

Production Linked Incentive (PLI) Scheme for IT Hardware

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In News

- The Union Cabinet has approved the Production Linked Incentive (PLI) Scheme for IT Hardware.

Background

- The vision of National Policy on Electronics 2019 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 USD 4.21 billion and USD 0.41 billion respectively in 2019-20.
- The market for IT Hardware is dominated by 6- 7 companies globally which account for about 70% of the world's market share. These companies are able to exploit large economies of scale to compete in global markets.
- It is imperative that these companies expand their operations in India and make it a major destination for manufacturing of IT Hardware.

Production Linked Incentive (PLI) Scheme for IT Hardware

- The scheme proposes production linked incentive to boost domestic manufacturing and attract large investments in the value chain of IT Hardware.
- The Target Segments under the proposed Scheme include Laptops, Tablets, All-in-One PCs and Servers.
- The Scheme shall extend an incentive of 4% to 2% / 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 scheme is likely to benefit 5 major global players and 10 domestic champions in the field of IT Hardware manufacturing including Laptops, Tablets, All-in-One PCs, and Servers.

Benefits

- 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.
- The scheme has an employment generation potential of over 1,80,000 (direct and indirect) over 4 years.
- The Scheme will provide impetus to Domestic Value Addition for IT Hardware which is expected to rise to 20% – 25% by 2025.