

PLI in the works to boost localisation of telecom gear

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The government is working on a production-linked incentive (PLI) scheme for non-electronic components used in the manufacturing of key telecom products, with the goal of accelerating their localisation, according to people familiar with the development.

In its discussions with stakeholders, according to the sources, the government has proposed two alternative models for linking incentives to a localisation roadmap. One option ties incentives to the mandatory localisation of electro-mechanical, plastic, and optical components. This would start with 30 per cent localisation of non-electronic bill of materials (BOM) in the second year, increase to 50 per cent in the third year, 70 per cent in the fourth year, and reach 90 per cent by the fifth year.

The second model suggests a yearly list of specific components that must be localised and procured exclusively from India, within a timeframe of two to five years. However, discussions with industry indicate a preference for the model based on the percentage of BOM, the sources said.

The Department of Telecommunications (DoT) has identified five key products whose non-electronic components will be incentivised under the scheme. These include 4G/5G radio access networks (RAN), both radios and baseband units, switches, gigabit passive optical network-optical network terminals or GPON ONT (which convert optical signals into electrical signals for end-user devices), WiFi access points, and customer premises equipment or CPEs (such as internet set-top boxes).

Under the second alternative, for



■ Government proposes mandatory localisation of non-electronic telecom components (from 30% in second year to 90% in 5th year) for PLI eligibility

■ Key components include 4G/5G RAN, switches, GPON ONT, WiFi access points, and CPEs (like set-top boxes)

■ Alternative model: Annual list of components for localisation in 2-5 yrs

■ Allocation and eligibility criteria for the PLI scheme still under discussion

example, in 4G/5G RAN radios, the government has outlined localisation targets: Plastic and rubber parts must be localised by the second year, metal parts by the third year, antennas by the fourth year, and RF filters, connectors, and cables (both optical and electrical) by the fifth year.

Companies already eligible for the PLI scheme for telecom equipment and other products, such as telecom CPEs, will be able to apply for this proposed scheme.

The government's move to introduce a component-specific scheme stems from the challenges faced in localisation, despite the ongoing PLI scheme for telecom products, which has 42 eligible firms and a budget of ₹12,195 crore.

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DoT in talks over aspects of PLI scheme

So far, these companies have collectively invested over ₹3,718 crore. However, localisation levels in the five telecom finished products range from just 3 per cent of the BOM in switches, 4 per cent in 4G/5G RAN and internet set-top boxes, to 12 per cent in GPON ONT.

This highlights the need for

targeted localisation efforts. The DoT is still in discussions on key aspects of the scheme, including eligibility criteria and the total corpus required, those familiar with the matter said. The proposed scheme bears similarities to efforts for electronic components, where a PLI scheme is expected to be

approved soon by the Cabinet, with ₹25,000 crore earmarked for incentives. Telecom equipment manufacturers have also approached the Ministry of Electronics and Information Technology (MeitY) to include their requirements for electronic components under this scheme.

