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After iPhones, India eyes MacBook production, may boost incentive scheme

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NEW DELHI: After the success of iPhone production in India, the government is set to sweeten the deal to kickstart the coveted manufacturing of MacBooks and iPads in the country, looking to broad-base the production-linked incentive (PLI) scheme for IT hardware to nearly Rs 20,000 crore against the existing outlay of Rs 7,350 crore which failed to receive much response from the industry.

Top sources in the IT ministry said the government wants Apple's manufacturing eco-system to grow by leaps and bounds in the country at a time when the American electronics giant looks at a China-plus-one strategy when it comes to global procurement of products.

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“We have tasted success with the iPhone production as Apple's all the top manufacturers – Foxconn, Wistron and Pegatron – are now making smartphones worth billions of dollars in the country. The next step for us is to get the production of MacBook and other products such as iPad in India,” the sources told TOI.

The IT ministry, which is the nodal ministry for boosting electronics manufacturing in the country, has already sent a proposal for enhancement of the scheme, and the matter is now in the hands of the finance and some other related ministries.

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- > Government wants Apple's manufacturing eco-system to grow, **may enhance the production-linked incentive (PLI) scheme for IT hardware**
- > The existing **outlay** of ₹7,350 crore **could be hiked to nearly ₹20,000 crore**
- > Earlier scheme approved in Feb 2021 had **incentive support** of 1-4% over 4 yrs; new scheme **could boost it to an average 5%**
- > **IT ministry has sent proposal to finance and other ministries**

While the earlier scheme, which was approved by the Union Cabinet in February 2021, had promised an incentive support of 1-4% over a four-year period, the new scheme wants to boost this to an average of 5%. Unlike smartphones, where the government had put up a duty of 20% on imports, there are no such restrictions on laptops as the category falls under ITA-1, which allows imports at zero duty.

“We feel the earlier scheme was not sufficient to meet the disability that companies would have if they manufactured in India. Thus, with an enhanced incentive plan and a larger fund outlay, the new scheme will surely prompt companies to invest and also make in India,” the source said.

Apple has been cagey about getting products beyond iPhones to be manufactured in India as the company tries to strike a balance with China, which is not only its biggest production base but also an equally strong sales market.

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Also, the company feels handicapped by the absence of a strong supplier base in the country, as getting its component makers from China to India has not been easy following the growing tensions between the two countries.

While companies have been pushing the government to ease the checks for allowing Chinese investments into India, the permissions and approvals still take time as the Centre does not want to hand over the control to entities from the neighbouring country.

“Joint venture is one route that we are considering, provided that Indian entities have a say and control,” the source said.

The government feels that getting Apple and other top sellers such as HP and Dell broad-base their India sourcing will be critical to get scale and the status of a ‘global manufacturing hub’.

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“These are big companies that need to service markets across the world. With the eco-system gradually building in India after the PLI schemes, we are confident that an enhanced and friendlier scheme will bear results in the IT hardware,” a source said.

Companies, however, are also pointing out to the shortage of demand in the global markets as well as the hiring freeze across key corporates such as IT firms. “How can one expand in such situations?” an official said, adding that there is also a recession building up in the West.

The target segments under the proposed scheme include laptops, tablets, and all-in-one PCs and servers. The scheme was envisaged to benefit five major global players and 10 domestic champions in the field of IT hardware manufacturing.