Mobile manufacturing to become India's largest exports by 2025: ICEA EY Report

Transforming from import substitution to exports, attracting global value chains, and moving beyond smart phones to core technologies part of ICEA's COVID-19 exit strategy

New Delhi, 11 June, 2020: ICEA, India's leading industry association representing mobile and component manufacturers such as Apple, Motorola, Nokia, Foxconn, Xiaomi, Wistron, Flextronics, Lava, Vivo and others, today unveiled its post-COVID-19 manufacturing and growth strategy. The strategy document has been submitted to the government this morning. This strategy, that targets US$100 bn in mobile phones and nearly US$40 bn in component exports by 2025, is in three phases - Restart, Restore and Resurgence. The plan which aims at transforming mobile manufacturing and components into India's largest export within the next 3-4 years, aligns close with the government's National Policy on Electronics (NPE-2019) and is propelled by the recently announced Production Linked Incentive (PLI) Scheme.

The mobile manufacturing sector is the first to put together a detailed post COVID-19 growth plan from now till 2025. ICEA expressed its gratitude to the Hon'ble Prime Minister and Shri Ravi Shankar Prasad, Minister for Electronics & IT, Communications and Law & Justice for including mobile manufacturing sector in their vision of an "Aatmanirbhar" India. "The mobile manufacturing and components sector is ready to lead India's post COVID-19 exit strategy. Production has restarted. We hope to hit 100% production by August. As the PLI scheme kicks in, we plan to ramp up global exports from India. There isn't a moment left to waste", **said Pankaj Mohindroo, Chairman, ICEA (India Cellular & Electronics Association).**

Bipin Sapra, Indirect Tax Partner Telecom sector, EY India, says, "Today, India stands at the cusp of a great opportunity to ignite the mobile phone manufacturing, bring global value chain investors in India, and become leading exporters of mobile phones in the world. The introduction of the incentive schemes like PLI, SPECS and EMC will bring resurgence in the manufacturing environment and create a competitive global ecosystem for India to capture the global market share of mobile phones, parts and accessories."

The plan presented by ICEA and its membership of over 45 companies identifies India's strengths and weaknesses, along with the global opportunity driven by the COVID-19 pandemic and the resultant geopolitical realignment. The strategy document titled "Mobile Manufacturing in a post-COVID-19 World", prepared in association with Knowledge Partner EY, reveals Indian industry's roadmap to become a global supplier of mobile phones in a world where two countries - China and Vietnam - and five global MNCs dominate over 80% of the world's export market.

In a first, a strategy document reveals a detailed plan for companies that can serve advanced economies and developed markets, such as North America, Europe, developed Asia and Middle East, which have till now, remained out of reach for India's mobile exports. The report further identifies India's strengths in attracting global supply chains, such as labour arbitrage, presence of global mobile manufacturers, availability of technology and global market access via the MNC distribution network. It also points towards areas of improvement, such as the need to shift large-scale global value chains, reduce cost of inputs and the need to increase competitiveness by building a low-cost domestic ecosystem and seeking partnership with States to address India's disabilities.

"The recently announced trilogy of schemes – PLI, SPECS and EMC 2.0 – have laid the foundation for starting something big. It fulfils the Hon'ble Prime Minister's vision for making India a global hub for manufacturing. The impact of the PLI scheme will be visible before the end of FY'2020-21" added **Pankaj Mohindroo Chairman, ICEA (India Cellular & Electronics Association).**

According to ICEA, the Indian mobile manufacturing space is beginning to integrate itself into the global value chain on one hand, and build Indian champions who can dominate global exports over the next decade, on the other. The US$2 trillion electronics sector, is amongst the top two globally traded commodities, within which mobile phones and components ranks as amongst the biggest exports. Nearly 198 countries import mobile phones, and till recently, only two countries – China and Vietnam – were amongst the exporters. India joined the ranks as a third with a modest US$3 billion exports in 2019-20. It now aims to target the number two spot. ICEA expects a successful implementation of the PLI scheme. It is starting work on similar structures to drive exports of components, new products and core technologies, such as PCBAs and displays which serve the broader expanse of electronics sector beyond smartphones.

About ICEA: ICEA is the apex industry body for mobile and electronics industry comprising of manufacturers, brand owners, technology providers, VAS application & solution providers, distributors and retail chains of mobile handsets and electronics. ICEA is committed to carrying forward its vision of building Indian manufacturing and design in verticals other than mobile handsets while consolidating the gains made in the mobile handset and components industry. ICEA is fully devoted towards improving the competitiveness and growth of the industry by closely working with the ministries of the Government for creating a robust, legal and ethical electronics industry, thereby creating an innovative market environment in the country.

For media enquiries, please contact Nishant Nirmal, 9911162876 & Deepti Bhattacharya, 9899890508; nishant@silvicpr.com & deepti@silvicpr.com .