

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 1998
TO BE ANSWERED ON 05.08.2021

PLIs IN ELECTRONICS AND HARDWARE SEGMENTS

1998. SHRI DEREK O' BRIEN:

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

- (a) whether Government has an estimate of India's competitiveness at the global level in electronics and hardware categories (semiconductors, consumer goods, etc.), details of the same;
- (b) the details of the Production Linked Incentive (PLI) schemes for boosting these segments; and
- (c) the details of the investment received till date under the PLI schemes and expected stream of investment in the future?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a): Indian electronics hardware manufacturing sector had faced some competitive disadvantages vis-à-vis competing nations. As per industry estimates of India Cellular & Electronics Association (ICEA) and Electronic Industries Association of India (ELCINA), electronics manufacturing sector suffered from a disability of around 8.5% to 11% on account of lack of adequate infrastructure, domestic supply chain and logistics; high cost of finance; inadequate availability of quality power; limited design capabilities and focus on R&D by the industry; and inadequacies in skill development. Many policies of the Government including the Production Linked Incentive (PLI) Schemes have addressed these competitive disadvantages. As a result, the production of electronic goods has gone up from INR 1,90,366 crore in 2014-15 to INR 5,33,550 crore in 2019-20.

(b): Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing was notified on 1st April, 2020. PLI Scheme extends an incentive of 4% to 6% on incremental sales (over base year) of goods under target segments (Mobile Phones and Electronic Components) that are manufactured in India to eligible companies, for a period of five years subsequent to the base year (FY2019-20). After the success of the First Round of Production Linked Incentive Scheme in attracting investments in mobile phone and electronic component manufacturing, Second Round of the PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 for incentivising Electronic Components. Under the Second Round, incentives of 5% to 3% shall be extended on 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.

Production Linked Incentive Scheme (PLI) for IT Hardware was notified on 03.03.2021. The PLI Scheme extends an incentive of 4% to 2%/ 1% on net incremental sales (over base year of FY2019-20) of goods under target segments that are manufactured in India to eligible companies, for a period of four years (FY2021-22 to FY2024-25). The target IT hardware segments under the proposed Scheme include Laptops, Tablets, All-in-One Personal Computers (PCs) and Servers. Incentives are applicable under the scheme from 01.04.2021.

(c): A total of 16 companies have been approved under the PLI Scheme for Large Scale Electronics Manufacturing. Over the tenure of the Scheme, the approved companies are expected to bring an additional investment in electronics manufacturing of INR 10,751 crore. As per March 2021 Quarterly Review Report submitted by the companies, PLI scheme for Large Scale Electronics Manufacturing has resulted in an investment of INR 2,336 crore during FY 2020-21. Further, a total of 16 companies have been approved under the Second Round of PLI Scheme for Large Scale Electronics Manufacturing. Over the tenure of the Scheme, the approved companies are expected to bring an additional investment in electronics manufacturing of INR 573 crore.

A total of 14 companies have been approved under the PLI Scheme for IT Hardware. Over the tenure of the Scheme, the scheme is expected to bring an additional investment in electronics manufacturing of INR 2,517 crore.
