

Make in India: Incentive schemes



Incentives scheme for manufacture of specified medical devices

India has been largely dependent on imports of medical devices to meet its domestic demand.

With the aim to compensate for the manufacturing disabilities, the Government of India has notified a scheme called 'Production linked incentive scheme' which proposes to provide impetus to the sector by way of financial incentives.

Furthermore, in order to provide necessary infrastructure support, particularly with respect to providing common testing and laboratory facilities/centre at once place, Government has also an announced incentive scheme for creating a Medical Device Parks.

These medical device parks aim to significantly reduce the manufacturing cost and create a robust ecosystem for medical device manufacturing in the country.

Production Linked Incentive Scheme

Incentive of 5 per cent of incremental sales of goods manufactured in India under target segment

To be provided for a period of five years (FY 2021-22 to FY 2025-26

Incremental sales to be computed on sales of base year FY 2019-20





Quantum is subject to prescribed ceilinglimit

Eligibility to be on the basis of incremental investment and achieving incremental sales of manufactured goods

Manufacturing of eligible product under the target segment¹

Target segment and eligibility conditions (Detailed list of products specified in the guidelines)

- 1. Cancer care/ Radiotherapy medical devices
- 2. Radiology and imaging medical devices (both ionising and non-ionising radiation products) and nuclear imaging devices
- 3. Anesthetics and cardio-respiratory medical devices including catheters of cardio respiratory category and renal care medical devices
- 4. All implants including implantable electronic devices like cochlear implants and pacemakers

Target Segment	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
		(Amounts in INR crore)				
Specified Medical Devices	Incentive rate (as a percentage of incremental sales)	5%	5%	5%	5%	5%
	Minimum incremental investment over FY 2019-20 (180 over 3 years)	60	120	180	-	-
	Minimum incremental sales over FY 2019-20	120	240	360	460	560
	Maximum incentive per applicant within a target segment	8	17	27	32	37

Guidelines on PLIS for promotion of domestic manufacturing of medical devices dated 27 July 2020, issued by Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals is available at https://pharmaceuticals.gov.in/sites/default/files/Guidelines

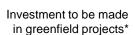
^{© 2020} KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved..

Eligibility criteria, application and selection

Companies registered in India and having a net worth not less than INR18 crore as on the date of application are eligible to apply



Application window shall be open for 120 days from the date of issuance of guidelines i.e. 120 days from 27 July 2020





One target segment, one application. Applicant can apply for more than one target segment



A maximum of 28 applicants shall be selected under the scheme

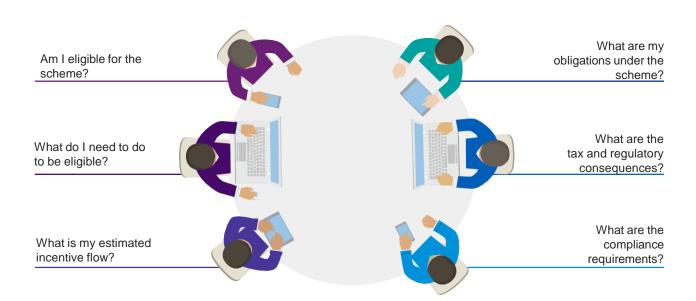
Investment shall include new plant, machinery, equipment, associated utilities**, transfer of technology, R&D, but shall exclude land and building



A minimum of 3 and maximum of 10 applicants shall be selected under each target segment

- Investment in new production facility or in a new plant in the premises of an existing production facility.
- ** Existing manufacturer may use existing ancillary utilities for manufacture of eligible products, however, the investment already made on such utilities shall not qualify for threshold investments

Key questions to consider



Our service offerings

Planning advisory

- Supply chain re-engineering or expansion of business
- · Allied tax and regulatory advisory
- In-bond Manufacturing/SEZ/EHTP advisory, evaluation of funding options, entity structuring
- Representation before authorities for clarifications

On-going support

- · Support on compliances
- Classification of qualifying goods, rate of duties
- Assistance in obtaining the benefit of import under FTA and/or PTA
- Valuation under customs SVB and assistance in obtaining AEO accreditation

SEZ - Special economic zone

EHTP - Electronic hardware technology park



FTA – Free trade agreement

PTA - Preferential trade agreement

Application and implementation

- Application assistance under the schemes
- Representing before authorities for the above applications
- Assistance in getting the incentives disbursed
- Support on compliances post obtaining approval under the scheme

 Representation before authorities for clarification sought at the time of periodic review undertaken post obtaining approval

SVB - Special valuation branch

AEO - Authorised economic operator

Why KPMG in India?

- A committed team of experienced professionals that acts as a trusted advisor for clients
- Given our focus on industry specialisation, the team keeps track of developments in the sector and is well versed with common issues faced by the industry
- Experienced in assisting clients on similar incentives
- We are well connected within KPMG International's network of member firms around the world and keep track of developments in global markets
- Utmost importance is given to client and data confidentiality with stringent internal controls and internal risk policies.

KPMG in India contacts.

Rajeev Dimri

National Head of Tax

T: +91 124 307 4077

E: rajeevdimri@kpmg.com

Sachin Menon

Partner and Head

Indirect Tax

T: +91 22 3090 2682

E: sachinmenon@kpmg.com

Ajay Mehra

Partner and Head

Tax Markets and Strategy T: +91 22 3090 2701

E: ajaymehra@kpmg.com

Himanshu Parekh

Partner and Head

Corporate and International Tax

T: +91 22 3090 2680

E: himanshuparekh@kpmg.com

home.kpmq/in



home.kpmg/in/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

© 2020 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG (Registered) (a partnership firm with Registration No. BA- 62445) converted into KPMG Assurance and Consulting Services LLP (a Limited Liability partnership firm) with LLP Registration No. AAT-0367 with effect from July 23, 2020.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

This document is meant for e-communications only. (018_FLY0520_SP)