

NITI plans to boost India's electronics, auto GVC share

In talks with industry, Centre, states for 4-pronged strategy

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The NITI Aayog is anchoring a strategy to expand the country's global value chains (GVCs) and, through those, increase its manufacturing footprint worldwide.

For this, it has identified automotive and electronics as two priority sectors, which, it says, are not only "dominant" but they also hold "high penetration potential".

A GVC is international production sharing by which a full range of activities to bring a product from conception to end use are divided among multiple firms and workers across geographies (like what Apple Inc does for iPhones).

According to the Organisation for Economic Cooperation and Development, 70 per cent of global trade is centred around GVCs, which offer countries and their firms the opportunity to use their comparative advantage and specialise in various areas.

But India's share of export through global GVCs is only 1.5 per cent, according to the Asian Development Bank.

In a concept note prepared for a workshop a few days ago with stakeholders, which included companies, the Confederation of Indian Industry and other industry associations, and



IMAGING: ALAY MOHANTY

- NITI Aayog studying the complexities, challenges, and opportunities to enhance GVC presence in key sectors
- Will come out with a strategy and action steps
- Workshop held to identify barriers and enablers
- Says auto and electronics sectors are not only "dominant" but also hold "high penetration potential"

state governments, it charted a four-pronged strategy to increase India's GVC play in the auto sector. It said the sector in India contributed 3 per cent (\$20 billion) of the global auto-component GVC of \$700 billion.

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NITI...

Further, India contributed 3 per cent of ICE (internal combustion engine) GVC (\$650 billion), within which drive transmission and steering engine components account for a major share.

However, in electric-vehicle GVC (excluding cells) India's contribution is less than 1 per cent and only in the export of e-motors. However, unrecognised participation by global delivery centres of Tier-I suppliers and original equipment manufacturers (\$15-17 billion) comprise a significant share.

Pointing to the broad four-point strategy, the concept note said concerted efforts had to be made by stakeholders to double down on "right segments and sub-segments" with attractive opportunities and a "natural right to win".

Next, it will need leveraging participation by industry and academia to increase cost competitiveness and capitalise on emerging opportunities. Then, there has to be a focus on building talent through skilling and hard infrastructure through plug-and-play and incubator programmes to build "base line capabilities" on a par with global standards.

Finally, the government should come up with initiatives to increase ease of doing business, incentivise green tech, and establish trade agreements.

For the electronics sector, the four-pronged strategy is for the government to increase strategic fiscal support (like production-linked incentives), and provide financial assistance and address cost disabilities. Two, it wants a big push from global firms (like Apple and Samsung) to make big bets on domestic and global markets. Thirdly, there should be a move towards localisation by increasing the scale of assembly to spur demand for local sub-assemblies. And the fourth point is to deepen value addition by extending capabilities to Indian suppliers to product design and development.

Explaining the reason for this approach, the paper said the Indian electronics market was valued at \$155 billion in FY23 and was expected to grow at a compound annual growth rate of 15 per cent, driven by government support and foreign direct investment.

While a five-fold increase in India's electronics exports is expected -- from \$24 billion in FY23 to \$120 billion in FY26 -- despite a notable scale in elec-

tronics assembly in the last two years, there remains significant dependence on imports of components and semiconductors, which needs to be addressed.

Lithium...

India is also strategising to set up KABIL's offshore office in Catamarca to streamline coordination with provincial regulatory authorities.

"Engaging in the exploration and extraction of critical minerals in Argentina will require considerable time and ongoing oversight. Establishing the offshore office of KABIL is a strategic measure to protect and uphold our interests in this endeavour," another senior official said.

Argentina holds 20 per cent of the world's 98 million tonnes of lithium resources, second only to Bolivia, according to the United States Geological Survey's (USGS) Lithium Statistics and Information 2023 report.

These resources are primarily concentrated in salt flats within the provinces of Catamarca, Salta, and Jujuy, forming part of the Lithium Triangle.

India is also engaged in talks with Argentina because its salt-lake lithium provides a cost-effective extraction method compared to hard-rock mining. This makes it commercially appealing and contributes significantly to production.

India's efforts in Argentina to secure lithium blocks will propel its quest for self-reliance in meeting clean energy demands. In a move toward securing the supply chain, India also initiated its inaugural critical minerals auction drive on November 29. Two lithium blocks in Jammu and Kashmir and Chhattisgarh were made available for bidding.

According to government estimates, the Reasi district block holds approximately 5.9 million tonnes (mt) of lithium resources. The auction documents do not specify the mineral quantity for the Chhattisgarh blocks.

Currently, the country meets the lithium demand through 100 per cent import. India's lithium imports in FY23 amounted to roughly \$3 billion (approximately ₹24,900 crore), marking a 58 per cent increase from FY22, according to the Ministry of Commerce and Industry data. The data also reveals that over 95 per cent of India's lithium imports origi-

