

India mulls increased incentives to entice electronics manufacturers

Article

The news: India's government is considering additional subsidies for makers of electronic components and reduced tariffs on certain imports to boost its appeal as a manufacturing

destination, per Bloomberg.

- The Ministry of Electronics and IT proposed offering manufacturers of batteries, camera parts, and other components at least INR 230 billion (\$2.8 billion) in subsidies.
- It also recommended cutting tariffs on select electronic components, which would help reduce production costs for companies like [Apple that are targeting India](#) as their next manufacturing hub.

The big picture: The timing is ideal for India to implement these measures, as President-elect [Donald Trump's tariff threats](#) push retailers to [reduce their reliance on China's](#) manufacturing might.

By making it cheaper to manufacture smartphones and other electronics—and incentivizing microprocessor and lithium-ion cell production—India hopes to establish itself as an important link in the supply chains of companies like Apple and [Google](#).

Such initiatives build on India's success with its production-linked incentive scheme, which offers financial benefits to companies that manufacture products domestically.

Our take: India is in an ideal position to benefit from companies diversifying away from China.

While setting up shop in India comes with its own set of complications—like a considerable amount of bureaucratic red tape—government efforts to smooth over such challenges will make the country a more attractive manufacturing destination.

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