



How India is Toiling Harder to Harvest Apple on its Soil



The shift away from China as the primary manufacturing hub for Western companies began in 2013 when concerns over rising production costs and reliance on a single nation for sourcing and manufacturing operations started to arise. The COVID-19 pandemic further highlighted the risks of depending solely on China, leading companies to explore alternative options.

India was initially propped up as a potential alternative to China, but long-standing issues such as inconsistent policies and red-tapism posed challenges for foreign companies looking to set up operations in the country. However, the Narendra Modi-led government has been making efforts to improve the ease of doing business in India, with a focus on attracting foreign investment. Apple, for instance, has been betting big on India since it began iPhone assembly in the country in 2017, in line with the Indian government's push for local manufacturing.

Setting up shop in India has not been an easy route for foreign companies, even after 2014. In 2016, Apple reportedly had no intentions to open its stores in India unless the government exempted it from the mandatory 30% local sourcing norm for single-brand retail. The request for waiver based on "cutting-edge" tech was denied. However, in August 2019, India amended the rules to allow exports and contract manufacturing to be counted towards the local sourcing norm over a period of five years, which paved the way for Apple's increased presence in the country.

Apple signaled its intention to sell iPhones directly to Indian consumers through its own online store after the government allowed foreign single-brand companies to sell directly via webstores, irrespective of a brick-and-mortar presence. Plans for physical stores in Mumbai and Delhi were also announced, with the doors set to open in April 2023. Mall executives are expecting around 2,000 customers to camp out overnight in anticipation of the opening of the Apple store at BKC, Mumbai, and footfalls at the store are expected to nearly double the average footfalls at the luxury mall on a weekday.

Apple's increased [investment in India](#) is seen as a result of the government's efforts to attract foreign companies through initiatives like the Production Linked Incentive (PLI) scheme, which has also attracted other companies such as Samsung. As of March 2023, Apple manufactures almost 7% of its iPhones in India, up from 1% in 2021. Bloomberg has reported that Apple may manufacture the next iPhones in India concurrently with China, which would be a first for iPhone assembly. Apple's goal is to assemble a quarter of all its iPhones in India by 2025.

However, despite the success stories, there have been challenges for [foreign companies in India](#). Some companies, such as General Motors, Ford, and Harley-Davidson, have quit India due to long-running challenges including dealing with bureaucracy. Past decisions on retrospective taxes have also impacted India's image as an investment destination, as seen in the legal disputes between the Indian government and companies like Vodafone. Renowned global companies, like Tesla, have also been hesitant to shift their bases to India due to issues related to supply chain, infrastructure, and labor.

The road to becoming the world's factory is not without hurdles, but the Indian government's efforts to create a conducive environment for business, at least until 2024, may lead to brighter prospects. If India can address challenges related to bureaucracy, logistics, tariffs, and infrastructure, it could emerge as a credible alternative to China for manufacturing operations. Companies like Apple's increased investment in India are indicative of the growing interest in the country as a manufacturing destination, and with continued efforts to improve the ease of doing business, India may become a significant player in the global manufacturing landscape.

This post was originally published on: [Foxnangel](#)