

HP, Dell, Lenovo among 38 to apply for IT hardware PLI

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In a big win for the government's revised information technology (IT) hardware production-linked incentive (PLI) scheme, a total of 38 companies have expressed interest in commencing manufacturing of personal computers (PCs), laptops, tablets, servers, and edge computing devices within the country.

Major global PC manufacturers, including Dell, Hewlett Packard, Foxconn (via a subsidiary), Asus, Acer, and Flex, have submitted their applications ahead of the Wednesday deadline.

The scheme aims to generate incremental production worth ₹3.35 trillion over the next six years, said Ashwini Vaishnav, Union Minister of Communications and IT.

Of the 38 applications received under PLI 2.0, approximately eight firms have applied under the newly introduced 'hybrid' category of the scheme. Around 25 applications have been submitted by local companies, confirmed an official from the Ministry of Electronics and IT (MeitY). Notable local applicants include Dixon Technologies (India), VVDN Technologies, Optiemus Infracom, and Sahasra Electronic Solutions.

The revised scheme offers additional incentives for assembling devices using locally manufactured components. Companies that assemble hardware with domestically produced processors may receive an incentive of 3 per cent of incremental sales.

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LOCAL BOOST

₹22,880 crore: Outlay of IT hardware PLI scheme

₹4,000 crore: Total investment the scheme may attract

₹3.35 trillion: Worth of estimated incremental production over six years

48%: Likely increase in local value addition

75,000: Direct jobs may be created on account of the scheme

April 2024: Time by when companies may begin manufacturing

"They (laptop and PC makers) are not concerned (about import licences) at all. They want to build most of the supply chain in India"

ASHWINI VAISHNAW
Union Minister of
Communications & IT

'VALUE ADDITION MAY HIT 70% WITH INDIA-MADE MEMORY CHIPS' 4 ▶



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In aggregate, these incentives could sum up to 8-9 per cent.

The minister has highlighted that this added impetus will boost local value addition in production to a range of 35-48 per cent. Several players have also ramped up their local design processes, further increasing value addition.

By 2 pm on Wednesday, a total of 88 companies had registered under the scheme. Therefore, MeitY anticipated more companies to convert their registrations into applications before the mid-night deadline.

“We have received an overwhelming response for the production of PCs, laptops, and servers in India. All applicants are well-prepared for execution and rapid production scaling. While we initially allocated ₹17,000 crore for this purpose, the proposals we’ve received go significantly beyond this amount,” said Vaishnaw.

The Union Cabinet revised the scheme in May due to its lacklustre response since its launch in 2021. This was primarily attributed to lower incentives and demand slump following the pandemic-induced surge.

In the first year, only three applicants



managed to meet the required targets to benefit from the scheme. The scheme’s outlay has now been increased to ₹22,880 crore.

The minister underscored that none of the IT hardware companies have expressed concerns about the new import licensing policy during their discussions with the government.

“Regarding the import management

policy, we enquired about any concerns from the applicants, and they did not raise any issues,” he observed.

Emphasising on the scheme’s job creation potential, the minister reiterated that it will generate 75,000 direct jobs.

“Dixon will establish a plant in Noida, employing around 20,000 individuals. Construction has already been completed, and its operations should commence soon,” added Vaishnaw.

India’s PC shipments have been on a downward trajectory since the latter half of the previous year. In the first quarter of this year, the PC market, encompassing desktops, notebooks, and workstations, experienced a 30.1 per cent year-on-year decline, totalling just 2.99 million shipments, according to data from the International Data Corporation.

Hewlett Packard led the pack with a 33.8 per cent market share, followed by Lenovo, Dell Technologies, Acer Group, and Asus, in that order.

In the earlier version of the scheme, Bhagwati Products, Dell International Services, and Netweb Technologies had received approval for incentives. Disbursements totalling ₹5.3 crore were completed for Bhagwati Products.