

Blow for Apple as India sticks to retail rules: report

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Apple faces a roadblock in its quest to open stores in India after the finance minister decided it must comply with tough local sourcing rules, a report said Wednesday, days after a visit by chief executive Tim Cook.

India will not exempt Apple from regulations stating that foreign single-brand retailers must buy at least 30 percent of their parts locally if they want to open outlets, the Bloomberg report said.

Apple has no stores in the world's second-most populous nation, instead selling iPhones through third-party retailers such as Vodafone and Airtel. It makes most of its handsets in China.

The Silicon Valley giant had reportedly applied for an exemption that allows firms bringing cutting-edge technology that cannot be easily replicated by Indian manufacturers to sidestep the rules.

"Minister Arun Jaitley decided to support the decision by India's Foreign Investment Promotion Board that Apple will have to procure 30 percent of components locally if it wants to sell through its own retail stores," Bloomberg reported, citing unnamed sources.

The potential blow to Apple comes only days after its boss Cook toured India in what was widely seen as an extended charm offensive.

During the visit he was pictured in New Delhi using Prime Minister Narendra Modi's gold-coloured iPhone as he launched a new version of

the premier's eponymous app.

Cook also announced an app design centre in the southern technology hub of Bangalore and a maps centre in Hyderabad, showering praise on India's talented software developers.

India sets stringent rules for foreign retailers, seeking to encourage investment that brings in manufacturing jobs rather than simply allowing them to sell products to its potentially vast market.

India is a compelling proposition for the technology giant, with nearly a billion Indians—among a population of 1.2 billion—still not online, especially as sales of the iPhone slow in more saturated markets.

Yet Apple products are too expensive for the vast majority of Indians, with taxes taking the cost of a basic iPhone to almost \$600.

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