

Global IT majors urge govt to defer hardware PLI 2.0

RISHI RAJ
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GLOBAL IT HARDWARE players like HP, Lenovo, Apple, ASUS, Acer and others have sounded the government to defer the implementation of the revised production-linked incentive (PLI) scheme for the sector by a year. They have also urged the government to extend the tenure of the scheme by a year to six years. The government plans to implement the revised hardware PLI from April 1, 2023, with the end date on March 31, 2028.

The main reason for these players to seek deferment is the sharp shipment decline in the global PC market.

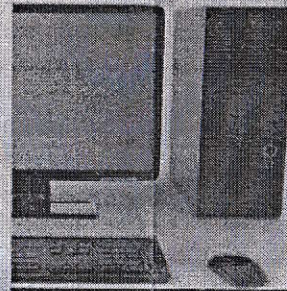
According to Gartner, during the July-September quarter of calendar year 2022, worldwide PC shipments declined 19.5% on a year-on-year basis to 68 million units. This is the steepest market decline since Gartner began tracking PC markets in the mid-1990s, and the fourth consecutive quarter of y-o-y decline since the pandemic started receding and so did work-from-home options.

"Given the challenges that many companies face and the sharp decline in uptake of IT hardware products as the pandemic recedes, combined with the economic recession in the US and Europe — which, in turn, will also lead to a decline in demand for such products in India — the timing of the PLI scheme for IT hardware

PAIN POINTS



Industry players give sharp shipment decline in global PC market cited as major reason



■ IT players also seek extension of the tenure by a year to a six years

■ Rollout for the PLI is from April 1, 2023, and end date will be March 31, 2028

■ First IT hardware PLI, which kicked off in April 2021, did not yield the desired results

2.0 may be misaligned with the global trends," industry experts have warned the ministry of electronics and information technology.

"Perhaps, it might be a better idea to hold off the scheme till things improve, rather than placing additional money in a scheme that has already failed once and could run into trouble again, becoming a source of embarrassment for the government," the industry has cautioned.

Continued on Page 2

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It maybe recalled that the first IT hardware PLI, which kicked off in April 2021, did not yield the desired results and, therefore, the government has designed a new one with modifications in the incentive structure. Under the existing PLI scheme, only Dell and Dixon were able to claim the incen-

tive at the end of first year, while Wistron, Flextronics and Rising Star were not able to meet the incremental production and sales targets.

Even though the new draft scheme has increased the average incentive from 2.3% to 5.34%, and the tenure from four to five years, sources said that both Dell and HP, which have either direct or third-party manufacturing operations in India, have conveyed their discomfort to the government on the clause of committing a mini-

mum investment of ₹700 crore under the revised scheme.

Apple has also maintained that it does not have a Taiwanese company which can participate in the scheme. During the September quarter, the hardest hit was HP, which saw a shipment decline of 27.9% followed by Acer (-25.6%) and Dell (-21.1%). Even Apple, which has bucked all negative trends in smartphone sales globally, took a hit of 15.6%. Lenovo, one of the market leaders in India, was down 15.3% worldwide.