

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2326
TO BE ANSWERED ON 17.12.2021

PRODUCTION OF ELECTRONIC GOODS UNDER PLI SCHEME

2326. SHRI K.J. ALPHONS:

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:-

- (a) the impact of Production Linked Incentive (PLI) scheme in the production of electronic goods;
- (b) the products that have shown the best results; and
- (c) the amount given out as incentive ever since the launch of the programme?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a) and (b): Government of India's goal is to make India a significant design and manufacturing hub in the Global Value Chain for Electronics as part of its AtmaNirbhar Bharat Economic policies. As part of this, we are broadening and deepening our Electronics Eco-system. In the post COVID-19 global business and trade environment, global companies are looking to diversify their manufacturing locations to mitigate the supply chain risks.

National Policy on Electronics 2019 (NPE 2019) envisions positioning India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally.

In order to boost electronics manufacturing in the country, attract investments in the electronics value chain and promote exports, following Production Linked Incentive Schemes have been notified:

- (i) **Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing** was notified on 1st April, 2020. PLI Scheme extends an incentive of 6% to 4% on incremental sales (over base year i.e. FY 2019-20) of goods under target segments (Mobile Phones and Electronic Components) that are manufactured in India to eligible companies, for a period of five (5) years. Incentives are applicable under the scheme from 01.08.2020. 16 companies have been approved under the first round of PLI Scheme for Large Scale Electronics Manufacturing.

PLI Scheme intends to further accelerate the success of domestic electronics manufacturing which has increased from INR 1.9 lakh crore in 2014-15 to INR 5.3 lakh crore in 2019-20 at a Compound Annual Growth Rate (CAGR) of 23%. As per industry estimates, the production of mobile phones has grown from INR 18,900 crore in FY 2014-15 to INR 2,20,000 crore in FY 2020-21. The export of mobile phones increased from INR 1,566 crore in FY 2014-15 to INR 22,870 crore in FY 2020-21. The export of Smart phones in FY 2020-21 was INR 22,662 crore, which is 28% of total electronics exports.

Over the tenure of PLI Scheme, the 16 approved companies are expected to lead to total production of more than INR 10,50,000 crore (INR 10.5 lakh crore). Out of the total production of INR 10,50,000 crore in the next 5 years, around 60% is expected to be contributed by exports of the order of INR 6,50,000 crore. The companies approved under the scheme are expected to bring an additional investment in electronics manufacturing to the tune of INR 11,000 crore.

After the success of the first round of PLI Scheme in attracting investments in mobile phone and electronic components manufacturing, second round of the PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 for incentivising electronic components. Under the second round, incentives of 5% to 3% shall be extended on incremental sales (over base year i.e. FY 2019-20) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. 16 companies have been approved under the second round of PLI Scheme for Large Scale Electronics Manufacturing.

Over the tenure of second round, the 16 approved electronic components manufacturers are expected to generate a total production of about INR 12,432 crore. The second round of the Scheme is expected to bring an additional investment in electronics manufacturing to the tune of INR 573 crore.

In accordance with the announcement made by Hon'ble Union Finance & Corporate Affairs Minister on 28.06.2021 to provide relief to companies approved under the PLI Scheme affected by the COVID-19 pandemic, the tenure of the PLI Scheme for Large Scale Electronics Manufacturing has been extended by one year i.e. from 2024-25 to 2025-26. The notification in this regard was issued on 23.09.2021.

- (ii) **Production Linked Incentive Scheme (PLI) for IT Hardware** was notified on 03.03.2021. The PLI Scheme extends an incentive of 4% to 2%/ 1% on net incremental sales (over base year i.e. FY 2019-20) of goods under target segments that are manufactured in India to eligible companies, for a period of four years (FY2021-22 to FY2024-25). The target IT hardware segments under the Scheme include Laptops, Tablets, All-in-One Personal Computers (PCs) and Servers. Incentives are applicable under the scheme from 01.04.2021. 14 companies have been approved under the PLI Scheme for IT Hardware.

Over the tenure of Scheme, the 14 approved companies under the Scheme are expected to lead to total production of about INR 1,60,000 crore. Out of the total production of INR 1,60,000 crore in the next 4 years, more than 37% is expected to be contributed by exports of the order of INR 60,000 crore. The scheme is expected to bring an additional investment in electronics manufacturing to the tune of INR 2,500 crore.

(c): No amount has been given out as incentive till date under the PLI Scheme for Large Scale Electronics Manufacturing and PLI Scheme for IT Hardware.
