

ELECTRONICS EXPORTS

Forget China, long way to go for India to catch up with Vietnam, Malaysia

THE CHALLENGE AHEAD

RANK AS GLOBAL ELECTRONICS EXPORTER (2021)



	Rank	\$ billion
China	1	902.7
South Korea	5	205.8
Vietnam	8	131.2
Malaysia	10	116.9
Mexico	12	90.5
Thailand	13	53.8
Philippines	15	41.4
INDIA	26	14.3

Source: ITC Trade map & TDM as reproduced in ICEA presentation

SURAJEET DAS GUPTA

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India's ambition to become a global hub for electronics faces tough challenges, not only from Vietnam, but a raft of other countries that have emerged as major exporters of electronics. Countries such as the Philippines, Thailand, Mexico, and Malaysia have exported electronics more than double that of India on an average, according to data available till 2021. In the year 2021, exports by Vietnam, Mexico, and Thailand were 9.2 times, 6.3 times, and 3.8 times respectively, that of India, according to estimates by the Indian Cellular and Electronics Association of India (ICEA).

India has very little chance of catching up with Vietnam in the next few years, say experts. Even if the country meets its ambitious electronics export target for FY26, which is between \$105 billion and \$130 billion, it will still be way below Vietnam's, which was \$131.2 billion in 2021. In FY23, India exported electronics to the tune of \$23.57 billion.

And while India's rank

among global electronics exporters was at 26 in 2021, that of Vietnam was far ahead at 8. In fact, the ICEA feels that it will be tough for India to reach even the target set by the government for FY26.

According to it, the export of electronics needs to grow at an average of 64.5 per cent to 76.6 per cent per annum to be able to achieve the magic number. Even if the highest growth rate achieved in 2015 is maintained in the next three fiscal years, India's electronics exports will be only \$89 billion by FY26, and that is nowhere near the government's target. So how have other countries performed so much better? They have, of course, been more savvy about taking advantage of the free trade agreements (FTAs), kept import tariffs low — with many at zero levels — and ensured policy stability and incentives. Malaysia, which has had a focused policy in semiconductor exports (a large number of OSAT and ATMP players are located in Penang, has become a force to reckon with.

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