Welcome to the launch of Electronics Manufacturing Schemes

PLI, SPECS & EMC2.0

02 June 2020; 12:00 noon
Government policies and initiatives led to significant growth in electronics manufacturing.

India’s share in global electronics manufacturing grew from 1.3% (2012) to 3.0% (2018).

National Policy on Electronics 2019

1. India to be Global Hub for Mobile & Components Manufacturing and Exports

2. Attract Global Lead Firms along with Supply Chain to India

3. “Make in India for the World” : Mobile Phones to be largest exported item

GDP ↑, TAX ↑, JOBS ↑
Electronics - Growth Drivers

**Domestic Value Addition: 15-20%**

**Domestic Value Addition: 12-15%**

**Mobile Handsets (Units in million)**

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<tr>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>60</td>
<td>110</td>
<td>175</td>
<td>225</td>
<td>290</td>
</tr>
</tbody>
</table>

**LED Products (in USD billion)**

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</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.33</td>
<td>0.78</td>
<td>1.09</td>
<td>1.48</td>
<td>2.00</td>
</tr>
</tbody>
</table>

**Emerging Verticals**

- Auto Electronics
- Medical Electronics
- Industrial Electronics
- Strategic Electronics
- Telecom Products
India has emerged as the second largest manufacturer of mobile handsets in the world.

<table>
<thead>
<tr>
<th>Mobile manufacturing units</th>
<th>2014</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Mobile handsets produced*</td>
<td>60 million</td>
<td>290 million</td>
</tr>
<tr>
<td>Value of mobile handsets produced*</td>
<td>$3 billion</td>
<td>$30 billion</td>
</tr>
</tbody>
</table>

*Data refers to the financial year
### New Schemes for Electronics Manufacturing

<table>
<thead>
<tr>
<th>Scheme</th>
<th>5 Year Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Linked Incentive Scheme (PLI)</td>
<td>Production: INR 8.0 Lakh Cr (USD 106 Bn)</td>
</tr>
<tr>
<td>Scheme for Promotion of Manufacturing of Components and Semiconductors (SPECS)</td>
<td>Exports: INR 5.8 Lakh Cr (USD 77 Bn)</td>
</tr>
<tr>
<td>Electronics Manufacturing Cluster Scheme (EMC 2.0)</td>
<td>Employment: 10 Lakh</td>
</tr>
</tbody>
</table>

**Total incentives of up to INR 50,000 Crore (~ $6.7 Bn)**
Production Linked Incentive (PLI)

**Incentive**

4% - 6% Production Linked Incentive for a period of 5 years

**Target Segments**

Mobile Phones and Electronic Components

**Outlay**

~INR 40,995 Cr ($5.5 Billion)

**Application Date**

Initial Phase of Applications upto 31.07.2020

**Tenure**

5 Years
Base Year: FY 2019-20

- Minimum Thresholds of Investment and Production per Company for eligibility
- Ceiling on Annual and Total Incentive per Company
- Incentives applicable from 01.08.2020

*For the Gazette Notification check* [https://meity.gov.in/esdm/PLI](https://meity.gov.in/esdm/PLI)
Production Linked Incentive Scheme (PLI) for Large Scale Electronics

Financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including electronic components and semiconductor packaging.

OBJECTIVE:
The Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing proposes a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including electronic components and semiconductor packaging.

TARGET SEGMENTS:
The Scheme shall only be applicable for target segments namely mobile phones and specified electronic components.

ELIGIBILITY:
Support under the Scheme shall be provided only to companies engaged in manufacturing of target segments in India. This shall include contract manufacturers as defined in the FDI Policy Circular of 2017.

TENURE OF THE SCHEME:
Support under the Scheme shall be provided for a period of five (5) years subsequent to the base year.

For more information write to: pli@ifcilt.com
PLI Portal: [https://pli.ifciltd.com](https://pli.ifciltd.com)

For more information write to: pli@ifciltd.com
### Scheme for Promotion of Electronic Components and Semiconductors (SPECS)

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Target Segments</th>
<th>Outlay</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% Incentive on Capital Expenditure, on reimbursement basis</td>
<td>Active &amp; Passive Components, Semiconductors, ATMP, Specialized Sub Assemblies</td>
<td>~INR 3,285 Cr ($440 Million)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Eligible Capex</th>
<th>Minimum Investment Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Years for Filing Applications; 5 Years for Investment</td>
<td>Plant, Machinery, Equipment, R&amp;D, Utilities, ToT</td>
<td>INR 5 Cr (USD 670K) to INR 1,000 Cr (USD 130M)</td>
</tr>
</tbody>
</table>

For the Gazette Notification check [https://meity.gov.in/esdm/SPECS](https://meity.gov.in/esdm/SPECS)
Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)

Financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including electronic components and semiconductor packaging.

**OBJECTIVE:**
Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) proposes a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including electronic components and semiconductor packaging.

**TARGET SEGMENTS:**
The Scheme shall only be applicable for target segments that constitute the supply chain of an electronic product under the Scheme.

**ELIGIBILITY:**
The SPECS will be applicable to investments in new units as well as expansion of capacity/modernization and diversification of existing units.

**TENURE OF THE SCHEME:**
The SPECS will be open for applications initially for 3 years from the date of its notification. The applications received under the scheme will be appraised on an ongoing basis and implementation will continue as per the approvals accorded under.
Modified Electronics Manufacturing Cluster Scheme 2.0 (EMC 2.0)

**EMC Project**
- 50% of Project Cost
- Ceiling: INR 70 Cr for every 100 acres

**Common Facility Centre (CFC)**
- 75% of Project Cost
- Ceiling: INR 75 Cr

**Outlay**
- ~INR 3,762 Cr ($500 Million)

- **Large Manufacturing Clusters** (Min land area 200+ acres, 100 acres for NE & Hill States)
- **Anchor Units** (Commitment: 20% Land Area, INR 300 Cr+ Investment)
- **Plug & Play Infrastructure, Common Facility Centres**
- **Project Implementation Agency** – State Implementing Agency, CPSU, SPSU etc.

For the Gazette Notification check [https://meity.gov.in/esdm/emc2.0](https://meity.gov.in/esdm/emc2.0)
EMC2.0 Portal: www.emc20.stpi.in

EMC 2.0 (About the Scheme)

The EMC 2.0 is envisaged in continuation to the existing EMC scheme to further strengthen the electronics manufacturing ecosystem in the country. This is essential to attract both global and domestic investors to commence and enhance production within EMCs and ensure greater integration with the global value chain in electronics manufacturing sector. The total cost of the proposed scheme is estimated to be ₹ 3762.25 Crores which is inclusive of the administrative and management cost. The stated aim and objectives of this scheme are as under:

- The scheme will promote electronics manufacturing by providing support for creation of world class infrastructure along with common facilities and amenities in EMC projects and upgrade th... Read More

For more information write to: emc@meity.gov.in
EMC2.0 Portal: www.emc20.stpi.in

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Scheme Outcomes

Expansion of Manufacturing Base
(On lines of China, Korea & Taiwan)

Digital Security of Nation
(Trusted Value Chain)

High Employment Generation
~10,00,000 Lakh

Higher Value Addition
(Nearly 20%-40%)

Strong Electronic Component Mfg. base

Foreign Exchange Savings
~INR 5.8 Lakh Cr Exports
## Impact of New and Existing Schemes

<table>
<thead>
<tr>
<th>S. No</th>
<th>Mechanism</th>
<th>Impact on Disability (%)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>PLI</td>
<td>4% - 6%</td>
<td>Financial incentive on large scale production</td>
</tr>
<tr>
<td>2.</td>
<td>SPECS</td>
<td>0-1.6%</td>
<td>20% Capex Subsidy annualised on 8% Capital Cost</td>
</tr>
<tr>
<td>3.</td>
<td>EMC 2.0</td>
<td>1%</td>
<td>Logistics, Plug and Play Infrastructure</td>
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<tr>
<td>4.</td>
<td>RoDTEP</td>
<td>0.2% - 0.7%</td>
<td>In lieu of MEIS as a Duty-Free Scrips administered by DGFT</td>
</tr>
<tr>
<td>5.</td>
<td>Concessional Rate of Income Tax</td>
<td>0.2% - 0.9%</td>
<td></td>
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<tr>
<td>6.</td>
<td>Ease of Doing Business Measures</td>
<td>0.5%</td>
<td>Custom Bonded Warehouse, Port Logistics, ECB Reforms</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>5.9% - 10.7%</strong></td>
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Thank You