

File No. W-28/1/2020-IPHW-MeitY-Part(1)
Government of India
Ministry of Electronics and Information Technology (MeitY)
IPHW Division

Dated: 23rd September, 2021

NOTIFICATION

Extension of Tenure of the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing – reg.

References:

- i. *PLI Scheme Notification No. CG-DL-E-01042020-218990 dated 1st April, 2020 in Part – I, Section 1 of the Gazette of India (Extraordinary) [F. No. W-28/1/2019-IPHW-MeitY]*
- ii. *Guidelines for the Operation of Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing dated 1st June, 2020 [F. No. W-28/1/2019-IPHW-MeitY]*
- iii. *Addendum: Amendments in Guidelines of Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing dated 11th March, 2021 [File No. W-28/1/2020-IPHW-MeitY-Part(1)]*
- iv. *Supplementary Guidelines on Second Round of Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing dated 11th March 2021 [File No. W-28/1/2020-IPHW-MeitY-Part(1)]*

1. Background

Ministry of Electronics and Information Technology (MeitY) notified the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing on April 01, 2020. Subsequently, Guidelines for the operation of the Scheme were notified on 01.06.2020. The first round of the Scheme was open for receiving applications till 31.07.2020.

Further, Second Round of the PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 for incentivising Electronic

Components. Under the Second Round, incentives of 5% to 3% shall be extended on incremental sales (over base year i.e. 2019-20) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. The second round of the Scheme was open for receiving applications till 31.03.2021.

On 28.06.2021, Union Finance & Corporate Affairs Minister announced measures to provide relief to companies approved under the PLI Scheme affected by the COVID-19 pandemic. The text of the announcement is as quoted below:

“Participating companies under the Production Linked Incentive Scheme for Large Scale Electronics Manufacturing have been unable to achieve incremental production targets due to disruption in production activities on account of pandemic related lockdowns, restrictions on movement of personnel, delays in installation of relocated plant and machinery and disruptions in supply chain.”

Given this, it has been decided to extend the tenure of the PLI Scheme launched in 2020-21 by one year i.e., till 2025-26. Participating companies will get the option of choosing a period of any five years till 2025-26 for meeting their production targets under the Scheme. Investments made in 2020-21 will continue to be counted as eligible investments.”

2. As per Para 8.9 of the Scheme Guidelines dated 01.06.2020, *“In case of a Force Majeure event, the EC may amend, modify, or withdraw any clauses under the scheme”*. As per Para 8.11 of the Scheme Guidelines dated 01.06.2020, *“The EC will also be authorised to carry out any amendments in the Scheme Guidelines.”*

Therefore, in accordance with the announcement made by Hon'ble Finance Minister and above-mentioned provisions, the EC in its meeting held on 07th July 2021 recommended the following revisions, which have been approved by the Competent Authority:

2.1 **Extension of the Tenure of PLI Scheme for Large Scale Electronics Manufacturing:** In line with the announcements made by Hon'ble Finance Minister, the tenure of the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing is extended from the existing 5 years (FY 2020-21 to FY 2024-25) to 6 years (FY 2020-21 to FY 2025-26).

2.2 **Timelines for Incremental Production:** For First Round of PLI Scheme, 16 participating companies approved under the Scheme shall be allowed to choose a period of any 5 consecutive years between FY 2020-21 and FY 2025-26 to achieve threshold targets for incremental sales of manufactured goods (incremental production). Incentives for Year 1 will be applicable from 01.08.2020 or 01.08.2021 depending on the choice of Year 1 (FY 2020-21 or FY 2021-22).

Similarly, for second round of the PLI Scheme, 16 participating companies approved under the Scheme shall be allowed to choose a period of any 4 consecutive years between FY 2021-22 and FY 2025-26 to achieve threshold targets for incremental sales of manufactured goods (incremental production). Incentives will be applicable from 01.04.2021 or 01.04.2022 depending on the choice of Year 1 (FY 2021-22 or FY 2022-23).

2.3 **Timelines for Incremental Investment:** For the first round of the PLI Scheme, incremental investment made by participating companies in FY 2020-21 will be counted towards the incremental investment targets irrespective of the choice of Year 1 (FY 2020-21 or FY 2021-22).

Similarly, for the second round of the PLI Scheme, incremental investment made by participating companies in FY 2021-22 will be counted towards the incremental investment targets irrespective of the choice of Year 1 (FY 2021-22 or FY 2022-23).

2.4 **Annual Incentive Outlay Distribution:** There shall be no changes in the overall Budget Outlay of the PLI Scheme for Large Scale Electronics

Manufacturing as notified on 01.04.2020. With reference to Para 8.1 of the PLI Scheme for Large Scale Electronics Manufacturing notified on 01.04.2021, the Annual Incentive Outlay shall be revised as follows while keeping the overall incentive outlay for the scheme the same as approved by Union Cabinet on 20.03.2020:

Financial Year	Annual Incentive Outlay	Revised Incentive Outlay*
		<i>INR Crore</i>
FY 2021-22	5,334	900
FY 2022-23	8,064	4,578
FY 2023-24	8,425	6,504
FY 2024-25	11,488	8,674
FY 2025-26	7,640	10,192
FY 2026-27		7,753
TOTAL	40,951	38,601

***Note:** The budget outlay of INR 2,350 crore has been utilized for the Production Linked Scheme (PLI) for IT Hardware.

3. In view of the aforesaid revisions, **Annexure A** of the PLI Scheme for Large Scale Electronics Manufacturing dated 01.04.2020 shall be read as **Annexure-1** of this Notification.

Further, for the purpose of Second Round of PLI Scheme, **Para 2.3** of the *Supplementary Guidelines on Second Round of Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing dated 11th March 2021* shall be read as **Annexure-2** of this Notification.

4. The Base Year for the purpose of the PLI Scheme for Large Scale Electronics Manufacturing shall remain the same, i.e. Financial Year 2019-20, for computation of incremental investment and incremental sales of manufactured goods (as distinct from traded goods).

5. This Notification shall be read along with all the referred documents in this Notification incorporating the changes wherever applicable.
6. This issues with the approval of Hon'ble Minister for Electronics and Information and Technology.



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Annexure-1

Eligibility Threshold Criteria for first round of PLI Scheme for Large Scale Electronics Manufacturing

Segment	Proposed Incentive Rate	Incremental Investment over Base Year	Incremental Sales of Manufactured Goods over Base Year
Mobile Phones (Invoice value of INR 15,000 and above) *		INR 1,000 Crore over 5 Years Cumulative Minimum as on: 31.03.2022: INR 250 Crore 31.03.2023: INR 500 Crore 31.03.2024: INR 750 Crore 31.03.2025: INR 1000 Crore	Year 1: INR 4,000 Crore Year 2: INR 8,000 Crore Year 3: INR 15,000 Crore Year 4: INR 20,000 Crore Year 5: INR 25,000 Crore
Mobile Phones (Domestic Companies) **	Year 1: 6% Year 2: 6% Year 3: 5% Year 4: 5% Year 5: 4%	INR 200 Crore over 5 Years Cumulative Minimum as on: 31.03.2022: INR 50 Crore 31.03.2023: INR 100 Crore 31.03.2024: INR 150 Crore 31.03.2025: INR 200 Crore	Year 1: INR 500 Crore Year 2: INR 1,000 Crore Year 3: INR 2,000 Crore Year 4: INR 3,500 Crore Year 5: INR 5,000 Crore
Specified Electronic Components		INR 100 Crore over 5 Years Cumulative Minimum as on: 31.03.2022: INR 25 Crore 31.03.2023: INR 50 Crore 31.03.2024: INR 75 Crore 31.03.2025: INR 100 Crore	Year 1: INR 100 Crore Year 2: INR 200 Crore Year 3: INR 300 Crore Year 4: INR 450 Crore Year 5: INR 600 Crore

***For eligibility all Incremental Sales of Manufactured Goods (covered under target segments) irrespective of Invoice Value shall be considered.**

****Domestic Companies shall be defined as those which are owned by resident Indian citizens as defined in the FDI Policy Circular of 2017. A company is considered as 'Owned' by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and/or Indian companies, which are ultimately owned and controlled by resident Indian citizens**

Annexure-2

Eligibility Threshold Criteria for second round of PLI Scheme for Large Scale Electronics Manufacturing

Segment	Proposed Incentive Rate	Incremental Investment over Base Year	Incremental Sales of Manufactured Goods over Base Year
Specified Electronic Components	Year 1: 5% Year 2: 4% Year 3: 4% Year 4: 3%	INR 25 Crore over 4 Years Cumulative Minimum (Crore) at the end of: Year 1: INR 5 Crore Year 2: INR 11 Crore Year 3: INR 18 Crore Year 4: INR 25 Crore	Year 1: INR 15 Crore Year 2: INR 35 Crore Year 3: INR 60 Crore Year 4: INR 100 Crore