

Most IT hardware players set to meet PLI 2.0 targets

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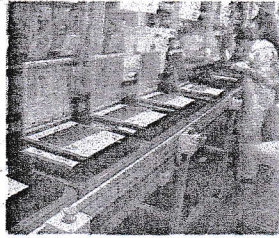
Majority of IT hardware players are set to meet their targets under the second edition for the production linked incentive scheme (PLI 2.0) by March.

This is a significant improvement to the earlier version of the scheme, where only two of the 14 applicants met the first-year targets, and many big players such as Samsung did not apply.

In May 2023, the Cabinet approved the new version of the subsidy scheme, doubling the outlay to ₹17,000 crore. The new scheme not only came with double the budgetary outlay, but also a longer tenure of six years (as opposed to four years earlier) and a more attractive incentive package.

As a result, around 38 companies applied for this version of the production-linked incentive scheme, with the scheme being more flexible in its current iteration, allowing applicants to choose from 2023, 2024 or 2025 as the base year.

Many global players such as HP, Dell, Lenovo and Foxconn as well as local makers Dixon



Technologies applied under the scheme. Apple, however, did not, choosing to only localise smartphone production.

For the most part, it appears that the majority of the applicants started production under the 2.0 scheme from 2023 itself, something that the government alluded to while announcing the number of applicants. However, government sources told *businessline* that some laptop producers like HP will only start producing IT hardware under the scheme by 2025. Dixon, which is making IT hardware for Lenovo and Acer, will also start production next year.

The revised scheme extends an average incentive of around 5 per cent — more than double the 2 per cent incentive offered in the previous version — to make laptops, tablets, all-in-one PCs, servers and ultra small form factors in India. The new

scheme also added flexibilities in both the tenure and investments for participants, such as allowing them to pick the base year for production.

IT hardware such as laptops and PCs does not have a robust consumer market in India in the same manner as smartphones. According to IDC data, the country shipped 146 million smartphones in 2023 versus just 13.6 million PC units in the same year.

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Limited consumption in India for IT hardware thus provides poor incentives for localisation. Even as demand for IT products started to grow after the pandemic, a recent report by IDC found that the traditional PC market de-grew in India by 6.6 per cent at 13.9 million shipments, this is after the Centre's import curbs in 2023 pushed the sale of more PCs in India. However, the subsidy scheme hopes to push top firms, especially Dell, HP, and Lenovo to localise production to make the country an export hub. At the moment, South-East nations such as Vietnam and Taiwan enjoy the status of IT hardware export hubs.