

Electronics fastest-growing among top 10 export items

With 28% growth in Apr–Nov of FY25, electronics exports now occupy third rank

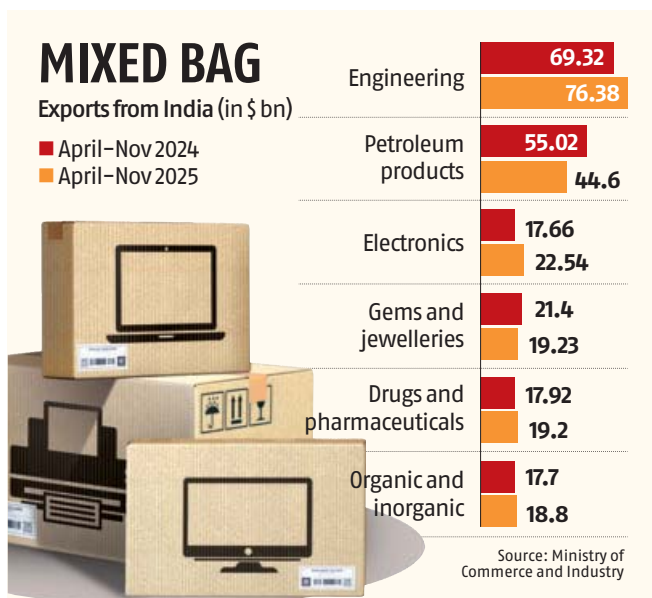
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Driven by smartphone, electronics exports have reached \$22.5 billion in value in the first eight months of the current financial year (FY25), a near 28 per cent growth over the \$17.66 billion electronics exports during the corresponding period of FY24. This record performance makes electronics the fastest-growing among India's top-10 exports in FY25. Electronics, which was ranked 6th at the end of the first eight months of FY24, is now firmly entrenched in the 3rd position, only behind engineering goods and petroleum.

The main driver behind this massive surge has been the smartphone production linked incentive (PLI) scheme, which has led to smartphone exports reaching \$13.11 billion in the first eight months of FY25. This is a whopping 45 per cent increase over smartphone exports of \$9.07 billion during the same period of FY24.

While smartphones constituted 51 per cent of electronic goods exports during the first eight months of FY24, its contribution has increased to 58 per cent in April–November 2024. It is expected that smartphones' contribution to the overall electronics exports could reach 60–65 per cent by the end of FY25.

Nearly 40 per cent of the electronics exports this year have come from Apple's iPhone



exports. Following Apple's entry into India after the smartphone PLI scheme, its three vendors — Foxconn, Pegatron (both in Tamil Nadu), and Tata Electronics (in Karnataka) — have led the charge on smartphone exports.

Apart from smartphones, the other big categories of exports in electronic goods include solar modules, desktops & servers, routers, and components.

"Electronics exports have benefitted immensely from the PLI scheme. To maintain this growth, we are working with the government on tariff, tax, and logistics reforms, which are critical to maintaining India's com-

petitive edge in a cut-throat global industry, where we are determined to grab market share from China and Vietnam," said Pankaj Mohindroo, chairman, India Cellular and Electronics Association (ICEA).

The sector's exports are not only growing, but also improving performance vis-a-vis the 2nd-placed petroleum exports. In the first eight months of FY24, electronics was less than a third of petroleum exports. This year, for the same period, electronics has reached the halfway mark of petroleum exports of \$44.60 billion.

In the last three years, mobile manufacturing industry has

urged the government to reduce India's effective tariffs on mobile phone components, which range from 7–7.2 per cent. These are significantly higher than the near-zero tariffs on mobile inputs in China, as most of the production there happens in bonded manufacturing zones. Vietnam's FTA (free trade agreement) weighted average tariffs at 0.7 per cent are also significantly lower than India's.

Additionally, the industry argues that India's complex six-tier tariff structure remains a barrier to achieving global competitiveness. It increases costs and creates easily avoidable uncertainty. Recognising this disability, the Union Budget in July 2024 stated that in the next six months, the government will review the custom duty rate structure to ensure domestic manufacturing becomes competitive, incentivises exports, and supports India's transition to an export-led growth model.

Electronics exports, especially smartphones, have also become a key element in exports to the US.

April–November 2024 export of smartphones, mostly led by Apple iPhones, has replaced diamonds as the largest exporter to the US, based on HS (harmonised system) code. Smartphone exports in this period grew by 46 per cent to hit \$3.6 billion while diamond exports fell by 13 per cent to reach \$3.0 billion.