

PLI scheme for laptops and electronics

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In news : Recently, the Union Cabinet approved PLI scheme for laptops and electronics

About the PLI scheme for laptops and electronics

- The scheme proposes **production linked incentive to boost domestic manufacturing** and **attract large investments in the value chain of these IT Hardware products.**
- The Target Segments under the proposed Scheme include Laptops, Tablets, All-in-One PCs and Servers.
- **Based on the initial success of the PLI Scheme** for Mobile Phones and Specified Electronic Components, **10 target sectors along with specific product lines having high growth potential were identified by NITI Aayog for implementation of PLI Schemes. PLI Scheme for IT Hardware is a further step in that direction.**
- The total cost of the PLI Scheme for IT Hardware is approximately INR 7,350 crore (Rupees Seven Thousand Three Hundred Fifty Crore Only) over 4 years.
- **The Scheme shall extend incentives between 4% to 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.
- The proposed 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.
- This is an important segment to promote manufacturing as there is huge import reliance for these items at present.
- PLI Scheme is conceived in a manner that incentives are payable by government only after investment has been

done, employment has been generated, production and sales targets have been met.

Benefits:

The scheme will enhance the development of the electronics 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.

- Over the next 4 years, the Scheme is expected to lead to total production of upto INR 3,26,000 crore (INR 3.26 lakh crore) by these 5 Global Champions and 10 National Champions.
- The scheme is also expected to boost exports significantly. Out of the total production in the next 4 years, more than 75% are expected to be exports of the order of INR 2,45,000 crore.
- The Scheme will bring an additional investment in electronics manufacturing to the tune of INR 2,700 crore.
- The direct and indirect revenues generated from production under this scheme are expected to be INR 15,760 crore over next 4 years.
- 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.
- It is expected that the scheme **would lead to large scale electronics manufacturing in the country** and open tremendous employment opportunities. The scheme has a potential to generate over 1,80,000 jobs (direct and indirect) over 4 years.
- The scheme will **promote large scale electronics manufacturing of IT Hardware products** and contribute significantly to achieving a USD 1 Trillion digital economy and a USD 5 Trillion GDP by 2025.

Background:

- The vision of National Policy on Electronics 2019 notified on 25.02.2019 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.
- Currently, the laptop and tablet demand in India is largely met through imports valued at Rs. 29,470 crore (USD 4.21 billion) and at Rs. 2,870 crore (USD 0.41 billion) respectively.
- PLI Schemes will help in making India a globally competitive destination for electronics manufacturing and create domestic champions to further our mission of achieving an **AtmaNirbhar Bharat**.