

# Even without PLI, Chinese firms top 'Made in India' smartphone exports

South Korea's Samsung was the only PLI beneficiary to increase its market share

AYUSHI KAR

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Even though the mobile performance linked incentive (PLI) scheme was aimed at encouraging local players to become exporters, Chinese smartphone makers are leading the market when it comes to 'Made in India' shipments.

While these shipments grew 16 per cent y-o-y to reach 44 million units in the second quarter of calendar 2022, a significant contribution continues to come from Chinese companies, which were excluded from the mobile PLI scheme for geopolitical reasons, an analysis by Counterpoint Research shows.

## Way too ahead

The report illustrated that the share of shipments by Chinese smartphone makers Oppo and Vivo increased despite their not being PLI beneficiaries. South Korean giant Samsung was the only PLI beneficiary that increased its market share.

Indian smartphone manufacturers either command negligible market share or lost market share between

Q2 CY21 and Q2 CY22. "The market is currently dominated by Chinese OEMs and all of them have already made significant investments in India in setting up manufacturing capabilities. This they did irrespective of the PLI scheme as their intent was to leverage other benefits such as saving on import duty, proximity to market, and also to step up their commitment to a market like India which is important though volatile due to political skirmishes from time to time," said Faisal Kawoosa, Founder and Chief Analyst at TechArc.

The Centre committed to a slew of subsidies in exchange for which PLI beneficiaries pledged that they will reach a total production of ₹10.5-lakh crore over the next five years with 60 per cent of the total production (₹6.5-lakh crore) targeted for global markets. This was done to reduce India's electronic trade deficit with China.

However, despite benefiting from the first tranche of subsidies, the Counterpoint report shows that Samsung is the only player to increase its market share for smartphone exports, from 15.6 per

cent in Q2 CY21 to 21.8 per cent in Q2 CY22. On the other hand, while Oppo's export market share went up from 20.2 per cent to 23.9 per cent, Vivo's rose from 13.3 per cent to 14.0 per cent.

Most Indian PLI beneficiaries such as Lava, Micromax, and Optimus did not command significant market share in the smartphone segment at all.

Indeed, Dixon's market share shrank from 9.1 per cent to 8.3 per cent.

However, the report noted that Lava led the market for feature phone exports with a market share of 22 per cent. Feature phones have the lowest value add, especially as global high revenue markets veer to 4G and 5G telecom networks, necessitating the use of smartphones.

## Cheap labour

Peeyush Vaish, Partner and Telecom Sector Leader at Deloitte, explained why the Chinese smartphone makers do not need the Indian PLI scheme to manufacture smartphones even for exports.

"If you look at their India demand, they have enough volumes to warrant bolstering production for export purposes. Assembly of smartphones is cheaper in India because our labour costs are cheap. Therefore, it is no surprise that they lead the market share," said Vaish.

