

# POISED FOR GROWTH

## **Make in India campaign has opened new avenues for electronics component industry but government needs to work on a strategy towards creating a competitive manufacturing landscape, say experts**

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India is a sizable economy and the electronics component industry is also growing at a modest rate. However, domestic production is still not enough to meet the demand. Import of electronics (semi-finished and finished goods and components) is much more than domestic production. In future, the gap between demand and supply through domestic production will increase. According to a research report published by Markets and Markets, the global surface mount technology (SMT) market is expected to reach a turnover of US\$ 5.42 billion by 2022, growing at a CAGR of 8.9 per cent between 2017 and 2022. The market's growth will be primarily driven by higher demand for miniaturised consumer electronics products and the enhanced adoption of electric vehicles with advanced features for safety and connectivity.

Rajoo Goel, Secretary General, Electronic Industries Association of India (ELCINA) says, "Components are the building blocks of Electronic Systems Design and Manufacturing industry. The achilles heel of the industry has been the Information Technology Agreement (ITA)-1 agreement under WTO which stymied the investments and growth of this industry at a critical time when the nations leading in high tech and electronics were progressing rapidly. Thus India has lagged behind increasingly in components manufacturing since 2005 when ITA-1 was implemented."

### **FUTURE GROWTH**

In recent past, the growth has been encouraging in the assembly and electronics manufacturing services (EMS) segments but components which require high value addition, capital output ratio and investments have not been able to catch up. Make in India has had a positive impact on product assembly as well as EMS but has not had the same salutary effect on components. Semiconductors, chip components and even PCBs continue to be imported in huge and growing quantities.

As ITA-1 blocks the option of protecting high value added components manufacturing, there is a need for a long term vision and investment incentivising policies for this critical segment which drive demand for domestically manufactured components.

### **NEED OF THE HOUR**

Government needs to find ways to create entry barriers for import of electronics components as well as to create level playing field for domestic electronic component industry. It must realize that the domestic electronics component industry is the backbone for achieving true 'Make in India' in the electronics sector which can be the largest employment provider and a major GDP contributor.

Paresh Vasani, MD, PCB Power & Senior VP, ELCINA, says, "Now, industry and government both are aligned with 'Make in India' theme. This positive change in mindset is the biggest achievement that facilitates 'Make in India' and also helps to improve employment scenario and GDP. I believe 'Make in

India' could help the electronics component industry significantly, but the industry is not able to convert that into real opportunity due to various reasons."

Agrees Vinod Sharma, MD, Deki Electronics Limited, "Make in India" was a call to invite the world to come and make in India. The call, in my opinion was not followed up with adequate strategy and measures towards creating a "competitive manufacturing landscape". The result is that our manufacturing share in the Gross Domestic Product (GDP) has been marginally lower during the last five years. This is in spite of a very positive policy regime.'

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