added in the Indian electronics segment.
- **Recommendations:**
  - **Adopt Policies of Other Countries:**
    - The study finds that **China and Vietnam have adopted the mantra of 'first globalize, then localize'**, which means in the initial years they were determined **to achieve global scale in exports, and then shifted their emphasis to greater use of local contents.**

- The report, therefore, recommends a sequential approach that can put **India's exports in the same trajectory as China and Vietnam.**
- **Indian Policy Measures:**
  - It suggests **several steps and policies needed for deepening the broader electronics ecosystem within India.**
    - Additionally, policies such as [Gati Shakti](#), and [Production Linked Incentives \(PLI\)](#) will also help increase India's competitiveness.
- **Competitive Domestic Ecosystem:**
  - It points to an urgent **need for India to create a competitive domestic ecosystem of ancillary suppliers through technology upgradation programmes**, holding sourcing fairs and introducing supporting industry development programmes.

## What are the Other Related Schemes for Manufacturing?

- **Related Initiatives:**
  - [Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors \(SPECS\).](#)
  - [Modified Electronics Manufacturing Clusters \(EMC 2.0\) Scheme.](#)
  - [Design Linked Incentive \(DLI\) Scheme.](#)

## What is India Council for Research on International Economic Relations ICRIER?

- **About:**
  - It is an **autonomous economic policy think tank**, in operation since 1981.
- **Goal:**
  - To help Indian policymakers make **informed decisions, facilitated through rigorous analytical research, objective policy advice and extensive networking events.**

## What is India Cellular and Electronics Association ICEA?

- **About:**
  - It is the **apex industry body for the mobile and electronics industry** comprising manufacturers, brand owners, technology providers, VAS application & solution providers, distributors, and retail chains of mobile handsets and electronics.
- **Vision:**
  - It is committed to carrying forward its vision of building Indian manufacturing and design in verticals other than mobile handsets while consolidating the gains made in the mobile handset and components industry.
  - ICEA is entirely devoted to improving the competitiveness and growth of the industry by closely working with the Government's ministries to create a robust, legal, and ethical electronics industry, thereby creating an innovative market environment in the country.

[Source: PIB](#)