

India as a reliable and sustainable choice for Electromechanical and Electronic components in the Post Pandemic Era

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-- India, the fifth largest and fastest-growing major economy, plays a very prominent role in meeting the high demand for electronic goods. Besides the assembly services as OEM or Original Equipment Manufacturer, India is quickly establishing its strong presence in the electronic components

manufacturing industry owing to its geographical location, geopolitical standing and ample supply of engineers. India offers several advantages to OEM suppliers, including Low-cost production, proximity to customers, and high-quality engineering schools with low costs of living that make it easy for employers to find a large workforce to work in its industries. As the world rebuilds from the pandemic risk, India will undoubtedly emerge as a reliable manufacturer and supplier of Electromechanical And Electronic components.

Overview of the electronic component supply chain

The demand for electronic and electromechanical components was expected to grow by 12 per cent in 2019. Several factors drive growth in the global electronic components supply chain, including the internet of things, energy efficiency, and rising demand for autonomous vehicles and artificial intelligence. The top three countries for electronic and electromechanical component manufacturing include China, the U.S., and Japan. However, the following countries are expected to emerge as new electronic and electromechanical components manufacturers in the rankings owing to their significant increase in production and a decrease in tariffs. These three countries are expected to make the top five list by 2023. Thailand and India are forecasted to grow even faster than China or the U.S., primarily because of the increased focus on robotics.



Challenges faced by [electronic components manufacturers](#) during and post-pandemic

China which leads in the electronics components manufacturing industry had to face continuous lockdowns of cities and districts even up to 2022. Plus, with other Geo-political issues and deteriorating conditions of relationships with many countries, many manufacturers started preferring Vietnam, India or Thailand as their secondary locations for manufacturing their electronic products.

Indian OEM manufacturers also faced numerous challenges during and after the pandemic. Once the pandemic started, Indian electronic and electromechanical components manufacturers faced a challenge in procuring the raw materials necessary to produce electronic components. Many cities were locked down during the first phase of the pandemic and although many electronic industries did fall under the essential manufacturing services, the smaller unorganised sectors found it hard to comply with newly imposed rules by the local and central government administration. Travelling for labour and engineers was not easy during lockdowns and the Indian manufacturing industry had to suffer from a shortage of skilled labour during that period.

The manufacturers were forced to source their raw materials from other domestic sources even though quality control was a significant challenge. In some cases, the raw materials used for component manufacturing were imported from other Asian or European countries which further increased the cost of manufacturing. The availability of raw materials was further hindered because most of the suppliers in Asia were affected because of the pandemic. Transportation was disrupted due to the pandemic and the growing demand for transportation got aggravated due to fuel scarcity and lockdowns.

Additionally, electronic manufacturers faced a lot of issues with chip shortages post-2020. With the increased demand for smarter products like IoT devices, Smart vehicles and other Consumer products and also the increased demand for Laptops and Smartphones due to the lockdown situations there was a huge spike in demand for semiconductors and chips. With lockdowns, the inability to manufacture in 2020 and not being able to ramp up production of Smart devices due to this chip shortage further affected the manufacturing in the electronic and electromechanical components industry.

As the effects of the pandemic started reducing in early 2022 after the Omicron wave of the Covid Pandemic, we saw the war in Ukraine. This further led to an increase in prices and global inflation affecting the manufacturing industry. Thus, challenges for this industry continued even after 2020.

India is emerging as a robust electronic components manufacturer.

In the post-pandemic era, India has emerged as one of the most promising destinations for Electromechanical and Electronic components manufacturers. The Indian manufacturing industry has evolved from simply assembling various imported electronic components to a full-fledged value-added manufacturing hub focusing on innovation and research & development (R&D). The Indian government has focused on attracting foreign investment in the manufacturing sector by implementing several attractive incentives. The growth of the Indian OEM Assembly has been driven by the low-cost advantage of manufacturing in India. Moreover, the proximity to markets such as Europe, Asia, and America makes it even more attractive for global customers to order their product's components from India.

India has developed a reputation over the years as a low-cost assembly hub. There are several reasons why the Indian electronics industry has the potential to deliver quality components. These include the availability of highly skilled engineers and scientists, low cost of labour, low cost of utilities, and a business environment conducive to innovation. The Indian electronics industry has undergone rapid transformation due to rapid urbanisation, increasing demand for quality products, and a rise in the average income of Indian households. The Indian government has been trying to create an ecosystem that fosters innovation and promotes the development of a solid manufacturing base.

Companies like Apple have promised to shift 5% of their manufacturing to India by the end of 2022 and thus this year India has been able to gain the trust of many such electronic companies making India a robust electronic components manufacturer.

Introduction of policies by the Government

The Indian government imposed several policies to encourage manufacturers to produce electronic components during the pandemic. Firstly, the government imposed a ban on the import of certain goods. Mainly to protect the local manufacturers and ensure that they had a constant supply of raw materials, the government also provided several subsidies to local manufacturers. This helped them reduce their overhead costs and remain competitive against manufacturers in other countries. Government and regulating bodies also imposed taxes on goods imported from other countries. This meant that local manufacturers had a cost advantage over their foreign competitors.

The Indian government announced the Emergency Credit Line Guarantee Scheme (ECLGS) during the pandemic. The scheme offered credit guarantees to banks and financial institutions. Under the scheme, banks and financial institutions could provide loans to OEM manufacturers and other sectors with reduced interest rates. The government of India also provided loans to OEM manufacturers under the ECLGS scheme. The ECLGS scheme ensured that the Indian OEM manufacturers continued to supply the market with quality parts and components despite the pandemic and its adverse effects on the supply chain.

Latest trends prevailing in the electromechanical components industry of India

The Indian electronics industry has a long way to go before it can be considered a reliable production source for critical components. The industry has come a long way in the last few years, and there is every possibility that it will grow to meet the global demand. The country has been making significant efforts to attract investments in the electronics sector and upgrade obsolete infrastructure. It has also focused on developing a robust ecosystem that encourages innovation and fosters competition among companies.

In a nutshell, The pandemic and its adverse effects on the supply chain of electronic components created an urgent need for reliable and sustainable electronic component manufacturers in India. Well-established industry leaders like Elcom played a very prominent role in supplying the components and continued to perform despite the challenges. As the market rebuilds from the pandemic impact, India is surely inching towards becoming a reliable and sustainable manufacturer of electromechanical components globally.

About Elcom:

[Elcom International](#), ever since its inception in the year 1981, has been one of the most reliable and trustworthy electrical components manufacturers and suppliers in India. Providing robust electronic solutions backed by thorough research, innovation, and technology, Elcom International believes in serving the community with products that create value for all. With consistent efforts to enhance the quality, technology, and mechanism, Elcom International relentlessly strives to serve top-notch quality products catering to all types of electronics requirements.

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