

Cabinet nod for ₹17,000-crore IT hardware PLI 2.0

Move to boost local production of tablets, laptops

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The Union Cabinet on Wednesday approved the modified production-linked incentive (PLI) scheme for information technology (IT) hardware to boost local manufacturing of products like tablets and laptops, and more than doubled its budgetary outlay to ₹17,000 crore from the previous provision of ₹7,325 crore.

The revised scheme may offer incentives of up to 9 per cent on the incremental sales of tablets, laptops, all-in-one personal computers, servers, and edge computing devices manufactured in the country to attract investment in the sector. The tenure of the scheme has been extended to six years from four years announced in 2021.

The scheme received a lukewarm response from the industry in the past, mainly due to lower incentives and a slump in demand after a boom during the Covid-19 pandemic. Only two of the 14 firms that applied for benefits under the scheme's earlier version could meet their targets in the first year.

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PRODUCTION PUSH



▶ The modified scheme is likely to generate around 300,000 jobs over six years

▶ Govt expects investments of ₹2,430 cr in the sector in this period

▶ Scheme may add incremental production value of ₹3.35 trillion

▶ Average incentives for OEMs may go up to 9% of incremental sales



‘New PLI to attract global firms to shift from China’

The new PLI scheme for IT hardware is likely to see top global firms shifting base from China and setting up units to assemble laptops, PCs and tablets in India, says Union Minister of Communications ASHWANI VAISHNAW in an interview with Surajeet Das Gupta, just after unravelling the details of the scheme. 4 ▶



Cabinet nod...

The government now aims to bring flexibility to the scheme by allowing the original equipment manufacturers (OEMs) to apply for incentives under the scheme anytime in the next three years. The base year for comparing incremental sales will be 2022-23, a government official said.

The government has also introduced a new category of hybrid manufacturers, considering the diversified global supply chains. The scheme's budget, therefore, will be divided among the three categories -- domestic, global, and hybrid. It will also have additional incentives for the localisation of certain optional items.

The maximum incentive for global companies will be capped at ₹4,500 crore, while players who fall under the hybrid category may get a maximum incentive of ₹2,250 crore. For domestic companies, there will be a cap of ₹500 crore.

According to the government's presentation to the industry stakeholders, the number of eligible beneficiaries will be two from the global category, five from hybrid, and nine from domestic.

Sunil Vachani, managing director at multinational electronics manufacturing services major Dixon Technologies, said: "We like the hybrid Indian category. We are planning to invest ₹300 crore in six years and will expand from laptops and tablets to include desktops and servers. We will, of course, have to look at global contracts." The average incentive over six years will be about 5 per cent, up from the 2 per cent offered earlier. The companies assembling devices with certain locally manufactured components may get additional incentives under the revised scheme. The companies assembling hardware with locally produced processors may get incentive of 3 per cent of incremental sales. In aggregate, the incentives may be 8-9 per cent.

(With inputs from Surajeet Das Gupta)