

BIG SHIFT FROM CHINA

Foxconn commits \$700 mn for new plant in Karnataka

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Apple partner Foxconn is stepping up its India business plans and investments significantly, in a move that is being seen as a shift from China just like its key customer. In the latest development, Taiwanese electronics contract manufacturer Foxconn has decided to invest an estimated \$700 million to set up a new plant in Karnataka. The proposed plant, to be located near the Bengaluru airport, is expected to manufacture and assemble devices including the iPhone.

Experts described Foxconn's bet on India as part of a strategy to reduce its over-dependence on China, where 75 per cent of its production is located.

Minister of State for Electronics & IT Rajeev Chandrasekhar on Friday tweeted that Foxconn would build a new plant spread over 300 acres of land in Karnataka for assembly of Apple phones. Karnataka Chief Minister Basavaraj Bommai too made a Twitter announcement. "Apple phones will be built in the state soon. Apart from creating about 100,000 jobs, it will create a whole lot of opportunities for Karnataka," Bommai said.

Just a day ago, Foxconn had signed an agreement with the Telangana government to set up a manufacturing

EXPANDING FOOTPRINT

- ▶ Foxconn Hon Hai assembles exclusively for Apple and has a plant in Tamil Nadu
- ▶ It is the largest employer in Apple ecosystem, accounting for a third of 100,000 employees with Apple's three vendors
- ▶ Company has promised 200,000 more jobs in Karnataka and Telangana
- ▶ Foxconn has made its entire investment of ₹1,000 crore under PLI scheme much before 4-year deadline



facility with a potential to create 100,000 jobs. So, the new manufacturing plans of Foxconn come with the promise of generating over 200,000 jobs across Telangana and Karnataka.

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Sensex stocks gained. Reliance Industries rose 2.5 per cent and contributed the most to the Sensex gains.

Foxconn...



The two announcements, for Telangana and Karnataka, coincided with Foxconn chairman Young Liu's meeting with Prime Minister Narendra Modi this week. This was Liu's second India visit in less than a year.

With this, Foxconn would straddle most of southern India. The New Taipei-headquartered electronics manufacturer already has plants in Tamil Nadu and Andhra Pradesh. Also, through its joint venture with Vedanta, it is also making a foray into semi conductor business- a project which is expected to get the green signal from the government soon. Sources said the Taiwanese giant may use some of the land in the Karnataka plant for its foray into electric vehicles, but that could not be independently verified.

Two of Foxconn's companies- Foxconn Hon Hai (which makes phones exclusively for Apple) and Rising Sun (which has been renamed Bharat FIH)--are collectively eligible for various production-linked incentive (PLI) schemes.

Analysts said about 10-12 per cent of the Apple iPhone capacity would shift to India from China under the PLI scheme. But there was room to manufacture more and raise the level to 18- 20 per cent of the total production, they explained.

Foxconn Hon Hai has hired the highest number of blue collared workers amongst Apple's three vendors. Pegatron and Wistron are the other two.

Foxconn's plant in Sri City of Andhra Pradesh under Bharat FIH assembles mobile phones for non-

Apple Inc brands like Xiaomi. It also makes casings, mechanics and components and PCBAs before final assembly of mobile devices. The company, in its FY22 report, declared it had 20 per cent of the mobile device EMS (electronic manufacturing services) market in India. The company is also eligible for PLI schemes in IT products .

It also sees itself a potential participant as an EMS player in the electric vehicle space in the country. Foxconn group is looking at a three-seater box electric car for the Asian market including India.

Foxconn Hon Hai, said analysts, was also close to becoming the largest supplier for iPhones from India in FY23. It has already met its commitment of investing ₹1,000 crore in four years under the PLI scheme-within two years.

Based on its commitments, it has to hit minimum revenues of ₹25,000 crore in FY26, mostly from exports. It is also working on constructing hostels to house over 60,000 rooms, mostly for women, in its manufacturing facility in Tamil Nadu.

Apple Inc, according to analysts, has been looking at assembling other products too-like laptops and PCs.

(with inputs from Shivani Shinde)

India-UK FTA...

"Modelling suggests that even a phased reduction in the tariff to an end rate of 30 per cent over a three-year transition period would increase Scotch whisky exports to India by a cumulative total of £1.24 billion over the first five years. The economic opportunities afforded by tariff liberalisation for Scotch whisky mean that this must be a priority for the UK government in negotiations," the SWA said in its submission.

India and the UK launched negotiations for the FTA in January last year with an aim to conclude talks by Diwali, but the deadline was missed due to change in leadership in the UK. Both countries have closed as many as 13 out of 26 chapters. The eighth round of negotiations for the proposed FTA between the two countries is scheduled for March 20-24.

