

PRODUCTION LINKED INCENTIVE (PLI) SCHEME

FOR LARGE SCALE MOBILE AND COMPONENT MANUFACTURING

“We're manufacturing quality products not only for India but for the world. India is becoming a global hub, especially in the field of electronics and automobile manufacturing. We're rapidly moving towards being No. 1 in mobile phones manufacturing.”

Narendra Modi
Hon'ble Prime Minister of India



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Background

Government of India attaches high priority to electronics hardware manufacturing, an important pillar of the “Make in India” and “Digital India” initiatives.

The electronics industry permeates all sectors of the economy and has cross-cutting economic and strategic significance. Recognizing the sector’s unique dynamics, significant opportunities, and structural challenges, Government of India notified the National Policy on Electronics (NPE) 2019 on 25.02.2019.

The NPE 2019 aims 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.

One of the objectives of NPE 2019 is to promote domestic manufacturing in the entire ESDM value-chain for economic development to achieve a turnover of over **INR 30,00,000 crore (USD 400 Billion) by 2025.** This will include targeted production of **100 crore mobile phones,** valued at over INR 14,25,000 crore (USD 190 Billion) by 2025.

Major brands have either already set up their own manufacturing facilities or have sub-contracted manufacturing to Electronics Manufacturing Services (EMS) companies operating from India.

An estimated 6.7 lakh persons are employed (directly and indirectly) by facilities manufacturing cellular mobile phones and components thereof.

Genesis of the PLI Scheme



MEIS (Merchandise Exports from India Scheme) withdrawal: Need for a WTO compliant Scheme

- MEIS provided by Government and subsequently revised upwards had a positive effect on electronics exports.
- MEIS has been removed w.e.f. January 1, 2021 as it is inconsistent with WTO (regulations)
- Given the limited relief expected for the electronics manufacturing sector under other schemes, the PLI Scheme will compensate for the manufacturing disabilities vis-à-vis other major manufacturing economies.

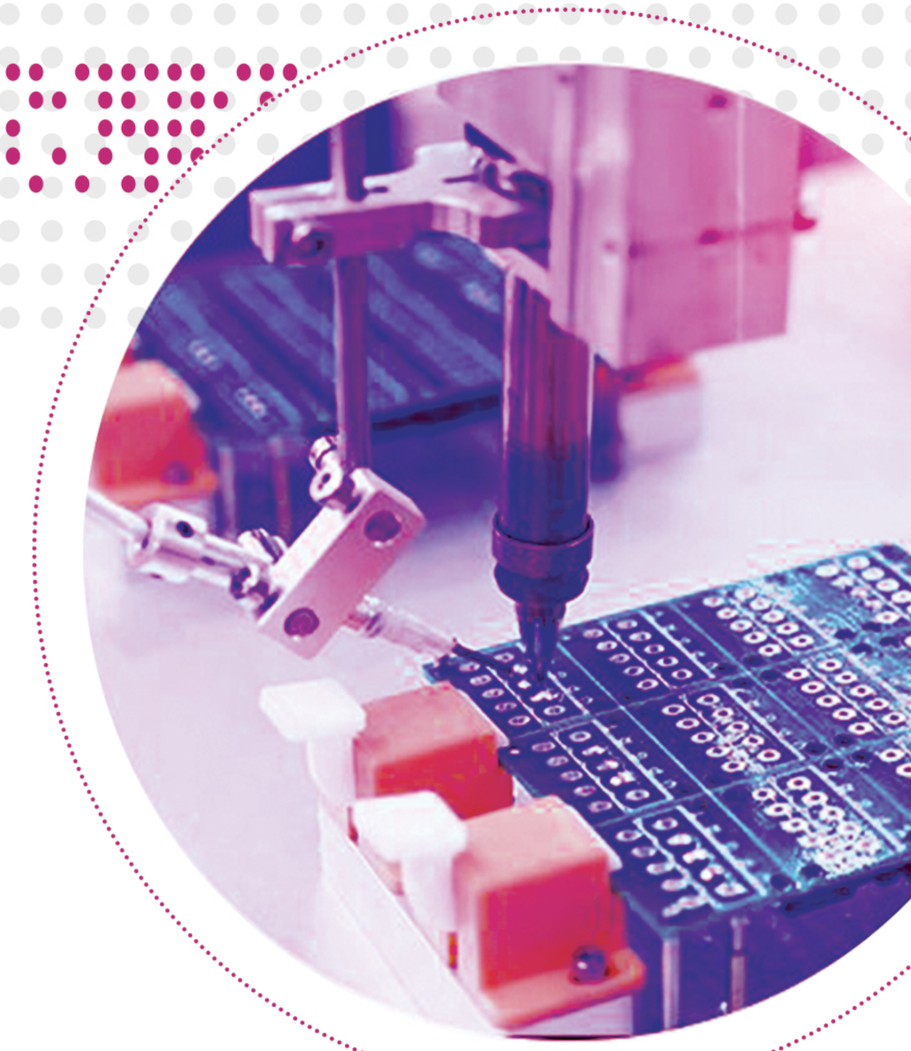
Geographical De-risking of Supply Chains in COVID Era

- During the pandemic, it was clearly visible that most of the countries around the world, including India are **overly dependent on a single country for electronic hardware and components imports.**
- Sudden/ abrupt/ unforeseen events can cause a large-scale shortage of electronic components and disrupt manufacturing.
- Strategic steps are required to be taken to **diversify the sources of electronics hardware** to India.
- **It is important to promote indigenous production** and **reduce dependency on a single market/ geographical region.**
- **PLI Scheme** was rolled out to effectively **integrate India's manufacturing capabilities with the demands of global supply chains** and to promote **domestic value addition and exports.**

PLI Scheme to implement the vision of National Policy on Electronics 2019

- 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.

Production Linked Incentive (PLI) Scheme



The Production Linked Incentive Scheme (PLI) for large scale electronics manufacturing proposes a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including mobile phones and specified electronic components.

Scheme and Guidelines:
- The Scheme was notified on 01.04.2020
- PLI Guidelines were released on 01.06.2020

Eligibility: Thresholds of Incremental Investment & Production

Quantum of Incentive: **Incentive of 4% to 6% on incremental sales** (over base year), for a period of five (5) years subsequent to the base year. *(Incentives applicable from 01.08.2020)*

Target Segments:
- Mobile Phones: Invoice Value INR 15,000 and above
  Mobile Phones: Domestic Companies
- Specified Electronic Components

Empowered Committee (EC): CEO NITI Aayog, Secretary Economic Affairs, Secretary Expenditure, Secretary MeitY, Secretary Revenue, Secretary DPIIT and DGFT

Total expenditure outlay of the scheme: **INR 40,995 crore (USD 5.7 billion) in 5 years**

To provide relief to the sectors affected by the second wave of the COVID-19 pandemic, Hon'ble Finance Minister, Smt. NirmalaSitharaman, on 28th June, 2021, announced to extend the tenure of the PLI Scheme by one year i.e. till 2025-26. Participating companies will get option of choosing any five years for meeting their production targets under the scheme.

Approved Companies



Mobile Phones
(Invoice Value INR 15,000 and above)

FOXCONN

SAMSUNG

PEGATRON

Rising Star

wistron

Specified Electronic Components

AT&S

Neolync

Ascent CIRCUITS PVT LTD

Sahasra Electronics Pvt. Ltd.

PSA PASSIVE SYSTEM ALLIANCE WALSIN TECHNOLOGY CORPORATION

SILICON POWER

Mobile Phones
(Domestic Companies)

LAVA

micromax

optiemus

Padget

United Telelinks
Neolyncs

Proposed Outcomes

The companies approved under the scheme are expected to generate the following:

Production:	**Over INR 10.5 lakh crore (~USD 141 billion) in next 5 years** Mobile Phone (Invoice Value INR 15,000 and above): Proposed production of **over INR 9 lakh crore (USD 122 billion)** Mobile Phone (Domestic Companies): Proposed production of over **INR 1.23 lakh crore (USD 16 billion)** Specified Electronic Components: Proposed production of over **INR 15,700 crore (USD 2.1 billion)**
Export:	Out of total production, around **60% (INR 6.5 lakh crore / USD 84 billion)** will be contributed by exports in the next 5 years
Investment:	**Around INR 11,000 crore (USD 1.43 billion)**
Employment:	**Over 2 lakh (0.2 million) direct employment** is likely to be generated in the next 5 years along with an additional **indirect employment of nearly 3 times**
Domestic Value Addition:	Expected to grow from the current 15-20% to **35-40%** in case of Mobile Phones and from 25-35% to **45-50%** for electronic components

Achievement (2020-21)

As per March 2021 QRR, this scheme has resulted in investment of INR 2,336 crore, production of INR 54,357 crore (export INR 16,800 crore) and additional employment of 12,350. This QRR contains Production and Employment for August 2020 to March 2021 while Investment from April 2020 to March 2021.

Impact on Electronic Manufacturing

This Scheme will provide an impetus for moving significant manufacturing capacities to India thereby creating large economies of scale which will further drive the supply chain ecosystem into the country.

As a robust domestic manufacturing ecosystem forms and matures, the pace of increase in electronic goods imports could slow, setting India on a path to becoming a global hub in electronics manufacturing *(RBI Bulletin – April 2019)*.

The Scheme will lead to new investments and increased tax revenues in the electronics manufacturing sector. In addition to the direct employment generation that occurs as a result of the Scheme, indirect employment generation will





be about 3 times as per industry estimates. The Scheme is expected to contributes significantly to achieving a USD 1 trillion digital economy and a USD 5 trillion GDP by 2025.

The Scheme along with other Government incentives and initiatives are expected to offset India's overall disadvantage when compared to other global markets by 6.4 % - 10.9 % .

The development of a domestic ecosystem for electronic components manufacturing and semiconductor packaging is critical for developing capacities in all sub-sectors of electronics, attracting investments in FAB facilities in the country and achieving strategic independence in electronics including enhanced hardware security.

PLI Scheme will help in making India a globally competitive destination for electronics manufacturing and create domestic champions to further our mission of achieving an AatmaNirbhar Bharat

Industry / Stakeholder Response

The PLI scheme has been a huge success in terms of the applications received from Global as well as Domestic Mobile Phone manufacturing companies and Electronic Component manufacturers. The Industry has reposed its faith in India's stellar progress as a world class manufacturing destination and this resonates strongly with the Hon'ble Prime Minister's clarion call of Atmanirbhar Bharat - a self-reliant India.

TESTIMONIALS

PLI scheme will make India 'highly competitive' in global economy. PLI scheme is a focused scheme, it is not an investment scheme, it is not an investment subsidy scheme.

Shri Amitabh Kant
CEO, Niti Aayog

PLI announcement for the sector is a game-changer for the Indian industry. Now, we can be a global champion in manufacturing. It has laid a strong foundation for the years to come and will help to make India as the global hub for manufacturing for the sector.

Shri Sunil Vachani
Chairman, Dixon Technologies

This is a game changer! PLI for strategic sectors approved by Government.

Shri Manish Sharma
President & CEO, Panasonic India

Mobile phone companies will increase devices production in the country to around Rs 27.5 trillion.

ICEA (Electronics Association)

TESTIMONIALS

The company is strengthening its manufacturing operations to support its smartphone business and for contract manufacturing business contracts under the PLI scheme.

Shri Sunil Raina
President and Business head, Lava International

Even as we work through the current crisis, we are focused on the future and are investing towards it. Covid-19 is not stopping us from our plans as we double down on our investments and focus on India

Mr. Daniel Mazon
Vice Chairman at Philips India

We had around 600-650 employees in China for product design. Now we have shifted designing to India. Our sales requirements for India were met from our local plant. We used to partially export mobile phones from China to the rest of the world, which will now happen from India.

Shri Hari Om Rai
Chairman and Managing Director,
Lava International

I'm very optimistic about the market potential that India offers, and I'm committed to bring India those technologies and resources to the Indian economy for everyone's benefit

Dr. Harshad Mehta
President and Founder of Silicon Power Corporation

Media Coverage

Samsung and Apple's second largest contract manufacturer, Pegatron's application was approved under the PLI scheme.

Apple, Samsung, Pegatron, Foxconn, Wistron and Rising Star

PLI scheme: Welcome to India, says government to Apple and Samsung; Chinese firms give it a miss

A total of 22 companies have filed their application under the Production Linked Incentive Scheme (PLI scheme).

- Samsung, Foxconn Hon Hai, Rising Star, Wistron and Pegatron
- Domestic Manufacturers: Lava, Dixon Technologies, Bhagwati (Micromax), Padget Electronics, Sojo Manufacturing Services and Optiemus Electronics,
- AT&S, Ascent Circuits, Visicon, Walsin, Sahasra, Vitesco and Neolync

Electronics manufacturing: 22 companies file under PLI scheme

Global electronic manufacturing firms have applied for the PLI scheme - among them, 3 companies namely Foxconn Hon Hai, Wistron and Pegatron are contract manufacturers for Apple iPhones.

- Samsung, Foxconn Hon Hai, Rising Star, Wistron and Pegatron
- Indian Companies: Lava, Dixon Technologies, Bhagwati (Micromax), Padget Electronics, Sojo Manufacturing Services and Optiemus Electronics
- AT&S, Ascent Circuits, Visicon, Walsin, Sahasra, Vitesco and Neolync

Samsung, Foxconn, Pegatron, Wistron Sign Up For Modi Govt's PLI Scheme Aimed At Making India A Global Hub Of Electronics Manufacturing

Apple's Taiwan contract manufacturers Foxconn, Wistron, and Pegatron have applied for $6.65 billion (roughly Rs. 49,828 crores) scheme to boost local smartphone manufacturing.

- "Apple Suppliers" Foxconn, Wistron, and Pegatron
- Samsung, Lava

Apple Suppliers, Samsung Apply for Government's PLI Scheme

Apple already assembles some its smartphones, including the iPhone 11, via Foxconn and Wistron's local unit in two states.

According to proposals, the companies like Samsung Lava, Dixon and iPhone contract manufacturer look to produce mobile devices and components worth over Rs 11 trillion in the next five years.

- Samsung, Lava, Dixon, Foxconn Hon Hai, Rising Star, Wistron and Pegatron
- AT&S, Ascent Circuits, Sahasra and Vitesco

Samsung, Apple contract manufacturers apply for benefits under PLI scheme

Samsung Lava, Dixon and iPhone contract manufacturer looks to produce mobile devices and components worth over Rs 11 trillion in the next five years

Samsung and Apple's phones cover about 60% of the global handset market in the medium to high price range and have applied for the PLI scheme.

- Samsung, Foxconn, Wistron and Pegatron
- Domestic players: Lava, Dixon, Micromax, Padget Electronics, Sojo and Optiemus

Big push: iPhone maker Pegatron, Samsung likely to have applied for govt's PLI scheme

PLI scheme may add USD 520 billion to GDP in 5 years: Report

Industry hails electronics manufacturing schemes as 'game changer'

The mobile phone industry hailed the government's announcement of manufacturing incentives to companies as a 'game changer' to make India a global handset manufacturing hub and also resurrect domestic players and give way to new entrants.

16 cos get govt nod for mobile mfg booster plan

TIMES NEWS NETWORK

New Delhi: As many as 16 companies, including four top suppliers of US giant Apple, South Korean Samsung and five domestic makers, have been chosen by the government for its ambitious Rs 41,000-crore production-linked

Govt clears 16 proposals entailing ₹11K cr funding for making mobiles worth ₹10.5L cr

NEW DELHI: The government on Tuesday said it has cleared 16 proposals from domestic and international companies entailing investment of



The com... 4 to 6 per cent on incremental sales (over base year) of goods under target segments that are manufactured in India to eligible companies, for a period of five years subsequent to the base year (2019-20).

"Over the next 5 years, the Micromax's parent company pproved companies under Bhagwati Products, Padget e PLI Scheme are expected Electronics, UTL Neolyncs, and lead to total production of Optiemus Electronics were re than Rs 10.5 lakh crore," granted approval by the IT statement said. Proposals of Ministry, the release said. companies in the electronic In the specified electronic ponents segment have also component segment, Austria's approved. These compa- AT&S, US-based Visicon, as well as re AT&S, Ascent Circuits, others such as Ascent Circuits n, Walsin, Sahasra, and Walsin, Sahasra, and Neolyn c. were granted approval to set u units under the PLI scheme.

The PLI scheme, open for a t tal of five years, aims to give o incentives worth Rs 5,334 crore

PTI

Three Apple suppliers among 16 cos that get nod under PLI scheme

ENS ECONOMIC BUREAU
NEW DELHI OCTOBER 6

THE MINISTRY of Electronics and Information Technology, in an official release, said on Tuesday it approved plans of 16 companies, including Apple's contract manufacturers Foxconn Hon Hai, Wistron and Pegatron, for starting work under the production linked incentive (PLI) scheme.

Apart from the three contract manufacturers of Apple, other

3 KEY POINTS

1 Apart from Apple's contract manufacturers Foxconn Hon Hai, Wistron and Pegatron, global firms like Samsung and Rising Star also got approval for making mobile phones in the Rs 15,000 and above value segment

2 Among domestic

Govt okays 16 proposals for mobile manufacturing

PRESS TRUST OF INDIA
NEW DELHI, 6 OCTOBER

The government today said it has cleared 16 proposals from domestic and international companies entailing investment of Rs 11,000 crore under the production linked incentive (PLI) scheme to manufacture mobile phones worth Rs 10.5 lakh crore over the next five years.

...panies include ... production linked ... for large

PLI scheme," an official statement said.

This will generate more than 2 lakh direct jobs and nearly 6 lakh indirect employment opportunities, it added.

"The companies approved under the scheme will bring additional investment in electronics manufacturing to the tune of Rs 11,000 crore," MeitY said. The government had received 23 proposals under the PLI scheme, out of which 16 have been approved.

मोबाइल फोन विनिर्माण के 16 प्रस्तावों को मंजूरी

नई दिल्ली, 6 अक्तूबर (भाषा)।

सरकार ने घरेलू और अंतरराष्ट्रीय कंपनियों के ...रुपए के निवेश वाले 16 मोबाइल ...ने मंजूरी दे

कंपनियां इलेक्ट्रॉनिक्स विनिर्माण क्षेत्र में करीब 11,000 करोड़ रुपए का अतिरिक्त निवेश भी लाएंगी।' व्यापक स्तर पर इलेक्ट्रॉनिक्स विनिर्माण के लिए उत्पादन से जुड़ी प्रोत्साहन योजना (पीएलआइ) एक अप्रैल 2020 को अधिसूचित की ...कलपर्जा श्रेणी में एटीएंडएस, ...और ...गई। ...ो के ...पर ...साहन

मोबाइल फोन क्षेत्र में 11,000 करोड़ रुपये के निवेश प्रस्तावों को सरकार ने दी मंजूरी

नई दिल्ली, प्रेट्र: इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी मंत्रालय ने मंगलवार को बताया कि कुल 11,000 करोड़ रुपये के निवेश वाले 16 प्रस्तावों को मंजूरी दे दी गई है। यह मंजूरी भारत में इलेक्ट्रॉनिक्स ...क्षेत्र में ...

...वाली विदेशी कंपनियों में एपल के लिए आइफोन बनाने वाली कंपनियां विस्ट्रॉन, पेगाट्रॉन और फॉक्सकॉन होन हई शामिल हैं। घरेलू कंपनियों में लावा, ...

...लाख लोगों को प्रत्यक्ष व करीब छह लाख लोगों को परोक्ष रूप से रोजगार के अवसर मिलने ...

मोबाइल उत्पादन के 16 प्रस्तावों को मंजूरी, 11 हजार करोड़ प्रोत्साहन

पांच साल में होगा 10.5 लाख करोड़ का मोबाइल उत्पादन

नई दिल्ली। सरकार ने मंगलवार को ...आधारित प्रोत्साहन योजना ...मोबाइल ...साथ एपल की सहयोगी विनिर्माण कंपनी फॉक्सकॉन हानहाई, विस्ट्रॉन, पेजाट्रॉन, सैमसंग और राइजिंग स्टार जैसी विदेशी कंपनियों के ...ने भी मंजूरी दी है।

फोन निर्माण के 16 प्रस्तावों को मंजूरी

नई दिल्ली। अंतरराष्ट्रीय ...करोड़ रुपये के ...फोन विनिर्माण ...मंजूरी दे दी। ...इसके तहत ...साल में करीब ...मूल्य के मोबा ...आईफोन बन

Centre nod for 16 mobile firms under PLI Scheme

...phone manufacturing companies that are approved under the mobile phone (invoice value ₹15,000 and above) segment are Samsung, Foxconn Hon Hai, Rising Star, Wistron and Pegatron.

Foxconn Hon Hai, Wistron and Pegatron are contract manufacturers for Apple iPhones. Apple (37 per cent) and Samsung (22 per cent) together account for nearly ...

...obile ...ed under ...re ...onn Hon ...gatron

PLI scheme: Final nod for Apple, Samsung to make phones in India

Approximately more than two lakh direct jobs are expected to be created over the next five years while indirect employment opportunities are expected to number nearly three times that..

The local companies that have won approvals and can use the PLI sops are Lava, Bhagwati (Micromax), Padget Electronics Optiemus companies the go ahea fied electr segment: cuits, Visicc and Neolyr

Foreign make pho invoice val more, for there is nc with a shar sung, with together a



60% of the global revenues ...inet nod was not required.

domestic value addition is expected to increase from the current 15%-20% to 35%-40% for mobile phones and 45%-50% for electronic components.

The PLI scheme for large scale electronics manufacturing was notified on April, 1, 2020. It provides an incentive of 4% to 6% on incremental

PLI SCHEME

Final nod for Apple, Samsung to make phones in India

16 PLI projects get nod in ₹10.5-trn electronics push

The scheme will generate **3 lakh direct employment opportunities** in next five years

It will create additional **indirect employment of 9 lakh**

PLI as a Trailblazer for the Manufacturing Sector

The Prime Minister's clarion call for "Atmanirbhar Bharat" has brought 'Manufacturing' to the centre stage and emphasized its significance in driving India's growth and creating employment. A strong, vigorous, and dynamic manufacturing sector must be the driver of India's economic growth. The Production Linked Incentive scheme for Large Scale Electronics Manufacturing has paved the way for domestic manufacturing, providing India with the much-needed impetus to augment its manufacturing capacity and export potential, further promoting the 'Make in India' initiative of Government.

The PLI scheme can be leveraged to attract investments in areas of strength and to strategically enter certain aspirational segments of global value chains (GVC). This will help to bring scale and size in key sectors while creating global champion companies. Emboldened by the industry response from the PLI scheme, MeitY is taking additional steps to bring new technologies such as - semiconductor fab and display fabrication into the country which is presently only available in a few select developed nations. With these technologies being used to manufacture electronics products, India will become one of the top manufacturing hubs of all types of electronics components as well as final products.

To further replicate the success of the PLI Scheme for electronics manufacturing, the Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, on 11th November 2020, has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in the following 10 key sectors.

Sectors	Implementing Ministry/Department	Approved financial outlay over a five-year period (INR crore)
Advance Chemistry Cell (ACC) Battery	NITI Aayog and Department of Heavy Industries	18,100
Electronic/Technology Products	Ministry of Electronics and Information Technology	5,000
Automobiles & Auto Components	Department of Heavy Industries	57,042
Pharmaceuticals Drugs	Department of Pharmaceuticals	15,000
Telecom & Networking Products	Department of Telecom	12195
Textile Products: MMF Segment and Technical Textiles	Ministry of Textiles	10,683
Food Products	Ministry of Food Processing Industries	10,900
High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4,500
White Goods (ACs &LED)	Department for Promotion of Industry and Internal Trade	6,238
Specialty Steel	Ministry of Steel	6,322
Total		145980

The PLI schemes in the above 10 key sectors combined with the previously announced schemes of MeitY would benefit the entire spectrum of core manufacturing in India. This will create a positive impact on the GDP of the country, generate employment at a very large scale, address many of the challenges India faces as a developing nation while contributing to the achievement of several Sustainable Development Goals (SDG) set by the United Nations.



सत्यमेव जयते

MINISTRY OF

ELECTRONICS & INFORMATION TECHNOLOGY

GOVERNMENT OF INDIA