

## **Mobile phone manufacturing in India: A study of few characteristics**

**Dr. Chidambaran G Iyer, Center for Development Studies, Trivandrum**

**17 September 2021, 4:00 pm**

### **Abstract:**

In FY 19, India produced around 29 crore units of mobile phones, which comes to an investment of around Rs 2,780 crores, at 2017 prices. These investment figures turn out to be much lower than those reported in popular press. Original Equipment Manufacturers and Electronic Manufacturing Service firms dominate the Indian manufacturing scene. Analysis of the five-digit ASI data for 2016-17 & 2017-18 makes it apparent that the impetus towards domestic assembly of mobile phones through various policy measures has made a positive impact on the growth of investments particularly in plant & machinery assets. As a result, the direct employment generated per unit fixed asset has decreased in 2017-18. Value addition for a majority of the firms at the five-digit level was less than ten per cent in 2017-18. Electronics import under ITA-1 is another reason for such low value addition in the country. Ratio of imported vis-a-vis indigenous raw materials clearly proves the reliance of producers on imported inputs. India has the potential to become a major mobile manufacturing hub if existing policies encourage global brands to co-locate their supply systems; and, a policy to improve local capabilities by creating domestic champions in manufacturing and R&D is adopted.