

India's high-tech manufacturing ambitions have a long road ahead

Contributes only 1.39% of the revenue of the top 20 largest manufacturing/assembly companies globally

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India may aspire to become a global hub, particularly for high-technology manufacturing, but that ambition is still a long way off.

The country contributes only 1.39 per cent of the revenue of the top 20 largest manufacturing/assembly companies globally by revenue, based on the Fortune 500 list, according to a study by Feedback Advisory Services. Based on revenues for 2022, the collective revenue of the global top 20 manufacturing companies in India was \$46.6 billion, of their total revenue of \$3,348 billion.

The distance India has to cover can be seen from the fact that China contributed 8.3 per cent of the top 20 manufacturing companies' global revenue at \$279.4 billion — nearly six times India's, according to Feedback Advisory.

Elaborating on the key takeaways of the research, A M Devendranath, chief executive officer of Feedback Advisory, says, "The key takeaways from the research are that while India has been pushing to become a global hub for



manufacturing, it has a long way to go. The exposure and revenue contribution of the top 20 global manufacturing companies in India are minuscule, except for some companies like Foxconn or Hyundai."

Devendranath says there is learning based on these trends as "the message is clear that companies manufacturing in

India cannot just focus on only the domestic market, but there is a need for a big push to exports and make India its hub". The government is already working on a strategy to encourage multinational companies (MNCs) that are part of the global value chain to come to India.

The good news is there are some

companies bucking the global trend for whom India is becoming as big a revenue generator, if not more than that in China. One of them is Hon Hai Technology Group (Foxconn), the world's largest electronics manufacturing services player.

Its share of global revenue between China (where it manufactures iPhones) is

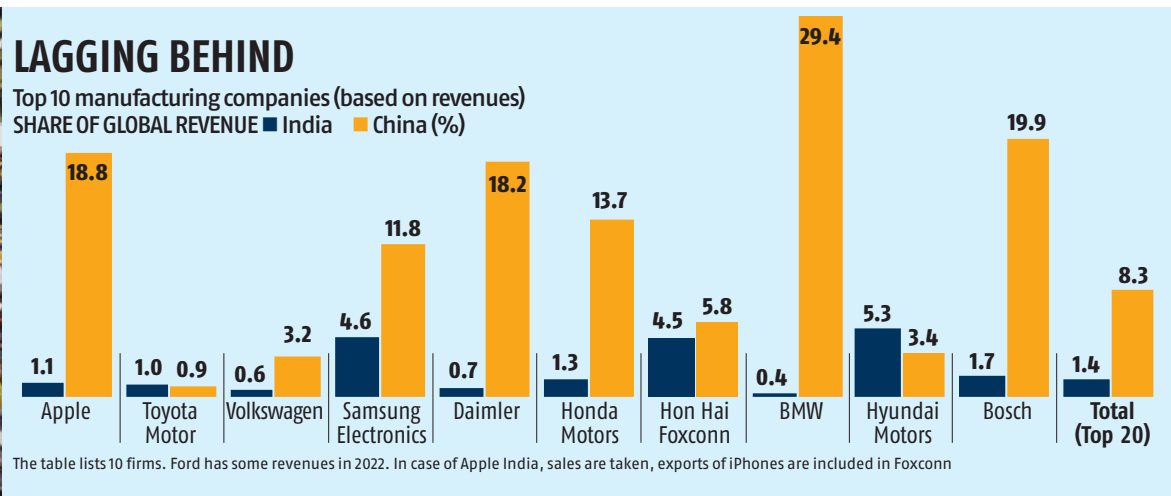
closing in with India.

Feedback research highlights that in 2022, the share of Foxconn's revenue from China was 5.8 per cent, with India closing in at 4.49 per cent — primarily as Apple Inc is expected to shift over 10 per cent of its global capacity to the country by 2023-24.

Moreover, Foxconn does business

LAGGING BEHIND

Top 10 manufacturing companies (based on revenues)
SHARE OF GLOBAL REVENUE ■ India ■ China (%)



The table lists 10 firms. Ford has some revenues in 2022. In case of Apple India, sales are taken, exports of iPhones are included in Foxconn

worth \$10 billion in India, which ranges from mobiles for Apple and non-Apple companies, electronics for the automotive industry, telecom and televisions, amongst others.

In the automotive sector, it is a mixed bag. Research shows that for the South Korean carmaker Hyundai, India's revenue contribution is bigger than in China. India contributes 5.53 per cent of its revenue compared to 3.4 per cent in China. Similarly, Toyota's contribution from India has a slight edge in India compared to China. But for others like Volkswagen, Daimler, Honda Motor, BMW, or component maker Bosch, China has a substantially larger share.

For instance, for Honda, revenue contribution in India is a minuscule 1.34 per cent of its global revenue compared to 13.7 per cent in China.

In consumer electronics, while Samsung might be among the top multinational manufacturing companies in India and also the second-largest exporter of phones (it has also shifted phone manufacturing from China to Vietnam), its contribution to global revenue pales in comparison with China.

India is 4.64 per cent while China is 11.8 per cent. The story is again repeated for Sony — which, despite being a strong TV brand in India, has a far larger share of its revenue from China than India.