

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 4625**  
TO BE ANSWERED ON 24.03.2021

**PRODUCTION LINKED SCHEMES FOR ELECTRONICS MANUFACTURING**

**4625. SHRI L.S. TEJASVI SURYA:**

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

- (a) the objective and the details of the Production Linked Scheme (PLI) scheme for electronic manufacturers in the country;
- (b) the number of companies who are availing benefit under the said scheme and the total monetary benefit availed by such companies;
- (c) the measures taken by the Government to promote indigenous manufacturing of an entire electronic gadget and not just the assembly of the product in the country; and
- (d) whether the Government is exploring any scheme to promote the complete indigenous manufacturing of electronic gadgets and if so, the details thereof?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI SANJAY DHOTRE)

(a): The objective of Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing is to boost domestic manufacturing and attract large investments in the electronics value chain, including mobile phones, electronic components and semiconductor packaging.

The PLI for Large Scale Electronics Manufacturing has been notified under the aegis of National Policy on Electronics 2019 (NPE 2019) on April 1, 2020. The Scheme extends an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.

(b): The PLI Scheme for Large Scale Electronics Manufacturing is under implementation. A total of 16 applications have been approved as under:

Mobile Phones (Category - Invoice Value INR 15,000 and above): 5; Mobile Phones (Category: Domestic Companies): 5; Specified Electronic Components: 6.

The monetary benefit / incentive will be dependent on the incremental sales (over base year) achieved by the approved companies under PLI Scheme. The approved companies have not claimed any incentive amount till date.

(c) The measures taken by the Government to promote indigenous manufacturing of electronic products is **annexed**.

(d): Production Linked Incentive Scheme (PLI) for IT Hardware has been notified vide Gazette Notification No. CG-DL-E-03032021-225613 dated March 03, 2021. The scheme is likely to benefit major global as well as domestic manufacturers of IT hardware products, namely, Laptops, Tablets, All-in-One PCs, and Servers. The total budget outlay of the PLI Scheme for IT Hardware is INR 7,350 crore over 4 years. The Scheme shall extend incentive of 4% to 2%/ 1% on net incremental

sales (over base year, i.e. 2019-20) of goods manufactured in India and covered under the aforesaid target segments, to eligible companies, for a period of four (4) years.

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## **Annexure**

### **Measures taken by the government to promote indigenous manufacturing of electronic products in the country**

**1. National Policy on Electronics 2019:** The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019. The vision of NPE 2019 is to position 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.

To attract and incentivize large investments in the electronics value chain and promote exports, following three Schemes have been notified under the aegis of NPE 2019:

- (i) **Production Linked Incentive Scheme (PLI)** for Large Scale Electronics Manufacturing notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020 provides an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units.
- (ii) **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 provides financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods.
- (iii) **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 provides support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers along with their supply chain to set up units in the country. The Scheme shall provide financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country.
- (iv) **Production Linked Incentive Scheme (PLI) for IT Hardware** notified vide Gazette Notification No.CG-DL-E-03032021-225613 dated March 03, 2021 provides an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. The Target Segment under PLI Scheme includes (i) Laptops (ii) Tablets (iii) All-in-One PCs and (iv) Servers.

**2. 100% FDI:** As per extant Foreign Direct Investment (FDI) policy, FDI up-to 100% under the automatic route is permitted for electronics manufacturing (except from countries sharing land border with India), subject to applicable laws/ regulations; security and other conditions.

**3. Modified Special Incentive Package Scheme (M-SIPS):** The Scheme was notified on 27<sup>th</sup> July, 2012 to provide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It was amended in August, 2015 to extend the period of the scheme, enhance

scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain. The Scheme was open to receive applications till 31.12.2018 and is in the implementation mode.

**4. Electronics Manufacturing Clusters (EMC) Scheme:** Electronics Manufacturing Clusters Scheme was notified on 22<sup>nd</sup> October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3,565 acres with total project cost of INR 3,898 crore including Government Grant-in-Aid of INR 1,577 crore have been approved.

**5. Electronics Development Fund (EDF):** Electronics Development Fund (EDF) has been set up as a “Fund of Funds” to participate in professionally managed “Daughter Funds” which in turn will provide risk capital to startups and companies developing new technologies in the area of electronics and Information Technology (IT). This fund is expected to foster R&D and innovation in these technology sectors. INR 409 crore has been committed through EDF to 9 Daughter Funds with a targeted corpus of INR 2,626 crore.

**6. Phased Manufacturing Programme (PMP)** has been notified to promote domestic value addition in mobile handsets and their sub-assemblies / parts manufacturing. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country. The manufacturing of mobile handsets has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition.

**7. Tariff Structure** has been rationalized to promote domestic manufacturing of electronic goods, including, *inter-alia*, Cellular mobile handsets, Televisions, Electronic components, Set Top Boxes for TV, LED products and Medical electronics equipment.

**8. Exemption from Basic Customs Duty on capital goods:** Notified capital goods for manufacture of specified electronic goods are permitted for import at “NIL” Basic Customs Duty.

**9. Simplified import of used plant and machinery:** The import of used plant and machinery having a residual life of at least 5 years for use by the electronics manufacturing industry has been simplified through the amendment of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.

**10. Relaxing the ageing restriction:** The Department of Revenue vide Notification No.60/2018-Customs dated 11.09.2018 has amended the Notification No.158/95-Customs dated 14.11.1995, relaxing the ageing restriction from 3 years to 7 years for specified electronic goods manufactured in India and re-imported into India for repairs or reconditioning.

**11. Public Procurement (Preference to Make in India) Order:** To encourage ‘Make in India’ and to promote manufacturing and production of goods and services in India with a view to enhancing

income and employment, the Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department for Promotion of Industry and Internal Trade (DPIIT) Order dated 15.06.2017 and subsequent revisions vide Orders dated 28.05.2018, 29.05.2019 and 04.06.2020. In furtherance of the aforesaid Order, MeitY has notified 13 Electronic Products viz., Desktop PCs, Laptop PCs, Thin Clients, Tablet PCs, Computer Monitors, Dot Matrix Printers, Contact and Contactless Smart Cards, LED Products, Biometric Access Control / Authentication Devices, Biometric Finger Print Sensors, Biometric Iris Sensors and Servers vide Notification dated 07.09.2020.

**12. Compulsory Registration Order (CRO):** MeitY has notified “Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012” for mandatory compliance to ensure safety of Indian citizens by curbing import of substandard and unsafe electronic goods into India. 63 Product Categories have been notified under the CRO and the order is applicable on 44 product categories.

**13. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX)** has been set up in IIT-Kanpur with the objectives to promote R&D; Manufacturing; Ecosystem; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.

**14. National Centre of Excellence for Technology on Internal Security (NCETIS)** has been set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.

**15. National Centre of Excellence for Next Generation AMOLED Displays, OLED Lighting and OPV Products** has been set up at IIT-Madras with a mandate to collaborate with stakeholders to develop next-generation, state-of-the-art, high-volume and cost-effective electronic components based on organic devices to address requirements through joint technology developments, to realize indigenous technologies for manufacturing.

**16. Centre on Excellence (CoE) on Medical Electronics and Bio-Physics** has been approved to set up at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam with a mandate of carrying out various R&D activities, strengthening innovations, IP creation, prototype modelling for Medical Device Manufacturers, including Electro-Biomaterial technology product manufacturers etc.

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