GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 3527
TO BE ANSWERED ON 17.03.2021

PLI SCHEME FOR IT HARDWARE PRODUCTS

3527. SHRI SHRIRANG APPA BARNE:
SHRI SANJAY SADASHIVRAOMANDLIK:
SHRI CHANDRA SEKHAR SAHU:
SHRI RAJENDRA DHEDYA GAVIT:
SHRI BIDYUT BARAN MAHATO:
SHRI SUDHEER GUPTA:

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

(a) whether the Government has made any assessment with regard to expected promotion in the production of Information Technology(IT) Hardware products by the Production Linked Incentive(PLI) scheme and if so, the details and the outcome thereof;

(b) whether the PLI scheme will increase the value addition in the IT Hardware products and their exports and if so, the details thereof;

(c) whether the scheme will enhance the development of electronics ecosystem in the country and make country a global hub for Electronics System Design and Manufacturing (ESDM) on account of integration with global value chains, and become destination for IT Hardware exports and it so, the details thereof;

(d) the details of the investments and employment opportunities likely to be increased in the country after the implementation of PLI Scheme in IT Hardware sector in the country; and

(e) the other steps taken/being taken by the government to boost the production of IT Hardware sector in the country?

ANSWER

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

(a) and (b): The Production Linked Incentive Scheme (PLI) for IT Hardware was notified on 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 target segment, to eligible companies, for a period of four (4) years.

Over 4 years, the scheme is expected to lead to a total production of about INR 3.26 lakh crore including exports worth Rs. 2.45 lakh crore. Domestic value addition for IT Hardware is expected to rise to 20% - 25% by 2025 from the current 5% - 10% due to the impetus provided by the Scheme.

(c): The major outcome of the PLI Scheme for IT Hardware will be the development of compute hardware manufacturing ecosystem in the country. India will be well positioned as a global hub for Electronics System Design and Manufacturing (ESDM) on account of integration with global value chains, thereby becoming a destination for IT Hardware exports. The PLI Scheme for IT Hardware is expected to attract 5 major global players and promote 10 domestic champions in the field of IT Hardware manufacturing.

(d): Over 4 years, the PLI Scheme for IT Hardware is expected to bring in additional investment in IT Hardware manufacturing to the tune of INR 2,700 crore and has a potential to generate more than 1,80,000 jobs (direct and indirect).

(e): The steps taken taken by the government to boost electronics manufacturing including the production of IT Hardware in the country is annexed.

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Annexure

Steps taken by the government to boost electronics manufacturing including the production of IT Hardware in the country

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.

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

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.

) **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.

Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 shall provide 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.

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.

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

Modified Special Incentive Package Scheme (M-SIPS): The Scheme was notified on 27th July, 2012 to vide financial incentives to offset disability and attract investments in the electronics manufacturing sector. It s amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 re product verticals, and attract more investment. The scheme was further amended in January, 2017 to edite the investments. The scheme provides subsidy for capital expenditure - 20% for investments in Special nomic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of ctronic products and components covering entire electronics manufacturing value chain. The Scheme was n to receive applications till 31.12.2018 and is in the implementation mode.

Electronics Manufacturing Clusters (EMC) Scheme: Electronics Manufacturing Clusters Scheme was fied on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common lities and amenities for attracting investment. Under the Scheme, 20 Greenfield EMCs and 3 Common ility Centres (CFCs) measuring an area of 3,565 acres with total project cost of INR 3,898 crore including vernment 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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