

Smartphones beat diamonds in exports to US

Nearly 50% of India's FY24 outbound iPhone shipments went to US

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Smartphones, led by global technology major Apple Inc's iPhones, have quietly surged to become India's largest product export — based on HS (harmonised system) code classification — to the US by value over the past three quarters, overtaking non-industrial diamonds.

In the June quarter of 2024-25, smartphone exports hit \$2 billion, well ahead of non-industrial diamond (cut or otherwise but not mounted) exports, which stood at \$1.44 billion, according to the latest data from the Department of Commerce.

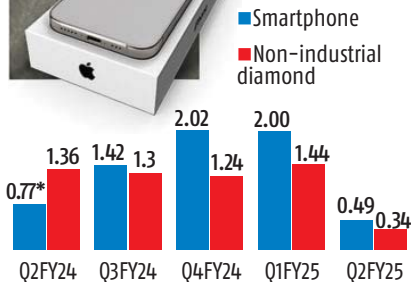
This shift first occurred in the December quarter of FY24 when smartphone exports to the US reached \$1.42 billion, surpassing diamond exports at \$1.3 billion. By the final quarter of FY24, the gap widened as smartphone exports in value terms soared by 43 per cent quarter-on-quarter to \$2.02 billion, while diamond exports dropped 4.6 per cent to \$1.24 billion.

The up-move has been swift: Just a year earlier (in September quarter FY24), smartphones were only the fourth-largest export from India to the US. Turn to Page 6 ▶

DIAMOND SETTLES FOR SILVER



Smartphone exports to US vs non-industrial diamond exports (in \$ bn)



Note: Numbers for Q2FY25 until July; Non-industrial diamond cut or otherwise worked but not mounted *ranked fourth in exports
Source: Department of Commerce

India's smartphone shipments to US (before and after PLI schemes) (in \$ bn)

	FY19	FY23	FY24
Total exports	1.600	11.100	15.600
iPhone exports	Nil	5.000	10.000
Exports to US*	0.005	2.150	5.560

Note: Pre-PLI period is FY19, post-PLI periods are FY23, FY24
*most of the exports are of iPhones
Sources: Department of Commerce, company submission to government

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iPhones lead surge in smartphone exports to US

The growing dominance of smartphone exports, particularly iPhones, can be seen as a reflection of the success of India's production-linked incentive (PLI) scheme for mobile devices. Before the PLI initiative, India's smartphone exports were minimal, with just \$1.6 billion in global shipments during FY19, of which only \$5 million went to the US. By FY23, Apple Inc alone exported over \$5 billion worth of iPhones from India, making up a significant portion of the \$11.1 billion in total smartphone exports from the country. Over \$2.15 billion of those iPhone exports were destined for the US.

In FY24, iPhone exports reached \$10 billion, accounting for 66 per cent of India's total smartphone exports of \$15.6 billion globally. During that period, smartphone exports to the US surged 158 per cent to \$5.56 billion, making it India's second-largest export to that country, after diamonds. US shipments now account for nearly 50 per cent of Apple's iPhone exports from India.

Although India's smartphone exports have grown significantly, they still represent a relatively small share of the US smartphone import market. In 2022 and 2023, the US imported \$66 billion and \$59.6 billion worth of smartphones, respectively, and \$55 billion and \$46.3 billion worth of laptops and tablets, mostly from China and Vietnam.

India's exports now make up 10 per cent of US smartphone imports, signaling potential for further growth, provided India can reduce costs and compete more aggressively with China and Vietnam.

The Cupertino-headquartered company's assembly and export operations in India have already exceeded PLI targets. As of FY24, Apple had exported ₹140,280 crore (\$17.2 billion) worth of iPhones, 43 per cent more than its PLI commitment by the end of the plan's third financial year. The company has also surpassed its goal of shifting 10 per cent of iPhone production from China to India, achieving 12 per cent by FY24. According to JP Morgan, Apple is now aiming to shift 25 per cent of its iPhone production to India by the end of the PLI scheme in FY26.

