

Google's 'Make in India' play has local vendors divided

Some potential suppliers consider the plan unviable for them

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Google has been looking at shifting part of its capacity to assemble Pixel mobile phones that are currently assembled in China to markets like India, to create a more diverse manufacturing base instead of relying on China.

According to reports, the tech giant sent a top team to scout around for suppliers, which include Dixon, Lava and Foxconn, just a few weeks before Prime Minister Narendra Modi started his visit to US.

At one level it makes sense for Google to look at Dixon, Lava and Foxconn — all three are eligible for the production linked incentive (PLI) scheme for mobile devices, which offers a 4-6 per cent incentive on the sales value of a phone, provided they reach a certain production target each year.

Lava and Foxconn, owned by Bharat FIH, have enough capacity to manufacture for Google. Both of them have not been able to claim their incentives as they were not able to achieve their production targets.

Bharat FIH, which makes phones for non-Apple brands, has seen its orders from Xiaomi, one of its large clients, come down gradually.

Lava has been in talks with Chinese major Huaqin, a leading ODM player, for a joint venture before it goes for FDI clearance but the talks are believed to be stuck on the stake structure. Therefore, Lava has been looking to tie up for mobile device brands in India and globally.

Dixon, the only one which has been able to claim its PLI incentive (made possible owing to its tie up with Motorola) is looking for more such contracts.

Opinion among potential vendors is divided. "For us every order counts. Especially if it is made in India for the world," said one vendors who met Dixon, adding that everything is 'premature'.

But another mobile phone maker who was also approached is not keen. "Dixon make 1.5 to 2 million phones a year and is a very small player. It is not a viable business considering the investment one has to make. Dixon is also



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- Google looks to follow in Apple's footsteps to diversify mobile assembling business
- The tech giant is scouting for suppliers in India which include Dixon, Lava and Foxconn
- Data shows that Google is an insignificant player in global premium mobile phone market with a mere 1% share in 2022
- Google had earlier tried to enter the India mobile market in partnership with Reliance Jio to make affordable 4G phones
- The effort failed after facing stiff competition from phones in the same price range

planning to divide the business with Vietnam, apart from China, until it moves out completely as," said the phone maker.

Google is merely replicating Apple's model in India. Apple makes its iPhones through its three vendors, Foxconn, Wistron and Pegatron, which are eligible for PLI. The focus is on exports though also on the growing domestic market.

But the commonality stops there. Google does not sell enough volumes globally or in the domestic market.

Since 2016 when it was launched, Google Pixel, according to IDC data, sold a mere 27.6 million phones globally. Google is an insignificant player in global premium mobile phones market (\$600) with a mere 1 per cent share in 2022 according to Counterpoint Research.

In contrast, Apple dominates this market globally with a 75 per cent share in 2022 selling 232.2 million phones, over eight times what Google sold in six years.

It's possible that the success of Pixel 7 and of other models slated to come up, could see volumes go up for Google.

But till then, it continues to be an insignificant player even in the domestic market while the premium market con-

tinues to be dominated by Apple and Samsung with an 81 per cent share in 2022.

In January when Google CEO Sunder Pichai came to India, Communications Minister Ashwini Vaishnaw confirmed to Business Standard that one of the subjects in the discussion was Google assembling Pixel phones from India.

It's not only India that Google is looking at. A *New York Times* report says that it is planning to shift its latest Pixel 7 phone assembly from its Foxconn plant in south China to Vietnam and production could start this year.

Many analysts say that Google's interest in manufacturing might be strategic, namely to temper the challenges in their core business which they are facing from the Competition Commission of India.

Google has also tried to push into the India mobile market through a tie-up with Reliance Jio to help it build an affordable 4G phone on a new Android operating system.

The product failed to set the market on fire because there were many competing phones at that price range. Jio might do the same again for an affordable 5G phones though companies are already working on sub ₹10,000 models.