

IN TALKS WITH MICRON, TATA GROUP TO SOURCE CHIPS WORTH \$12 BN

# Apple set to grab biggest bite of made-in-India semiconductors



## ● ALL EYES ON IPHONE 16

Apple CEO Tim Cook talks on the stage during an announcement of the iPhone 16 series and other new products at the company headquarters in Cupertino, California, on Monday

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**APPLE HAS BEGUN** negotiations with Micron, the Tata Group and other chip manufacturers setting up plants in India for sourcing supplies worth \$12 billion for the iPhones it produces in the country.

The negotiations are significant because Apple's requirement for semiconductors would touch this level by 2026, according to industry experts. By then, the tech giant would have shifted 26% of its global iPhone capacity to India.

If Micron and Tata Group's units, which are expected to go on stream by then, manufacture the grades needed by Apple, the bulk of this requirement would be sourced from these firms, creating a huge business opportunity for them, sources said.

Defence, aviation and auto sectors

would be the other big chip buyers, but no single company would be able to rival Apple's spend on microchips made in India, industry sources added.

In FY24, Apple produced iPhones worth \$14 billion in India — the largest by any company. This constitutes approximately 14% of Apple's global iPhone production.

According to publicly available estimates, Apple's global semiconductor consumption increased over threefold from \$18.8 billion in 2011 to cross \$67 billion in 2022. Currently, it stands at around \$72 billion. Apple produces multiple high-end consumer products — iPhones, iPads, Macs, Apple watches and AirPods —

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all of which use semiconductors. In India, it began producing iPhones under the smartphone production-linked incentive scheme through its three Taiwanese vendors in 2021.

Taiwanese Semiconductor Manufacturing Company (TSMC) is one of Apple's primary suppliers to whom the company outsources manufacturing of its chips. According to experts, Apple alone consumes over 26% of TSMC's global sales — making it the third-largest chip consumer in the world. Till three years ago, Apple used to manufacture 100% of its iPhones and nearly all of its other consumer products in China. Apple, along with

other tech manufacturing giants — American, Japanese and Chinese — made China the world's largest consumer of semiconductors, which purchased more than 50% of the chips manufactured globally.

The government launched its domestic semiconductor production initiative with a ₹76,000-crore incentive scheme in 2022. Under the scheme, so far five chip projects worth ₹1.5 lakh crore have been approved. The projects include Micron's ₹22,516-crore ATMP project in Sanand, Tata Group Powerchip Semiconductor's (PSMC) ₹91,000-crore semiconductor fabrication plant in Dholera, Tata's ₹27,000-crore ATMP unit in Assam, CG Power's ₹7,600-crore ATMP unit in Sanand, and Kaynes' ₹3,300-crore OSAT unit in Sanand.

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