3. Electronics Component Manufacturing Scheme - Economy

The Ministry of Electronics and Electronics Technology announced seven projects amounting to ₹5,532 crore, five of which are in Tamil Nadu, and one each in Madhya Pradesh and Andhra Pradesh, under the Electronics Component Manufacturing Scheme (ECMS)

Electronics Component Manufacturing Scheme (ECMS) – Overview

Launch and Notification-The Electronics Component Manufacturing Scheme (ECMS) was notified in April 2025 by the Ministry of Electronics and Information Technology (MeitY).

Total Outlay-The scheme carries a financial outlay of ₹22,919 crore, making it one of the largest initiatives under India's electronics manufacturing strategy.

Implementation Tenure-The scheme will be implemented over six years (FY 2025–26 to FY 2031–32). Incentive Structure-It offers financial incentives on a first-come, first-served basis to both-Greenfield investments (new units), and Brownfield investments (existing facilities undergoing expansion or modernization).

Objectives and Strategic Goals

Promoting Domestic Manufacturing-The scheme seeks to create a self-reliant and globally competitive ecosystem for electronics manufacturing in India.

Reducing Import Dependence-ECMS aims to substitute critical imports—notably semiconductors, passive components, and display modules—by boosting local production.

Enhancing Value Addition-It focuses on improving domestic value addition in finished electronic goods, helping India move up the value chain.

Global Value Chain Integration-By attracting international and domestic investments, ECMS aims to position India as a reliable player in global electronics supply chains.

Export Promotion-A key target is to increase India's share in global electronics exports by strengthening the component ecosystem and enabling economies of scale.

India's Current Electronics Sector – Status and Performance

Export Growth-Electronics have become India's third-largest and fastest-growing export category in 2024–25, rising from the seventh position in 2021–22.

Economic Contribution-The sector contributes around 3.4% of India's GDP, reflecting its growing economic significance.

Export Figures-In the first half of FY 2025–26, electronics exports reached USD 22.2 billion, maintaining strong double-digit growth.

Sectoral Transition-If current momentum continues, electronics could soon become India's second-largest export category, surpassing traditional sectors like petroleum products.

Mobile Manufacturing as a Growth Driver-Mobile manufacturing has expanded 28 times since the launch of the Make in India initiative. India now ranks as the world's second-largest mobile phone producer, after China. The segment has created over 2 million direct and indirect jobs and fostered ancillary industries.

Challenges Facing India's Electronics Manufacturing Sector

Import Dependence-Persistent reliance on imported components, especially semiconductors, display panels, and advanced passive components, hampers full value capture.

Weak R&D Ecosystem-Limited high-end research, design, and innovation capacities, particularly in semiconductors, sensors, and microelectronics, restrict competitiveness.

Supply Chain Vulnerabilities-Dependence on imported raw materials and global supply disruptions expose India to price volatility and delays.

Skill Gaps-Shortage of skilled manpower in areas such as chip design, fabrication, embedded systems, and industrial automation.

Global Competition-India faces stiff competition from established global hubs like China, South Korea, and Taiwan, which enjoy mature ecosystems and deep supply linkages.

Government Initiatives Complementing ECMS

Production Linked Incentive (PLI) Scheme- Encourages large-scale manufacturing of mobile phones and specified electronic components. Provides financial incentives based on incremental sales and investment.

Modified Electronics Manufacturing Clusters (EMC 2.0)- Aims to develop plug-and-play infrastructure for electronics hubs.Facilitates the creation of cluster-based industrial ecosystems.

Semicon India Programme-Seeks to build a semiconductor and display fabrication ecosystem.Includes incentives for fabs, compound semiconductors, and chip design units.

Design Linked Incentive (DLI) Scheme- Supports domestic companies engaged in semiconductor design and intellectual property creation. Digital India and Make in India Initiatives-Provide the policy umbrella for digital transformation and domestic manufacturing promotion.

Skilling Initiatives-Programmes such as FutureSkills PRIME, Electronics Sector Skill Council (ESSCI), and PMKVY are aimed at bridging the skill gap in electronics design and manufacturing.

Expected Outcomes of ECMS

Boost in Domestic Production-A significant rise in component-level manufacturing, reducing dependence on imports.

Increased Value Addition-Domestic value addition in electronics manufacturing could rise from 20–25% currently to over 40% by 2031–32.

Export Growth-Expected to enhance India's share in global electronics exports, potentially reaching USD 120–150 billion by 2032.

Employment Generation-The scheme is projected to create over 2 lakh direct jobs and 6–8 lakh indirect jobs through component industries and allied services.

Innovation Ecosystem-Strengthened R&D base, promoting indigenous innovation and collaboration with global firms.

Conclusion

India's electronics sector stands at an inflection point, powered by rising exports, expanding production, and focused policy interventions.The ECMS complements existing schemes like PLI, EMC 2.0, and Semicon India, creating a synergistic policy framework.With sustained infrastructure investment, enhanced R&D capabilities, and global partnerships, India can emerge as a major electronics manufacturing and export hub, reducing its import dependency and strengthening its economic resilience.

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