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Cabinet approves Production Linked Incentive Scheme for IT hardware

The Union Cabinet has approved a Production Linked Incentive (PLI) Scheme for IT Hardware to make India a global hub for electronics system design and manufacturing (ESDM). This is another component of Atmanirbhar Bharat. The scheme proposes PLIs to boost domestic manufacturing and attract large investments in the value chain of IT hardware. The target segments under the proposed scheme include laptops, tablets, all-in-one PCs and servers.

Key features of the scheme:

Incentive structure: The scheme shall extend an incentive of 4% to 2%/1% on net incremental sales of goods (over base year i.e. 2019-20) manufactured in India and covered under the target segment, to eligible companies, for a period of four years.

Employment generation: The scheme has an employment generation potential of over 1,80,000 (direct and indirect) over 4 years.

Domestic value addition: The scheme will provide impetus to domestic value addition for IT hardware, which is expected to rise to 20% - 25% by 2025.

Enhance ESDM: The scheme will enhance the development of electronics ecosystem in the country. India will be well positioned as a global hub for ESDM on account of integration with global value chains, thereby becoming a destination for IT hardware exports.

Cost of scheme: The total cost of the proposed scheme is approximately INR 7,350 crore over 4 years, which includes an incentive outlay of INR 7,325 crore and administrative charges of INR 25 crore.