

Backed by mobile devices, electronics up two notches to 4th place in exports

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New Delhi, 19 June

Electronic goods exports jumped up from sixth to fourth place in the rankings in April-May 2023, making it, for the first time, to the top five league of the top 30 commodities exported from the country, based on Commerce Ministry figures. Electronics overtook organic and inorganic chemicals and drugs and pharmaceuticals to reach its new slot.

In this period, electronics exports touched \$4.54 billion, an increase of 48 per cent from the previous year in the same period when it was \$3.06 billion. The push is primarily on account of the substantial increase in exports of mobile devices which went up to \$2.66 billion, according to the Indian Cellular and Electronics Association (ICEA), contributing to over 58 per cent of total electronics exports.

Electronics accounted for 8 per cent of the value of the top 10 exported commodities in April-May 2023 compared to only 4.54 per cent in the previous year, reflecting its growing importance in India's export basket.

What is also interesting is that the gap between gems and jewellery

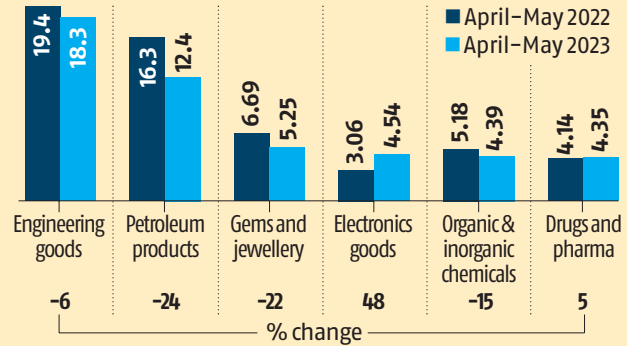
(which is in the third slot) is closing very fast because of the global slowdown in the sector stemming from the recession in many European countries.

As a result, gems and jewellery exports have fallen sharply by 22 per cent in April-May to \$5.25 billion, down from \$6.69 billion last year in the same period. Of course, gems and jewellery exports still have a lead of around 15 per cent over electronics exports in April-May FY24 but in the



EXPORT OF COMMODITIES

(In \$ billion)



Source: Ministry of Commerce

previous year, they were far ahead by a staggering 118 per cent in the same period.

ICEA estimates that electronics exports will become the third largest export from India, dislodging gems and jewellery from the third spot by 2025, or may be even earlier if the trend continues.

Much of the electronics push has come from the success of one segment - mobile devices - and more precisely from the success of just three of Apple's vendors: Foxconn, Wistron and Pegatron.

Their share of the total exports of mobile devices accounts for no less than 75 per cent. Put another way,

Apple's exports account for 3.5 per cent of the total value of the top 10 exports from India in April-May 2023.

While the figure illustrates the success of Apple's exports through the Production Linked Incentive (PLI) scheme, it also reflects something skew-whiff in that both Chinese mobile players (who control the domestic market) as well as home grown players who were also eligible for PLI, have played a minimal role in mobile exports.

The exception is Samsung, but clearly it has placed a bigger bet on Vietnam, which accounts for 50 per cent of its phone assembly, than India.