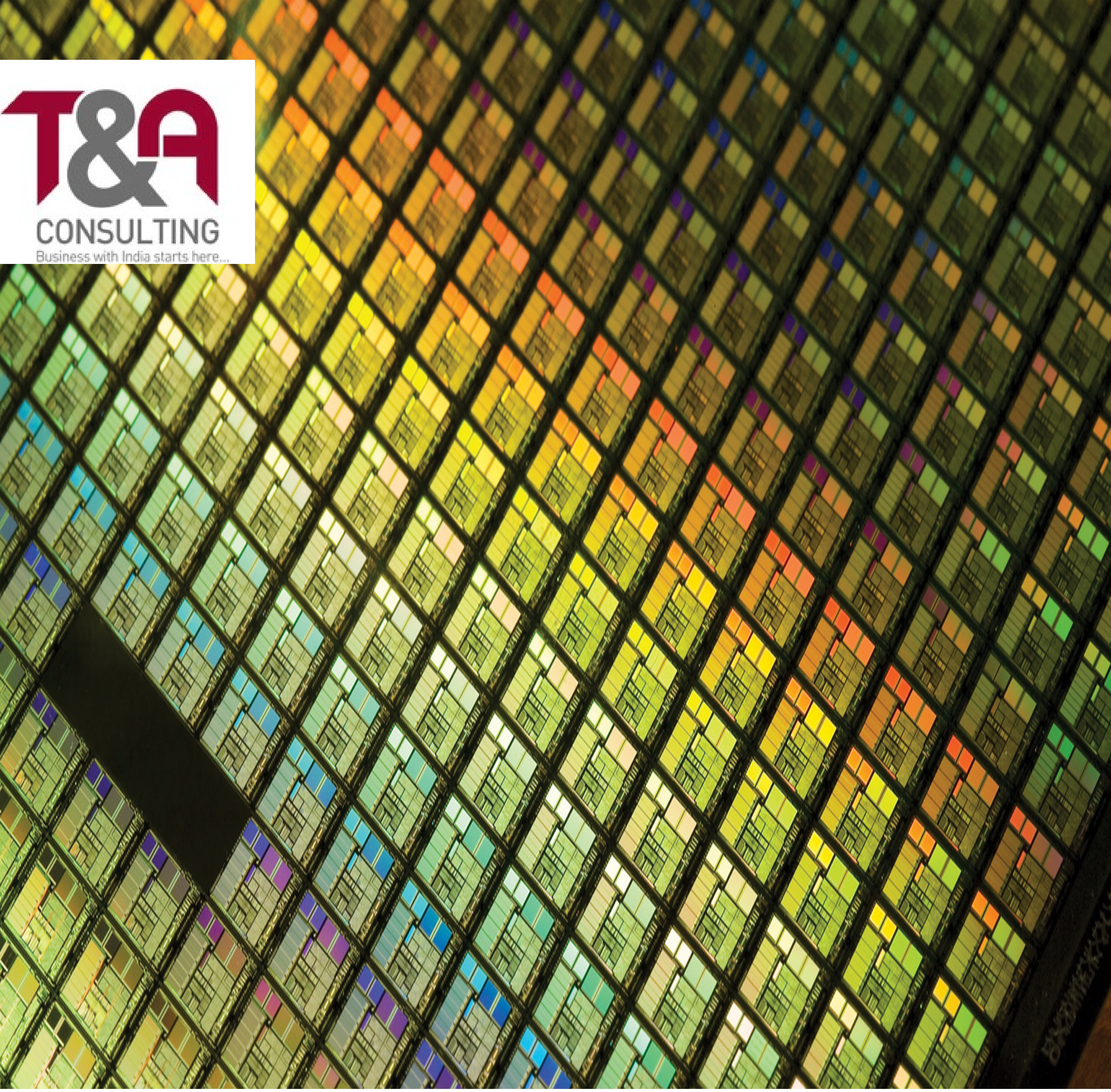
T&A CONSULTING
Business with India starts here...



The Indian

ELECTRONICS INDUSTRY

Industry Snapshot

Valued at USD 200 billion in 2019

Source: Electronics Association of India

Growing at a CAGR of 25%

Source: Electronics Association of India

Consumer electronics segment is the largest segment in this industry

Source: Electronics Association of India

Electronic components is the fastest growing segment in this industry

Source: Electronics Association of India

Mobile phone is the fastest growing sub segment

Source: Electronics Association of India

The Indian electronics industry accounts for 10% of the global market

Source: Invest India

Key characteristics of the Indian Electronics market

- The market size of electronics industry in India is expected to reach USD 540 billion by FY2025.
- Electronics production in India accounts for 35% of the total electronics market size.
- Electronics production in India is expected to reach USD 300 billion by FY2025.
- Electronic products and electronic components are the largest non-oil imports of India as in FY2019.

Market Segment

Electronics Industry

- Consumer Electronics
- Industrial Electronics
- Electronic Components
- Strategic Electronics

The electronics sector in India is dominated by Consumer electronics segment which accounts for 53% of the total electronics market size.

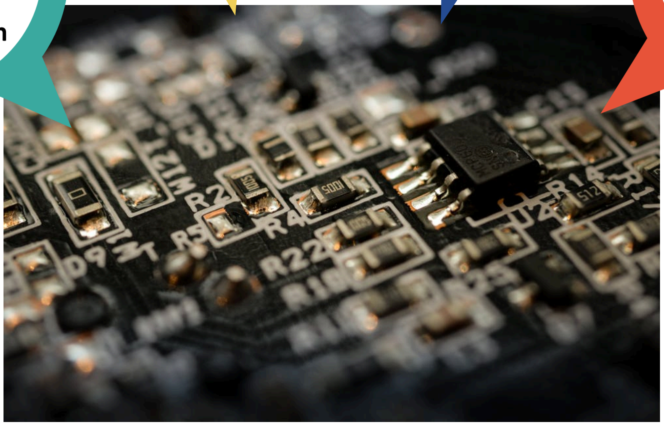
Source: Ministry of Electronics and Information Technology

Electronics production will be **30%** of the digital economy by FY2025.(2)

Electronics production will contribute **6%** to the Indian GDP by FY2025.(3)

USD 25 bn is the market size of consumer electronics as in FY2019.(1)

Imports will be **12.6%** of the electronics market size by FY2025. (4)



Source:
1. Electronics Association of India
2. IBEF
3. Euromonitor
4. Ministry of Electronics and Information Technology

Current Market Space

70-80% of electronic components are imported into India.

61% store-based retailing and 39% non-store-based retailing is the distribution landscape in India for consumer electronics.

South Korean and Chinese players dominate the consumer electronics segment in India.

Electromechanical components and passive components dominate the electronics components market.

Process control equipment and automation and analytical instruments dominate the industrial electronics market.

Source: Media releases, Economic Times, Euromonitor, Electronics Association of India

Growth Drivers

Growth of Middle Class

Growth of middle-class population has fueled the rise in consumer electronics market.

Technology Penetration

Increased technology penetration and digitization in India has led to growth in electronics industry.

Rise in Disposable Income

Rising disposable income coupled with the need for internet usage has boosted electronics demand.

Rise in Start-ups

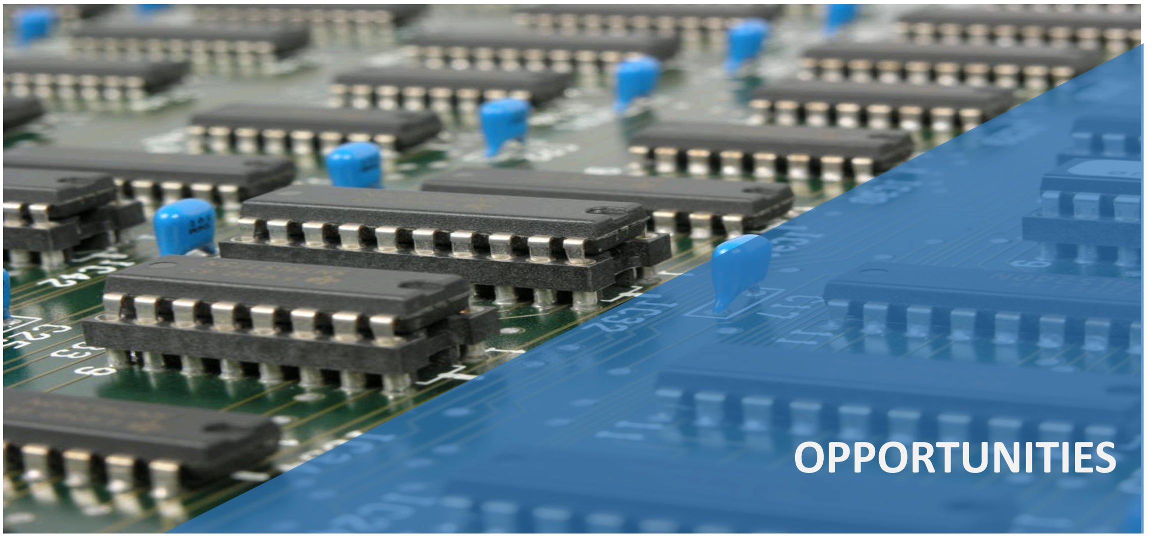
India is the third biggest start up hub in the world. In 2018, 1'200 new start- ups were added.

Focus on Electronic Manufacturing

The government has identified the electronics industry as a major industry under Make in India policy.

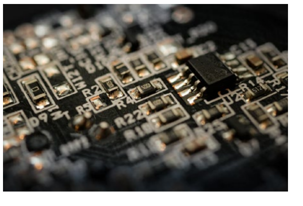
Favourable Ecosystem

Technology transitions such as IoT, smart manufacturing, AI and robotics have created a robust ecosystem for electronics industry growth.



Opportunities

India's mobile gaming market is expected to be worth USD 1 billion by FY2022. India has set a production target of 1 billion mobile handsets by FY2025. CCTV's, LED , mobile handsets, GPON and smart meter segment to register double digit growth and account for 70% of the total electronics market in India by FY2025.

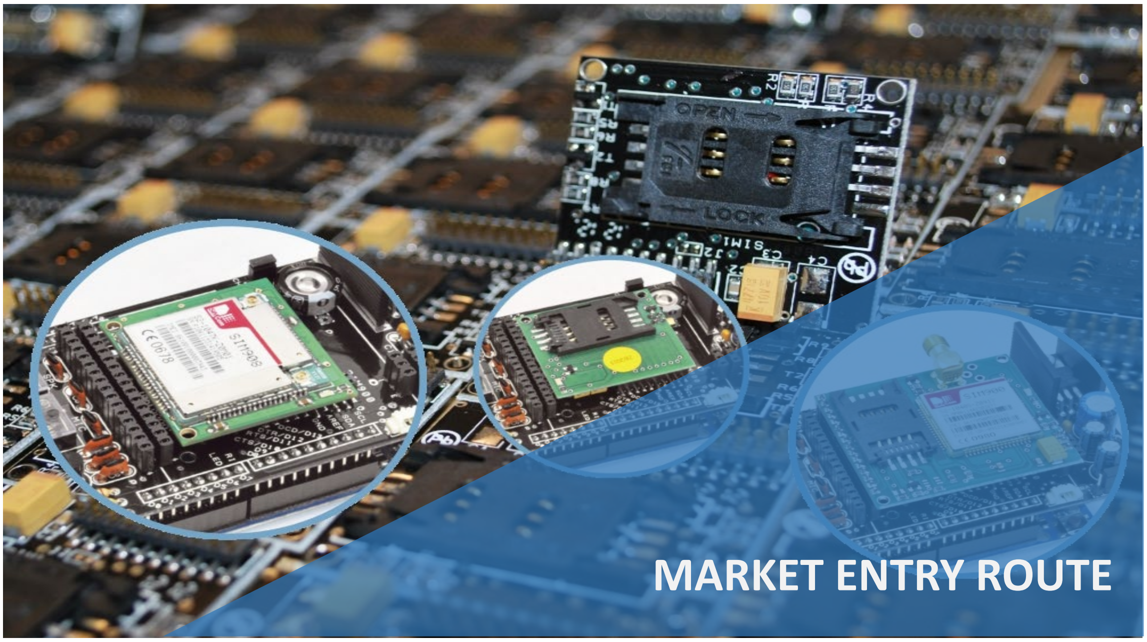


The government is promoting the development of Electronics Manufacturing Clusters to provide world class infrastructure facilities. This in order to make India an electronic manufacturing hub by subsidizing greenfield and brownfield projects.

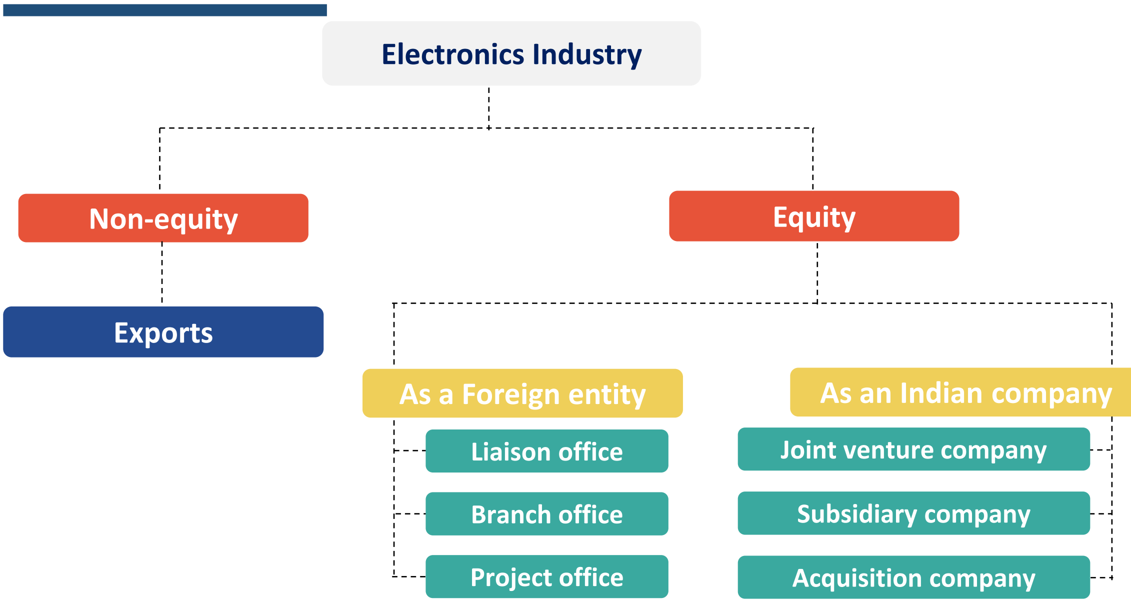
The huge demand for electronic goods in the Middle Eastern countries and in emerging markets such as the North Africa and Latin America provides an opportunity for 'Made in India' electronic goods for export.

Government initiatives such as 'Make in India' and 'Digital India' and favourable FDI policy have simplified the process for setting up electronic manufacturing units in India.

T&A Analysis:
India has taken several initiatives to boost domestic electronics manufacturing such as the recent introduction of USD 5.5 billion Production Linked Incentive (PLI) for large scale electronic manufacturing. The Phased Manufacturing Programme (PMP) for cellular mobile handsets and related sub-assemblies/parts manufacturing has been implemented with the objective of progressively increasing the domestic value addition for establishment of a strong cellular mobile handsets manufacturing eco-system.



Market Entry Route



The best possible route for an electronics company to enter the Indian market would be to set up a manufacturing unit in Electronics Clusters of India such as NCR, Andhra Pradesh, Tamil Nadu, Karnataka and Telangana. The Excise Duty based Phased Manufacturing Programme (PMP) was formulated for chargers/adaptors, battery packs and wired headsets, with the objective to substantially increase the domestic value addition for establishment of a robust cellular mobile handsets manufacturing eco-system in India. Cellular mobile handsets manufacturing has emerged as one of the flagship sectors under the "Make in India" initiative of the Government. Most of the major brands (both foreign and Indian) either have already set up their own manufacturing facilities or have sub-contracted manufacturing to Electronics Manufacturing Services (EMS) companies operating from the country.