Schemes for Electronic Manufacturing in India

Context:

- The government has said that a total of 22 companies have filed applications under the Production-Linked Incentive (PLI) scheme that aims to boost local manufacturing of mobile phones and components.
- This is expected to bring in additional investment of about ₹11,000 crore in electronics manufacturing, while leading to total production worth ₹11.5 lakh crore over the next five years.

Schemes for Electronic Manufacturing

Recently, the government notified three schemes involving total incentives of around Rs 48,000 crore for electronics manufacturing,

1. The Production Linked Incentive Scheme (PLI) for large scale electronics manufacturing.
2. The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS).
3. The Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme.

The schemes are expected to

- Attract Rs 1 lakh crore investment in the sector.
- Boost local electronics manufacturing and generate manufacturing revenue potential of Rs 10 lakh crore by 2025.
- Create 20 lakh direct and indirect jobs by 2025.

Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing

- The scheme proposes a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including electronic components and semiconductor packaging.
- Under the scheme, electronic manufacturing companies will get 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 over a period of next 5 years.
- The scheme shall only be applicable for target segments namely mobile phones and specified electronic components.
- The government estimates that with the PLI scheme, domestic value addition for mobile phones is expected to rise to 35-40% by 2025 from the current level of 20-25% and generate additional 8 lakh jobs, both direct and indirect.
The production of mobile phones in the country has surged eight-times in the last four years from around Rs 18,900 crore in 2014-15 to Rs 1.7 lakh crore in 2018-19.

Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors

- Under the scheme, a financial incentive of 25% of capital expenditure has been approved by the Union Cabinet for the manufacturing of goods that constitute the supply chain of an electronic product.
- The SPECS notified for manufacturing of electronics components and semiconductors has a budget outlay of Rs 3,285 crore spread over a period of eight years.
- The government estimates that push for manufacturing of electronics components and electronic chips will create around 6 lakh direct and indirect jobs.

Modified Electronics Manufacturing Clusters Scheme

- The EMC 2.0 has a total incentive outlay of Rs 3,762.25 crore spread over a period of 8 years with an objective to create 10 lakh direct and indirect jobs under the scheme.
- The EMC 2.0 scheme will provide financial assistance up to 50% of the project cost subject to a ceiling of Rs 70 crore per 100 acres of land for setting up of Electronics Manufacturing Cluster projects.
- Electronic manufacturing clusters to be set up under the scheme will be spread in an area of 200 acres across India and 100 acres in North East part of the country.