

Google Manufacturing Plans in India

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Why in news?

- [Prime Minister](#) Narendra Modi and the CEO of Alphabet, Sundar Pichai discussed the company's plan to establish an electronics manufacturing ecosystem in India.
- During this interaction, PM Modi appreciated Google's partnership with Hewlett Packard (HP) to manufacture Chromebook laptops in India.
 - Alphabet is the parent company of Google.

Chromebook Manufacturing in India

- The Chromebooks are laptops that run on Google's Chrome operating system.
 - Chromebooks are among the most popular laptops in educational institutions worldwide.
 - However, these are yet to find mainstream traction in India, where most laptops run on Microsoft's Windows operating system.
- These are being built at the Flex facility near Chennai, where HP has been producing a range of laptops and desktops since August 2020.
- Production began on October 2, and will cater to the demand, mainly from the education sector, for affordable PCs in India.

News Summary: Google manufacturing plans in India

What is the significance of the manufacturing of the Chromebooks?

- The production of Chromebooks in India is a major boost to the country's electronics manufacturing ambitions.
- It has put Google among the most high-profile names to begin manufacturing in India.
- This is significant as companies all over the world are looking to diversify supply chains in response to geopolitical uncertainties.
- The manufacture of Chromebooks in India will help Google compete more effectively with Windows computers built by companies such as Dell, Lenovo, and Asus.

Why is local electronics manufacturing important for India?

- Potential manufacturing hub
 - At present, companies, especially from the US, are looking to diversify away from China, which has been the hub of such manufacturing for decades.
 - Against this backdrop, India seeks to establish itself as a "trusted partner" in global supply chains.
- Rising imports of electronic goods
 - Indian imports of electronic goods and laptops/ computers have increased in the last few years.
 - During April-June this year, the import of electronic goods increased to \$6.96 billion from \$4.73 billion in the year-ago period.
 - The biggest share of imports is in the category of personal computers, including laptops and palmtops.
 - Under this category, imports from China stood at \$558.36 million in April-May this year as against \$618.26 million in the year-ago period.
 - China accounts for roughly 70-80% of Indian imports of personal computers and laptops.
 - New Delhi would like to change this situation as soon as possible.

Current Status

- As the window for the Centre's production-linked incentive (PLI) scheme closed in August, more than 40 companies applied to participate in the programme to manufacture laptops, computers and servers in India.
- These companies included Dell, HP, Asus, Acer, and Lenovo. Apple chose to not apply.

- The government is expected to clear applications of around 30 companies soon, the majority of which will start production from April 2024.

What else is India doing apart from seeking to incentivise manufacturing in the country?

- India has also adopted policy changes to discourage imports from China.
 - Licensing requirements on import of laptops and computers
 - In August 2023, the government had attempted to impose a licensing requirement on the import of laptops and computers.
 - However, it was forced to delay the implementation of the directive until October 31 after a strong pushback from the industry.
 - Introduction of import management system
 - The Centre has now introduced the so-called import management system.
 - Under this system, companies will be required to register and disclose data related to their imports.
 - This includes countries from which they import electronic hardware such as laptops and personal computers, and domestic sales value.
 - Quota system using credit formula
 - The quota system, as envisaged earlier, has been put on the back burner for now.
 - It will be implemented in a staggered manner by means of a credit formula.
 - Under this formula, the government will create a ratio between domestic production and imports, and depending on the former, will allow the latter.
 - Supplies from trusted sources
 - Eventually, the government will also impose a condition on companies to reorient their supplies from “trusted sources”.
 - This move is squarely aimed at reducing import dependence on China.
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Q1) What is Google?

Google is a well-known internet search engine. It was originally called BackRub. Sergey Brin and Larry Page started developing it in 1996 as a research project at Stanford University. They used it to find files on the internet. They later decided to change the name to Google, inspired by the term googol.

Q2) What is production-linked incentive (PLI) scheme?

Production Linked Incentive, or PLI, scheme of the Government of India is a form of performance-linked incentive to give companies incentives on incremental sales from products manufactured in domestic units. It is aimed at boosting the manufacturing sector and to reduce imports.

Source: [Modi speaks to Google's Pichai, why are Google manufacturing plans in India so important?](#) | [Economic Times](#)

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