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BUDGET INSIGHT OUT 2026-27

STEERING THE STORM

ELECTRONICS & SEMICONDUCTOR MANUFACTURING

Key challenges

- With just 1 per cent in the global value chains of electronics, India needs to scale exports and attract global electronics majors to set up large manufacturing bases
- High cost of capital in India (8-10 per cent), compared to China, Japan, and South Korea (1-6 per cent), discourages investors from setting up facilities in the country
- The presence of limited dedicated training fabs, cleanroom simulation facilities, and industry-academia partnerships results in a talent gap and slower technology transfer

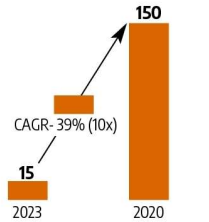
Industry ask

- Continued policy push towards electronic components and semiconductor manufacturing to ensure supply chains
- Capital support for MSMEs. Continued access to advanced technology and skilled talent to ensure development
- To sustain chip production in India. Incentive support, infrastructure readiness, and promotion of long-term strategic partnerships will be essential to attract players

A PwC report

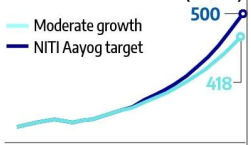
Snapshot

India electronics component* production (in $ bn)



Note: Electronics components include semiconductors SMD grade components, display, Non-SMD grade (low-tech passives, PCB < 8 layers, electromechanical components) and other components

India's electronics manufacturing - scenarios for 2030 (in $ bn)



Source: NITI Aayog, PwC Analysis

PwC perspective:

"INDIA'S TARGET OF REACHING $500 BILLION IN ELECTRONICS MANUFACTURING BY 2030 PRESENTS AN OPPORTUNITY TO ENHANCE DOMESTIC VALUE ADDITION AND DEEPEN PARTICIPATION IN GLOBAL SUPPLY CHAINS"

Sujay Shetty
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