

Value-add target in new electronics PLI scheme may double

Meity in talks with FinMin, NITI to finalise components scheme

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In a move to deepen manufacturing in electronics in India, the Centre is targeting 35-40 per cent value-addition through the yet-to-be launched production-linked incentive (PLI) scheme for electronics components, sources in the government told *Business Standard*. This target implies doubling of value-addition from the current levels of 18-20 per cent in the case of electronics manufacturing through various incentive schemes.

Once the scheme comes in, there will be an increase in value addition, and in the long term, India will be a competitive destination for electronics manufacturing, according to officials in the know. Increase in value-addition in electronics manufacturing would mean more components getting sourced locally, rather than being imported, leading to increased share of revenues for the country.

The target of achieving 40 per cent local value-addition is comparable to only China — which after decades of manufacturing and assembly — is estimated to have achieved a value addition between 40 per cent and 50 per cent.

Likely to figure in the first 100 days of the agenda in the Ministry of Electronics and Information



SPECS: TRACK RECORD

49 applications approved

₹14,121 crore proposed investments

₹1,978 crore committed incentives

₹485 crore had been disbursed to 12 applicants

Note: Meity data as of April 2024

► The proposed new scheme will replace the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)

Technology (Meity), the PLI scheme for component manufacturing is in the works. It is learnt that Meity is engaged in a consultation process with the NITI Aayog and the Finance Ministry before finalising the new scheme, which is expected to be rolled out in a couple of months.

The scheme is one of the priorities on a list of around 30-plus items that the IT Ministry has submitted to the government as part of its 100 days' agenda. Semiconductor or chip manufacturing is also high on Meity's to-do list, sources indicated. Apart from players, such as the Tata group and Micron, which are setting up their facilities for chip manufacturing, there are some pending applications that have to be processed. After that, a fresh round of funds will be raised for the next phase of the semiconductor mission.

Electronics and IT Minister Ashwini Vaishnaw, who also holds the portfolios of Railways and Information & Broadcasting, on Tuesday said that manufacturing, semiconductor, and telecommunications would be among the focus areas in this government.

For the electronics component scheme, the ministry is learnt to have already done a preliminary identification of the components. It will soon finalise a list of components to be covered under the scheme, after a few more rounds of consultation with stakeholders, including the industry.

The new scheme would replace the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS), which ended on March 31 after a one-year extension. Turn to Page 6 ►

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Union Minister for Electronics & IT, Railways, and I&B

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PLI...

The scheme provided a financial incentive of 25 per cent of capital expenditure for a list of electronic goods that included electronic components, semiconductor, and display fabrication units, among others. In addition to SPECS, there are other PLI schemes for hardware and electronics manufacturing.

According to the National Policy on Electronics (NPE), 2019, the central government

has a goal of achieving \$300 billion in revenues from electronics production by 2025-26, from the current figure of around \$103 billion.

Recently, the India Cellular & Electronics Association (ICEA), in a submission to Meity, asked the government for a ₹30,000-35,000 crore PLI scheme for components and sub-assemblies, along with capital expenditure support, to back the rising exports of mobile phones and other electronics.