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### Apple may shift some production to India under PLI scheme

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The Indian government announced a productivity-linked incentives (PLI) scheme<sup>[1]</sup> to attract electronics manufacturers to shift production to India. Apple Inc. is reportedly ready to shift some production from China to India<sup>[2]</sup> that may boost Indian exports by around USD 40 billion.

The Indian Ministry of Electronics and Information Technology said that the Indian electronics markets suffer from a “lack of adequate infrastructure, domestic supply chain and logistics; high cost of finance; inadequate availability of quality power; limited design capabilities and focus on R&D by the industry; and inadequacies in skill development.”

The PLI scheme does not require companies to invest in India’s infrastructure, but rather maintain a certain level and value of production. The lack of infrastructure, as well as a clause in the scheme that values the entire plant and machinery already in use in facilities across China and other places at 40% of that value, may deter certain companies.

India’s announcement comes as companies are moving to diversify supply chains and create some resiliency in the face of trade wars and a pandemic that has caused major disruption to global supply chains centered in China.

<sup>1</sup> “Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing,” Government of India, Ministry of Electronics & Information Technology, updated on April 9, 2020, <https://bit.ly/3ga4zn0>.

<sup>2</sup> Anandita Singh Mankotia, “Apple may take a bigger bite of India’s manufacturing pie,” ET Tech, May 11, 2020, <https://bit.ly/3e5gxNz>.

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