



Apple Is About to Bet \$1 Billion on the Indian Smartphone Market

Description

The second-largest smartphone market in the world has to date remained elusive to the most profitable [tech giant](#). That's started to change recently, as **Apple** ([NASDAQ: AAPL](#)) has finally started to make inroads into India, thanks in part to a growing manufacturing presence there. The company has been slowly [moving production](#) out of China in an effort diversify its supply chain across Asia amid President Trump's ongoing trade war with the Middle Kingdom.

The Mac maker is now reportedly about to bet \$1 billion on the Indian smartphone market, or about [half of the revenue](#) Apple generated from the country in 2018.

Exporting iPhones from India

[The Times of India](#) reports that Apple is preparing to announce a \$1 billion investment in India, expanding capacity at contract manufacturing facilities that will help it avoid import tariffs of 20% that are imposed on cellphones that come into the country. India had raised tariffs from 15% to 20% in early 2018 in a bid to promote domestic job creation.

"Apple will be investing \$1 billion in India through its partners," a government official told the outlet. "They have said the production will be used for meeting the demand for its products across global markets." Apple is currently exploring potential export incentives, according to the report. The Indian government has been trying to prop up exports, recently announcing a new set of tax credits and reimbursements that is set to take effect in 2020.

Longtime contract manufacturing partner Foxconn is expected to expand its facility in Chennai, where the Taiwanese company has been testing iPhone assembly. That should encourage other component suppliers to invest in the region, creating an economic ripple effect.

India has also started to relax regulations around local sourcing, potentially [paving the way](#) for retail stores and direct sales. The possibility of boosting iPhone exports could help Apple meet the 30% local sourcing regulation, according to *The Times*. The company is already scouting locations for three potential Apple Stores, with rumors suggesting that Apple is eyeing Mumbai for its first store.

In response to recent speculation around expanding in India, Apple provided a statement to CNBC last month:

We love our customers in India and we're eager to serve them online and in-store with the same experience and care that Apple customers around the world enjoy. We appreciate the support and hard work by Prime Minister Modi and his team to make this possible and we look forward to one day welcoming customers to India's first Apple retail store. It will take us some time to get our plans underway and we'll have more to announce at a future date.

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1. NASDAQ:AAPL (Apple Inc.)

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