

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
LOK SABHA**

**UNSTARRED QUESTION NO. 2474.
TO BE ANSWERED ON TUESDAY, THE 10TH DECEMBER, 2024.**

CAPEX INCENTIVE SCHEMES

2474. SHRI SACHITHANANTHAM R:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has implemented production linked, Design linked, Capex Incentive Scheme;
- (b) if so, the objectives of the said schemes;
- (c) whether the objectives have yielded results;
- (d) if so, the details thereof;
- (e) whether the net results of these schemes, in terms of increasing the contribution of the manufacturing sector to the GDP, in terms of increasing employment and the quality of employment of the youth; and
- (f) if so, the details thereof?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)**

- (a) to (f):** Yes Sir, the Government has implemented production linked, Design linked, Capex Incentive Scheme. The **Design Linked Incentive (DLI)**, **Capital Expenditure (Capex) Incentive Scheme**, and **Production Linked Incentive (PLI) Scheme** collectively drive India's **Aatmanirbhar Bharat** mission by promoting innovation, boosting manufacturing, and reducing import dependence. The DLI Scheme fosters tech-driven product design, the Capex Scheme supports infrastructure expansion, and the PLI Scheme incentivizes production and exports across key sectors. Together, these initiatives propel India toward economic resilience, reduced import dependency, and enhanced global competitiveness. The scheme wise details are given in following paragraphs.

Modified Programme for Development of Semiconductor and Display Fab Ecosystem in India: Government has approved Semicon India Programme with a total outlay of Rs 76,000 crore for the development of semiconductor and display manufacturing ecosystem in the country. Fiscal support provided under the programme covers i.

50% of the project cost on pari-passu basis for setting up of Silicon Complementary Metal-Oxide-Semiconductor (CMOS) based Semiconductor Fabs in India, ii. 50% of Project Cost on pari-passu basis for setting up of Display Fabs in India, iii. 50% of the Capital Expenditure on pari-passu basis for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including Micro Electro-Mechanical Systems) Fab/ Discrete Semiconductor Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / Outsourced Semiconductor Assembly and Test (OSAT) facilities in India.

The programme also provides Product Design Linked Incentive of up to 50% of the eligible expenditure subject to a ceiling of ₹15 Crore per application and also “Deployment Linked Incentive” of 6% to 4% of net sales turnover over 5 years subject to a ceiling of ₹30 Crore per application for incentivising chip design.

Under Semicon India Programme, Government has already approved 5 semiconductor projects with cumulative investment of around Rs. 1,52,000 crore. Further, 15 semiconductor design companies have also been approved under the Design Linked Incentive Scheme to design chips for Indian products. Additionally, 41 semiconductor design companies have been approved for access of the tools required for designing the chips (called EDA tools) which is being made available by National EDA Tool Grid setup at ChipIN Centre at C-DAC Bengaluru.

The approved semiconductor manufacturing facilities under Semicon India Programme will generate direct employment of about 25 thousand advanced technology jobs and about 60 thousand indirect jobs. Government has also approved modernisation of Semi-Conductor Laboratory, Mohali to enhance efficiency and cycle time.

PLI Scheme 2.0 for IT Hardware

To increase domestic production of IT hardware, Government of India has notified the Production Linked Incentive (PLI) Scheme 2.0 for IT Hardware on 29.05.2023 with an outlay of INR 17,000 crore. The scheme provides an average incentive of around 5% 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 6 years. The target segment products include: Laptops, Tablets, All-in-One PCs, Servers and Ultra Small Form Factor. PLI Scheme 2.0 for IT Hardware is in its nascent phase and it will take at least two more years for post-PLI impact to be visible.

PLI for Large Scale Electronics Manufacturing Scheme

The Objective of the scheme is to boost domestic manufacturing and attract investment in mobile phones value chain including electronic components and semiconductor packaging. Over the scheme tenure, the companies approved under the scheme are expected to generate a total production of about INR 8,12,550 crore, additional investment to the tune of INR 7,000 crore and creation of 2,00,000 additional direct jobs.

Till Oct'2024, the companies approved under the PLI Scheme for LSEM have made cumulative investment of INR 9,349 Cr, leading to cumulative production of INR 6,14,115 Cr and generated additional employment of 1,28,688 (Direct jobs).

Modified Special Incentive Package Scheme (M-SIPS)

To offset disability, attract investments in electronic manufacturing, provide a level-playing field and achieve competitiveness in the global market, Modified Special Incentive Package Scheme (M-SIPS) was launched by the Government in July 2012. The scheme provides 20-25% subsidy for investments in capital expenditure for setting up of an electronic manufacturing facility (20% for SEZ Units and 25% for non-SEZ Units). The incentives are available for 44 categories of electronic products and product components on reimbursement basis. The incentives under the MSIPS were available for ESDM unit situated in any Industrial Area across the country. The Scheme has been closed to receive new application on 31st Dec 2018.

As on 30 November, 2024, 316 applications with proposed investment of INR 82,734 crore are under consideration. Out of these 316 applications, 315 applications with proposed investment of INR 80,725 crore and committed incentives of INR 9,980 crore have been approved. Incentives amounting INR 2535.54 crore have been disbursed under the Scheme.

Out of 315 approved units, 293 units have reported investment of INR 45,209 crore and 275 units have started production. Direct and indirect employment generated so far is 4,80,614. Total sales (domestic and exports) from the units under production are INR 13,56,824 crore which include export of INR 3,16,344 crore.

Scheme for Promotion of Electronic Components and Semiconductors

The government has notified and implemented Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) under Capex Incentive Scheme. The scheme was notified on 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.

Under the Scheme, 52 applications are approved with total Project cost of INR 14,797.62 crore involving approved Capex of INR 8,330.61 crore and approved incentive of INR 2,082.65 crore. The total employment generated as of November 2024 is 34,670.
