

# Govt may ask Cook to make more iPhones in India

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In the run-up to Apple CEO Tim Cook's (*pictured*) visit to India, government officials are finalising the talk points with the Cupertino-headquartered tech major. Officials said that the government would like Apple to "deepen" the company's engagement in the manufacturing and assembly of iPhones in the country and not limit itself only to the minimum commitments made under the production-linked incentive (PLI) scheme for mobile devices. The conversations between the two sides are likely to focus on that.

This would generate additional jobs and the scale would help the country build a strong supply chain which can be integrated with the global supply chain, an official pointed out.

Cook, who is coming to India next week in his private aircraft, will launch Apple's maiden company-owned single brand stores in Mumbai and Delhi. During the trip, he is slated to meet Prime Minister Narendra Modi as well as communications minister, Ashwani Vaishnav, apart from other top government functionaries.

Elaborating on the agenda of the government's meeting with Cook, a senior government official said, "Our focus will be to ask Apple to deepen its engagement with India in the manufacturing and assembly of iPhones in the country. This will help us generate more jobs in the country and develop a strong supply chain."

The official said Apple is already planning to assemble iPods in the country with Foxconn.

The focus on making more smart phones is understandable as they account for over 52 per cent of Apple's global revenues of \$394 billion. Also, based on the overall plans given by its three vendors — Foxconn, Pegatron and Wistron — under the PLI scheme, various estimates project that Apple could shift anything between 12 per cent to 18 per cent of its total iPhone assembly operations from China to India.

According to government commitments in FY 26, the last year of the PLI scheme, the three vendors collectively have to make iPhones with a free on board (FOB) of \$9 billion, which is the minimum to be eligible for the incentives.

However, they can assemble more phones and claim



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incentives to a maximum of 15 billion as per the agreement with the government. Moreover, according to experts, they can increase their production beyond this maximum cap if other players (in this case Samsung and Bharat FIH, which is part of the Foxconn group and makes non-Apple phones) do not meet their commitments and, hence, are not eligible for the incentives.

"So instead of \$15 billion, the collective amount on which the Apple vendors can get incentives could go up to \$20 billion if, say, Bharat FIH fails to meet its commitment. The company was unable to claim the incentive under the scheme in the first year as it had not met its production value commitments," says an industry expert.

Apple seems already on track to step up its India story. In FY 23, the collective commitment of its three vendors is to sell phones with an FOB value of ₹24,000 crore to be eligible for incentives, but it can increase it to a maximum of ₹45,000 crore. What is interesting is that the three vendors have already undertaken exports of ₹40,000 crore in FY 23, and once domestic sales are included, it could well go over the cap. However, the government has the leeway for increasing the limit for incentives further under the PLI scheme, if some of the other eligible global players do not achieve their targets.