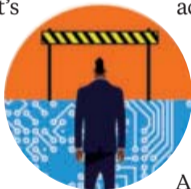


# Electronics export goal faces US tariff wall

**SURAJEET DAS GUPTA**

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The central government's ambitious target of reaching an electronics production value of \$500 billion — of which \$200 billion is expected to come from exports by 2030 — could face a serious challenge due to the imposition of reciprocal tariffs on all countries announced by US President



Donald Trump a few days ago. The US is the largest market for India's electronics exports, accounting for 33 per cent of the total as of 2023-24 (FY24). Electronics is already the third-largest merchandise export category at \$22.54 billion (between April and November 2024), behind only engineering and petroleum products. According to industry estimates, which are being com-

pared into a detailed analysis for discussion with the government, the average duty on electronics imports across roughly 477 Harmonized System (HS) Code items in India is over 9 per cent. In comparison, the average tariff on electronic imports in the US is just over 1 per cent, with nearly 80 per cent of the items falling under the zero-duty category. As a result, India's average tariff on electronics is 8 per cent higher than that of the US. Turn to Page 6 ▶

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# India weighs reciprocal tariffs as US trade uncertainty looms

This gap must be reduced across products if the government wants to avoid a negative impact on electronics exports to the US.

Electronics exports include mobile devices — which, based on HS Codes, have now surpassed non-industrial diamonds as the largest export to the US — telecommunications products, consumer electronics such as televisions, laptops, servers, hearables, and wearables, as well as solar panels. The

US is the largest market for solar panel exports, accounting for 97 per cent of India's total exports in this category.

India Electronics & Semiconductor Association President Ashok Chandak said: “Yes, there is a cause for concern with reciprocal duties on electronics. The US is a big market, and India has an export thrust in this area. It may become uncompetitive with stiff duties imposed

by the US. We hope the government will consider negotiations and tariff adjustments to ensure that India's electronics exports continue to grow.”

While the US has not clarified how reciprocal duties will be imposed — whether on a product-to-product basis using HS Codes, based on average tariffs across all items under a broader HS Code like electronics, or even using the average most favoured

nation (MFN) rate across all products — industry bodies and the government are evaluating all possibilities.

For instance, the average MFN duty across all product categories imported into India is 17 per cent, compared to 3.5 per cent in the US. If reciprocal tariffs are implemented on a product-to-product basis, mobile devices, which are India's largest electronics export, could be affected. India currently

imposes a 16.5 per cent duty on mobile devices, while the US has zero duty. Since Apple's iPhones are the largest contributor to India's electronics exports, a slowdown in shipments to the US could directly impact India's 2030 electronics export ambitions.

To put things into perspective, achieving the export target of \$200 billion will require electronics exports to increase 6.6 times from FY24 — a daunting challenge.