FAQs

Sectoral

Components Manufacturing (under Electronics sector)

1. Are there any incentives or schemes for electronics system design and manufacturing sector unit?

Yes, Department of Electronics and Information Technology has launched the following schemes to promote domestic manufacturing of electronics items: Under the Modified Special Incentive Package Scheme (M-SIPS), 25% of Capex is eligible for subsidy (20% for units in Special Economic Zones) for all investments made in manufacturing of ESDM products. Production subsidy @10% of production turnover (ex-factory) in select high-tech units such as fabrication and ATMP of analog/mixed signal semiconductor chips, power semiconductors, LEDs etc. Preferential Market Access (PMA)- Preference to domestic manufacturers in Government procurement to promote domestic manufacturing in the country. Specified items must meet the specified safety standards under the Compulsory Registration Order (CRO) which has been brought into force from January 3, 2014. The CRO provides a framework to add other electronic items under this regime, thereby providing a quality barrier for unsafe and sub-standard electronic goods. For common facilities to be used by a set of units as part of a supply chain or in any other form of a cluster, assistance @ 50% subject to a ceiling of $ 8 million is available for common facilities. Such common facilities could include testing facilities, training facilities, social infrastructure, as also up gradation of hard infrastructure including supply of water, power, roads and other logistics. Under the skill development scheme, 75-100% of the training fee is reimbursed for any specialized skills that may be required for prospective employees in India (training provided in any training facility recognized by Electronics Sector Skills Council) A scheme to support 3000 additional PhD (1500 in ESDM and 1500 in IT/ITES) was approved in 2014. Out of 1500 additional PhDs in ESDM, 500 are would be full time and 1000 would be part time. In addition, 100 PhDs (full-time) are to be supported by industry/State Government as a part of this scheme. Please refer link for details on incentives.

2. What are the steps taken by Department of Electronics and Information Technology (DeitY) to support the growth of the sector?

The steps taken are as follows: a) Infrastructure support: The Department has set up Information Technology Investment Regions (ITIRs). These regions are supported equipped with excellent infrastructure. b) R&D promotion: 150% of expenditure incurred on in-house R&D is also available under the Income Tax Act. In addition to the existing scheme for funding R&D projects, the department has put in place the 2 key schemes: i) Support International Patent Protection in Electronics & IT (SIP-EIT). ii) Multiplier Grants Scheme (MGS). c) Tax incentives: Over the years, the Government has been taking steps to bring down the total taxation level on electronics hardware.

3. What is Electronics Development Fund Policy?

Electronics Development Fund Policy provides a framework to set up an Electronics Development Fund (EDF) as a Fund of Funds which will foster R&D and innovation in technology sectors like electronics, IT and nano-electronics. EDF will support Venture Funds and Angel Funds, which will be professionally managed and are dedicated to these sectors.

4. What is the period for making an application under the PLI scheme?

In accordance with Para 6.1 of the Scheme, the Application Window shall be 4 months from the date of notification of the Scheme. Since the notification was published on 01.04.2020, applications under the Scheme shall be received upto 31.07.2020.

5. Can specified electronic components eligible under the Scheme be manufactured for any industry or application?

The items listed under the Target Segment, ‘ Specified Electronic Components ’ are agnostic to end-use or application and any company proposing to manufacture the items listed under the Specified Electronic Components (refer Annexure 1 of the PLI Guidelines) is eligible to apply under PLI Scheme subject to other eligibility and qualification criteria mentioned in the scheme notification and PLI guidelines.

6. Can there be more than one Anchor Unit in an Electronics Manufacturing Cluster project as per the EMC 2.0 scheme?

There can be more than one Anchor Units for the purpose of fulfilling the criteria of minimum investment commitment and land purchase / lease as per Clause 2.1 of the Scheme Guidelines.

7. Can a Common Facility Center be built within a new Electronics Manufacturing

Cluster project and claim benefits under the EMC 2.0 Scheme for both?

Yes. A CFC can be built within a new EMC project. However, the financial assistance eligible for such CFC will be considered as a part of the overall EMC Project and will be in accordance with the Scheme Guidelines.

8. Who is an Applicant under the PLI Scheme for Electronics Manufacturing?

Applicant for the purpose of the Scheme is a company registered in India, proposing to manufacture goods covered under Target Segments in India, and making an application for seeking approval under the Scheme. The applicant can operate new or existing manufacturing facility(ies) to manufacture goods covered under the Target Segments (i.e. mobile phones and specified electronic components). The aforesaid manufacturing can be carried out at one or more locations in India.

9. What are the Qualification Criteria under PLI Scheme?

Qualification Criteria for applicants under different Target Segments in the Scheme are as defined: For category Mobile Phones (Invoice Value INR 15,000 and above); Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies), in the target segment, should be more than INR 10,000 Crore in the base year. For category Mobile Phones (Domestic Companies); Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies), in the target segment, should be more than INR 100 Crore in the base year. Applicants under this category can only be Domestic Companies as defined in Para 2.25 of the Scheme Guidelines For Specified Electronic Components: Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies), in the target segment, should be more than INR 50 Crore in the base year

10. How will the consolidated global manufacturing revenue of the applicant (including its Group Companies), in the Target Segment, be calculated if same group company is claimed and considered for two or more applicant companies?

In case the manufacturing revenue, in the target segment, of an entity (group company) is claimed and considered for two or more applicant companies, the manufacturing revenue of such entity in the target segment will be equally divided among the applicants that are claiming revenue of such entity. Only such share of manufacturing revenue in the target segment, that is obtained after division of manufacturing revenue of that entity (group company), will be considered for determining qualification for such applicant under the scheme.

11. What if the Consolidated Global Manufacturing Revenue of the applicant (including Group Companies) in the Target Segment is available in currency other than INR?

If the Consolidated Global Manufacturing Revenue of the applicant company (including Group Companies) is available in a currency other than INR, the INR equivalent amount may be computed by applying an average of the exchange rate notified by the Reserve Bank of India as on the first day and last day of the reporting period.

12. What are the criteria for determining Eligibility under the PLI Scheme?

Eligibility under the Scheme shall be subject to thresholds of Incremental Investment and Incremental Sales of Manufactured Goods (covered under Target Segments) over the base year as defined. An applicant must meet threshold criteria to be eligible for disbursement of incentive for the year under consideration. To meet the threshold criteria of Incremental Investment for any year, the cumulative value of investment done till such year (including the year under consideration) over the Base Year (2019-20) shall be considered. In order to meet the threshold criteria of Incremental Sales of Manufactured Goods covered under Target Segments for any year, the Total Sales of Manufactured Goods covered under Target Segments for such year over the Base Year, irrespective of Invoice Value (whether below or above INR 15,000 in case of Mobile Phones) shall be considered.

13. Is eligibility under the PLI Scheme for a given year achieved if one of the two threshold criteria namely incremental investment and incremental sale of manufactured goods over the base year are met?

The applicant company will have to meet both threshold criteria i.e. incremental investment and incremental sale of manufactured goods over the base year to be eligible for disbursement of incentive under the scheme for a given year.

14. What if an applicant company is not able to achieve PLI Scheme threshold criteria for a given year?

Eligibility shall be subject to thresholds of Incremental Investment and Incremental Sales of Manufactured Goods (covered under Target Segments) over the base year. An applicant must meet threshold criteria to be eligible for disbursement of incentive for the year under consideration. In case an applicant does not meet threshold criteria for any given year, the applicant shall not be eligible for incentive in that particular year. However, the applicant will not be restricted from claiming incentive in subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years. For example, if an applicant company is not able to achieve threshold Incremental Sales of Manufactured Goods between 01.08.2020 and 31.03.2021, they will not be eligible for incentive in Year 1. However, this will not impact eligibility for any subsequent year. They will be able to claim the incentive for subsequent years provided eligibility is met for the years under consideration.

15. What does Incremental Investment over Base Year in the PLI Scheme mean?

To meet the threshold criterion for Incremental Investment in any year, the cumulative value of investment done till such year (including the year under consideration) over the Base Year i.e. 2019-20 shall be considered. For example, in case of Mobile Phones (with invoice value of INR 15,000 and above), the applicant company must invest INR 250 crore or more by 31.03.2021 to achieve threshold for incremental investment in that year. Similarly, a cumulative investment of INR 500 crore by 31.03.2022, INR 750 crore by 31.03.2023 and INR 1,000 crore by 31.03.2024 will have to be made to remain eligible under the scheme.

16. Is the incremental investment amount mentioned in Annexure 2 of the PLI scheme cumulative? What if an applicant company fails to achieve the threshold investment amount for a given year?

Threshold for Incremental Investment over Base Year is defined in terms of Cumulative Minimum Investment that must be achieved by the year under consideration. For example, in case of Mobile Phones (with Invoice value of INR 15,000 and above), a cumulative incremental investment of INR 500 Crore should have been made by the end of Year 2. For determining eligibility under the Scheme, Investment made on or after 01.04.2020 shall be considered. In case an applicant does not meet threshold criteria for any given year, the applicant shall not be eligible for incentive in that particular year. However, the applicant will not be restricted from claiming incentive in subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years.