

India may get more suppliers to set up shop

Apple's expansion plans may encourage firms to look for captive users for components: Experts

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If reports that Apple plans to triple its iPhone production in India come true, it is likely to help the country become a supply hub for the American company. There are some 190 Apple suppliers globally, but only 12 have manufacturing facilities in India now.

Apple's strategy is to focus on India and a clutch of other countries as it diversifies its supply chain out of China. The American technology giant has reportedly instructed three of its biggest vendors, Foxconn, Pegatron, and Wistron, to increase production capacity in India. A report by JP Morgan said recently that Apple, to diversify production, is considering making 25 per cent of its handsets in India by 2025.

"This (Apple's strategy) may encourage a lot of suppliers in the ecosystem to come to India in segments like panel fabrication and semiconductors. Looking into the fact that these factories are going to create indirect jobs too in the country, this expansion may create at least half a million jobs," said Barnik Maitra, managing partner at international consultancy Arthur D Little, India.

Apple did not respond to questions from *Business Standard*.

Out of Apple's 12 suppliers in India, five are in Tamil Nadu: Flex, Hon Hai Precision Industry Company (the formal name of Foxconn), Lingyi iTech, Pegatron Corporation, Taiwan Surface Mounting Technology and Zhen Ding Technology Holding. There are two in Karnataka (Wistron Corporation, Shenzhen YUTO Packaging Technology) and one each in Andhra Pradesh (Cheng Uei Precision Industry Company), Maharashtra (Jabil Incorporated) and Uttar Pradesh (Sunwoda Electronic).

According to Apple, these companies are part of a longer list that represents 98 per cent of its direct spend for materials, manufacturing, and assembly of products worldwide for fis-



IN PERSPECTIVE

190-plus: Number of Apple suppliers globally

12: Manufacturing units by Apple suppliers in India

25 per cent: Targeted handset production from India by 2025

Foxconn, Pegatron, and Wistron: Apple's manufacturing partners in India

7 million: Expected sales of iPhones in India in 2022

cal year 2021. Industry experts said that Apple's expansion plans may help companies looking to get captive users for their chips and components.

Anil Agarwal-led Vedanta Group plans two separate ventures that may see investments worth \$15 billion in chip and display manufacturing space in India. Component suppliers are expected to raise their presence in India. Tata Electronics' is all set to add another 8,000 jobs at its facility in Tamil Nadu's Hosur.

"EMS (electronics manufacturing services) players depend on particular suppliers that the brand asks them to supply. The role of EMS is to do the assembling only. At present, a major chunk of the supplies are coming from countries like Taiwan, China, Japan and Korea. Adding more capacity in India means these players will also set up their manufacturing units in India,"