



Production Linked Incentive Scheme for IT Hardware Sector: Eligibility and Application Process

In March 2020, the Ministry of Electronics and Information Technology (MeitY) released the Production Linked Incentive (PLI) scheme for IT hardware players to upgrade the local manufacturing ecosystem for IT and IT products. This is expected to work in tandem with the national policy on electronics, which aims to make India a self-sufficient domestic IT player while reducing its import dependency. The key details of the scheme are mentioned below:

Incentive	1% - 4% (on net incremental sales)
Target Segment	Laptops, tablets, all-in-one PCs, and servers
Eligibility	IT players (global and local) with a registered entity in India
Tenure	4 years (Base year: FY 2019-20)
Last Date of Application	31 March 2021 (the scheme can be further extended based on industry response)
Budget Allocated	INR 409.51 billion (~ USD 5.46 billion)
Annual Ceiling (on net incremental sales)	Global players – USD 4 billion Local players – USD 320 million (details in table below)
Threshold Criteria	Covered in the table below
Localization Criteria	Year 1 – No local assembly (More details in Annexure A) Year 2 onwards – Local assembly for PCBs mandatory
Procedure of Application	Details in Annexure B

Source: MeitY
(1 USD = 75 INR)

Eligibility Threshold

Category	Incremental investment post 31 March 2021	Minimum net incremental sales by year (USD million)	Annual ceiling on net incremental sales* per company (USD million)
IT Hardware Companies	USD 67 million (cumulative minimum over 4 years)	Year 1: 133.33 Year 2: 333.33 Year 3: 666.66 Year 4: 1333.33	Year 1: 400 Year 2: 1000 Year 3: 2000 Year 4: 4000
Domestic Companies	USD 2.67 million (cumulative minimum over 4 years)	Year 1: 6.66 Year 2: 13.33 Year 3: 26.66 Year 4: 40	Year 1: 40 Year 2: 80 Year 3: 213.33 Year 4: 320

*maximum amount of net incremental sales on which incentive shall be applicable by year

ANNEXURE A

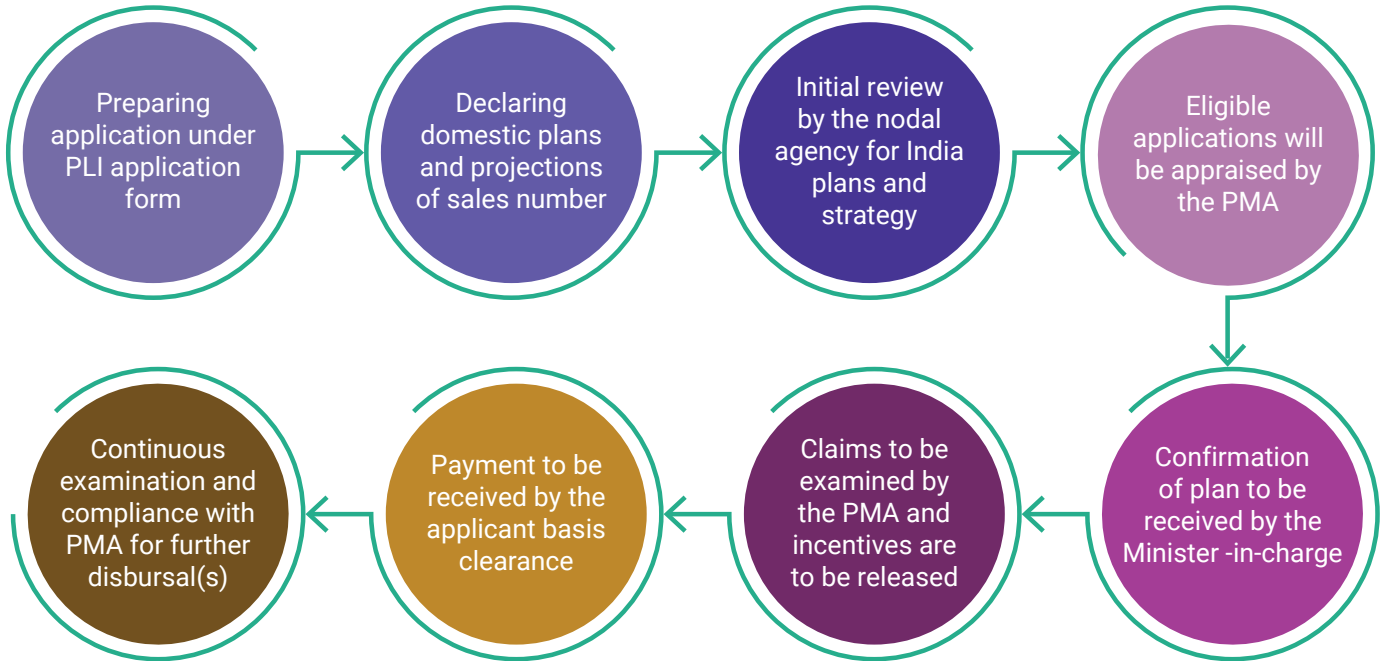
Localization Criteria

Year	Sub-assembly	Criteria	Incentive %
1	No local assembly required as per criteria	No criteria for local assembly by applicant or sub-vendors	4%
2	PCB (Printed Circuit Board) Assembly	Assembled domestically by the applicant company itself	3%
3	PCB assembly, battery packs (for laptops and tablets)	Assembled domestically, either by the applicant company itself or through one of its vendors	2%
4	PCB, Battery packs, Power adapters, Enclosures	Assembled domestically, either by the applicant company itself or through one of its vendors	2%
	PCB, battery packs, Power adapters		1%

ANNEXURE B

Application Procedure

The main stages of the procedure are iterated below.



Application Form (Indicative list of required documents)

SN	Document
1	Company Overview
2	Memorandum of Association, Letter of Authorization (MoA & LoA)
3	Annual Reports (past 3 years)
4	Financials (past 3 years)
5	Net sales data & forecasted sales data
6	Domestic value addition plans & employment generation plans

High-level Initial Application Process

1. Gathering details and documentation for the application process
2. Application form to be filled with company details, shareholders, financials, etc. and filed on the requisite portal
3. Highlighting target segments and products for India along with a high-level plan for domestic value addition, incremental sales, and investment
4. Application form to be submitted to the nodal agency which acts as a Project Management Agency
5. Acknowledgement will be issued by the Project Management Agency after initial scrutiny of the application
6. The Minister-in-charge will review and approve applicants based on documentation and eligibility criteria
7. Threshold criteria and incremental sales to be examined in the first year after disbursal

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Reach out to us ThinkNext@nexdigm.com

www.nexdigm.com

www.skpgroup.com

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