

Cabinet approves Production Linked Incentive Scheme for Large Scale Electronics Manufacturing

Posted On: 21 MAR 2020 4:27PM by PIB Delhi

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has approved the Production Incentive Scheme (PLI) for Large Scale Electronics Manufacturing. The scheme proposes production linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components including Assembly, Testing, Marking and Packaging (ATMP) units.

The Scheme shall extend an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year as defined.

The proposed scheme is likely to benefit 5-6 major global players and few domestic champions, in the field of mobile manufacturing and Specified Electronics Components and bring in large scale electronics manufacturing in India.

Financial Implications

The total cost of the proposed scheme is approximately INR 40,995 crore (Rupees Forty Thousand Nine Hundred and Ninety-Five Crore Only) which includes an incentive outlay of approximately INR 40,951 crore (Rupees Forty Thousand Nine Hundred and Fifty-one Crore Only) and administrative expenses to the tune of INR 44 crore (Rupees Forty-Four Crore Only).

Benefits

The scheme has a direct employment generation potential of over 2,00,000 jobs over 5 years. However, it is expected that the scheme would lead to large scale electronics manufacturing in the country and open tremendous employment opportunities. Indirect employment will be about 3 times of direct employment as per industry estimates. Thus, total employment potential of the scheme is approximately 8,00,000.

Background

The production of mobile phones in the country has gone up significantly from around INR 18,900 crore (USD 3 Billion) in 2014-15 to INR 1,70,000 crore (USD 24 Billion) in 2018-19 and the domestic demand is almost completely being met out of domestic production.

By integrating “Assemble in India for the world” into “Make in India”, India can significantly increase manufacturing output.

Electronic components are the basic building blocks for electronics manufacturing. According to the Electronic Industries Association of India (ELCINA), the electronic components market in India has increased from INR 68,342 crore (USD 11 Billion) in 2015-16 to INR 1,31,832 crore (USD 20.8 Billion) in 2018-19. Domestic production of electronic components is valued at approximately INR 63,380 crore (USD 10 Billion), of which around INR 48,803 crore (USD 7.7 Billion) is domestically consumed.

(Release ID: 1607488)