

EV, SEMICONDUCTORS & ELECTRONICS TO DRIVE EMERGING SECTOR CAPEX IN INDIA : ASKCAP REPORT

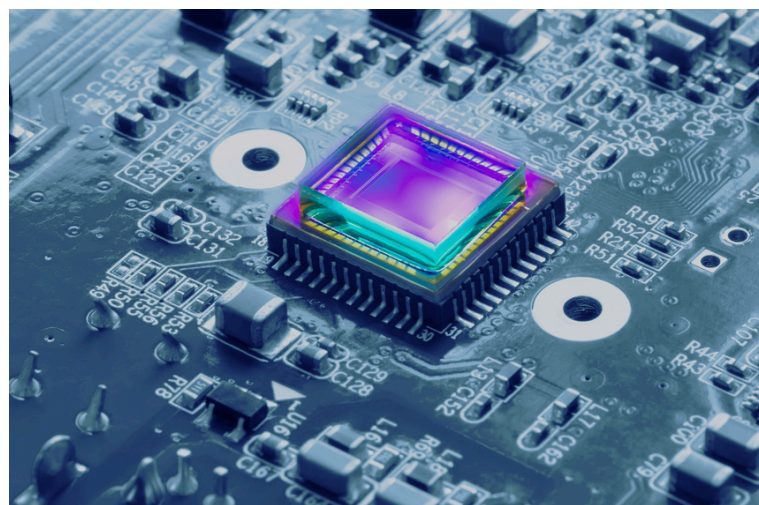
Electric vehicles (EVs), semiconductors, & electronics could lead capex in India's emerging sectors between now & FY2028.

The report estimates that from FY2024-2028, "emerging sectors are projected to account for around 27 percent of capex". This shift will be driven by focus on green transition, supply chain re-alignment and focus on emerging sector and benefits under PLI scheme.

From 2014 to 2022, FDI equity inflows into the manufacturing sector have surged by 57 percent, the report notes, adding that this signals growing international confidence in India's manufacturing capabilities.

Capex for the manufacturing sector was around \$264 billion over FY2019-2023 (around \$53 billion on an average, annually), the report notes. Of this, emerging sectors accounted for only 5 percent of the \$264 billion capex. This is set to change.

This major shift comes as India's manufacturing sector is witnessing a resurgence, driven by policy reforms.



Emerging sectors

The report adds that the bulk of non-PLI emerging sector capex – around 85-90% – will go into EVs, semiconductors, and electronics. The transition toward sustainable energy sources and the establishment of semiconductor hubs in India are poised to drive this momentum further.

Manufacturing's growing contribution

Given the spate of reforms in the sector, the report notes that its contribution of manufacturing to India's GDP is set to rise to around 20 percent by FY2030. This comes after being stagnant at 15 to 18 percent for the last two decades. Additionally, manufacturing GDP growth is expected to reach around 9 percent over FY2023-2030 from around 6 percent over FY2011-2020.

Unlisted Sector

Companies like *Nuvo Bus Transit Systems*, *Polymatech Electronics*, *Boat (Image Marketing)* among others, can benefit from this move. Contact us to know more.

