



PRESS RELEASE

Treat Mobile Phones as Essential Goods – ICEA Calls for 5% GST as Indispensable for PM's Reform Agenda, Affordability, Digital India, and the \$500Bn Manufacturing Vision

New Delhi, August 19, 2025 – India Cellular & Electronics Association (ICEA), representing India's leading mobile and electronics manufacturers, has urged that mobile phones and components be placed in the 5% GST slab reserved for essential goods. ICEA emphasises that the current 18% GST is regressive, and that mobile phones - the primary tool of digital access for over 90 crore Indians must be treated as necessities in the forthcoming GST reform.

"The mobile phone is no longer aspirational; it is essential digital infrastructure for education, healthcare, financial inclusion, and governance. It should rightly be taxed at 5% GST, in line with the Hon'ble Prime Minister's GST reform agenda and his vision of a USD 500 billion electronics ecosystem," said Mr. Pankaj Mohindroo, Chairman, ICEA.

In his Independence Day address, Hon'ble Prime Minister Shri Narendra Modi announced next-generation GST reforms focused on rate rationalisation and relief for everyday items. ICEA urges that mobile phones, being indispensable to daily life and the backbone of digital inclusion, be treated as essential goods in this exercise.

"India cannot build an inclusive Digital India if the very device that enables it remains unaffordable for millions. A 5% GST classification will restore affordability, stimulate demand, and accelerate India's journey towards universal digital access," added Mr. Mohindroo.

India's mobile phone sector has emerged as one of the greatest achievements of Make in India. Production has grown from Rs. 18,900 crore in FY15 to Rs. 5,45,000 crore in FY25, while exports have crossed Rs. 2,00,000 crore, making India the second-largest mobile phone manufacturer globally.

At the same time, the domestic market has weakened. Since the GST hike to 18% in 2020, annual consumption has fallen from nearly 300 million units to about 220 million units. This has hurt affordability, slowed replacement cycles, and disproportionately impacted volume growth. With 99.5% of mobile phones sold in India now manufactured domestically, stronger domestic demand will directly fuel production, deepen value addition, and strengthen India's global competitiveness.

When GST was designed in 2017, the Fitment Committee tasked with assigning goods and services to appropriate slabs followed a clear principle: GST incidence should match the pre-GST burden to ensure continuity and avoid hardship. For mobile phones, the combined excise and VAT incidence averaged around 6%, which naturally fit the 5% GST slab.

However, mobile phones were initially placed in the 12% slab as a transitional compromise. The subsequent increase to 18% in 2020 contradicted this principle and created distortions that hurt affordability and slowed demand. In the pre-GST era, most states consciously capped VAT on mobile phones at 5%, recognising them as essential goods.

“Placing mobile phones in the 5% slab is not a concession, it is a correction. It restores the intent of the Fitment Committee and ensures coherence between GST design and the Prime Minister's vision for digital inclusion,” emphasised Mr. Mohindroo.

ICEA's Position

- Classify mobile phones and components under the 5% GST slab, as essential goods.
- Ensure accessories and sub-parts are aligned accordingly, removing anomalies and supporting domestic value addition.

A National Priority

Correcting GST on mobile phones will deliver a double dividend: it will ease the burden on consumers while directly sustaining India's manufacturing base. Affordable devices will broaden access for students, households, and rural users, while rising domestic demand will anchor production growth. This step is vital for scaling towards the Hon'ble Prime Minister's reform agenda, USD 500 billion electronics vision and advancing Digital India through universal access.

About ICEA

India Cellular & Electronics Association (ICEA) is the apex industry body for mobile and electronics manufacturing, representing leading domestic and global companies. ICEA works in close partnership with the Government of India and State Governments to promote investments, manufacturing, and digital growth in line with the national vision of Digital India and Make in India.

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