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India unveils Rs 50,000 crore schemes to attract electronics makers

BY ET BUREAU | UPDATED: JUN 02, 2020, 06:33 PM IST

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NEW DELHI: Union Minister [Ravi Shankar Prasad](#), on Tuesday, unveiled the guidelines for [electronics manufacturing](#) schemes with an aim to strengthen domestic manufacturing of five global and five Indian mobile phone makers.

The three Schemes namely, the Production-Linked Incentive Scheme (PLI), Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECs) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme, which were notified by the Ministry of Electronics and IT (MeitY) on April 1, have a total outlay of Rs 50,000 crore.

The PLI Scheme shall extend an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under the target segments, to eligible companies, for a period of five years subsequent to the base year.

"Many years later, when you will look back, you will find that today's day will be a pathbreaking day because under the Aatma Nirbhar Bharat concept of the Prime Minister, our attempt is to build some champion sectors who will drive India's growth and create jobs. I was fortunate work with Ministry of Electronics and IT under the leadership of the Minister (Prasad) and want to compliment his leadership. He was very clear in his perspective and everyone in his team worked with dedication for this," [Niti Aayog CEO Amitabh Kant](#) said Tuesday.



Ravi Shankar Prasad addresses a press conference as Amitabh Kant looks on during the launch of 'Electronics Manufacturing Schemes'.

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The Manufacturers Association for Information Technology (MAIT) welcomed the government's announcement which will boost local handset production and urged the government to extend the PLI scheme to other electronics.

"The mobile manufacturing industry is very positive about the move and this scheme will help meet the targets under NPE 2019," said Nitin Kunkolienker, President-MAIT. "This will certainly lead to companies moving their supply chains to India. This will not only spur manufacturing but will make India an export-led global manufacturing hub for mobile phones."

The apex body of IT manufacturers said the interruption in the global supply chain due to the pandemic gives India an opportunity to increase export-led manufacturing and broadening the scope of PLI to all other major sectors of electronics such as Consumer electronics, ICT, CPE products, Computers, Medical Electronics etc. will be a game-changer.

The SPECs shall provide financial incentive of 25% on capital expenditure for the identified list of electronic goods, i.e., electronic components, semiconductor/ display fabrication units, Assembly, Test, Marking and Packaging (ATMP) units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods.

The EMC 2.0 shall provide support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers, along with their supply chains.

The respective portals to receive applications for the three schemes have been made live by the IFCI, a public-sector NBFC.

According to data from MeitY, production of mobile handsets in 2018-19 has reached 29 crore units worth Rs. 1.70 Lakh crore from just 6 crore units worth Rs. 19,000 crore in 2014. While the exports of electronics has increased from Rs. 38,263 crore in 2014-15 to Rs. 61,908 crore in 2018-19, India's share in global electronics production has reached 3% in 2018 from just 1.3% in 2012.

The schemes are expected to increase production of mobile phones and their parts to around Rs.10,00,000 crore by 2025 and generate around 5 lakh direct and 15 lakh indirect jobs, the government said.