

# PLI SCHEME TO HERALD A NEW ERA IN MOBILE PHONE AND ELECTRONIC COMPONENTS MANUFACTURING

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

In his address to media at a Press Conference marking the conclusion of application window under the Production Linked Incentive Scheme (PLI), Shri Ravi Shankar Prasad, Union Minister for Electronics & IT, Communications, Law and Justice said that PLI scheme has been huge success in terms of the applications received from Global as well as Domestic Mobile Phone manufacturing companies and electronic components manufacturers. Industry has reposed its faith in India's stellar progress as a world class manufacturing destination and this resonates strongly with Prime Minister's clarion call of AtmaNirbhar Bharat - **a selfreliant India**. Minister further said that "we are optimistic and looking forward to building a strong ecosystem across the value chain and integrating with the global value chains, thereby strengthening electronics manufacturing ecosystem in the country".

Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing was notified on 1<sup>st</sup> April, 2020. PLI Scheme extends an incentive of 4% to 6% on incremental sales (over base year) of goods under target segments that are manufactured in India to eligible companies, for a period of five years subsequent to the base year (FY2019-20). The scheme was open for filing applications till 31.07.2020. Incentives are applicable under the scheme from 01.08.2020.

A total of **22** companies have filed their application under the PLI Scheme. The international mobile phone manufacturing companies that have applied under **Mobile Phone (Invoice Value INR 15,000 and above) Segment** are Samsung, Foxcon Hon Hai, Rising Star, Wistron and Pegatron. Out of these, 3 companies namely Foxcon Hon Hai, Wistron and Pegatron are contract manufacturers for Apple iPhones. Apple (37%) and Samsung (22%) together account for nearly 60% of global sales revenue of mobile phones and this scheme is expected to increase their manufacturing base manifold in the country.

Under **Mobile Phone (Domestic Companies) Segment**, Indian companies including Lava, Dixon Technologies, Bhagwati (Micromax), Padget Electronics, Sojo Manufacturing Services and Optimus Electronics have applied under the scheme. These companies are expected to expand their manufacturing operations in a significant manner and grow into national champion companies in mobile phone production. 10 companies have filed applications under the **Specified Electronic Components** Segment which include AT&S, Ascent Circuits, Visicon, Walsin, Sahasra, Vitesco and Neolync.

Over the next 5 years, the Scheme is expected to lead to total production of **about INR 11,50,000 crore (INR 11.5 lakh crore)**. Out of the total production, companies under **Mobile Phone (Invoice Value INR 15,000 and above) segment** have proposed a production of over **INR 9,00,000 crore**, The companies under **Mobile Phone (Domestic Companies)** segment have proposed a production of about **INR 2,00,000 crore** and those under **Specified Electronic Components** segment have proposed a production of over **INR 45,000 crore**.

The scheme is expected to promote exports significantly. Out of the total production of INR **11,50,000 crore** in the next 5 years, more than **60% will be contributed by exports** of the order of **INR 7,00,000 crore**. The scheme will bring additional investment in electronics

manufacturing to the tune of **INR 11,000 crore**.

The scheme will generate approximately **3 lakh direct employment opportunities** in next 5 years along with creation of additional indirect employment of nearly 3 times the direct employment. **Domestic Value Addition** is expected to grow from the current **15-20% to 35-40%** in case of Mobile Phones and **45-50%** for electronic components.

With the demand for electronics in India expected to grow manifold by 2025, Hon'ble Minister expressed confidence that PLI scheme and other initiatives to promote electronics manufacturing will help in making India a competitive destination for electronics manufacturing and give boost to **AtmaNirbhar Bharat**. Creation of domestic champion companies in electronics manufacturing under the Scheme will give fillip to **vocal for local while aiming for global scale**.

Under the leadership Prime Minister Shri Narendra Modi and his visionary initiatives like the "Digital India" and "Make in India" programmes, India has witnessed an unprecedented growth in electronics manufacturing in the last five years. The National Policy on Electronics 2019 envisions positioning India as a global hub for Electronics System Design and Manufacturing (ESDM) by focusing on size and scale, promoting exports and enhancing domestic value addition by creating an enabling environment for the industry to compete globally.

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