

Another initiative under Atmanirbhar Bharat - PLI scheme for Telecom Sector

Telecom manufacturing to get boost with outlay of 12195 Crores over 5 years leading to enhanced production of more than 2.4 Lakh Crores

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Pursuant to the extraordinary incentive of PLI being provided by Government of India in various sectors, the Cabinet today has approved the Production Linked Incentive (PLI) Scheme for Telecom and Networking Products.

This approval comes in wake of very encouraging success of PLI related to Mobile and component manufacturing, which was announced in April 2020 during the height of Covid pandemic. In spite of 31st July 2020 being the last date for applying, it received a resounding response. All major mobile component manufacturers of world are expanding their powerful footprints in India by making investments, starting exports and giving jobs to thousands of Indians.

Today's Cabinet decision addresses another component of **Atmanirbhar Bharat** to make India a global hub of manufacturing telecom equipment including core transmission equipment, 4G/5G Next Generation Radio Access Network and Wireless Equipment, Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices, Other Wireless Equipment and Enterprise equipment like Switches, Routers etc.

1. The scheme was finalized after widespread consultation with stakeholders like manufacturers, industry leaders and associations.
2. The core component of this scheme is to offset the huge import of telecom equipment worth more than Rs. 50 thousand crores and reinforce it with "Made in India" products both for domestic markets and exports.
3. The main features of this scheme are, as following: - The scheme outlay is Rs. 12,195 Crores over five years. The eligibility for the scheme will be subject to achievement of a minimum threshold of cumulative incremental investment and incremental sales of manufactured goods net of taxes. Financial Year 2019-20 shall be treated as the Base Year for computation of cumulative incremental sales of manufactured goods net of taxes. The incentive structure will be as below: -

	Year 1	Year 2	Year 3	Year 4	Year 5
MSME	7%	7%	6%	5%	4%
Others	6%	6%	5%	5%	4%

3. For MSMEs, one percent (1%) higher incentive is proposed in year 1, year 2 and year 3. Minimum Investment threshold for MSME has been kept at Rs. 10 Crores and for others at Rs. 100 Crores. Once qualified, the investor will be incentivized up to 20 times of minimum investment threshold enabling them to utilize their unused capacity. **The Scheme will be operational from 1st April 2021.**
4. This scheme also addresses local manufacturing in MSME category because Government desires MSMEs to play an important role in the telecom sector and come out as national champions.
5. This scheme will lead to incremental production of around 2.4 Lakh Crores with exports of around 2 Lakh Crores over 5 years. It is expected that scheme will bring investment of more than 3,000 crore and generate huge direct and indirect employment and taxes both.

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