

## **Production Linked Incentive Scheme - PLI 2.0 for IT Hardware**

The scheme will provide the financial incentive on net incremental sales of manufactured goods (covered under the Target Segment) over base to boost domestic manufacturing by encouraging capability and capacity building in IT sector and attract large investments in the value chain.

**Target Segment:** (i) Laptops (ii) Tablets (iii) All-in-One PCs (iv) Servers and (v) Ultra Small Form Factor (USFF).

**Budget Outlay:** INR 17,000 Crore

**Scheme Tenure and Base Year:** Six (6) years, starting from 1.07.2023 or 1.04.2024 or 1.04.2025 as opted by the applicants. Financial Year (FY) 2022-23 shall be treated as the base year for computation of net incremental sales of manufactured goods. If an applicant wants to participate w.e.f. 1.04.2024 or w.e.f. 1.04.2025 then FY 2023-24 and FY 2024-25 shall be treated as the base year.

**Quantum of Incentive:** Average incentive of around 5% for localization of items

- Semiconductor components/sub-assemblies such as SSD, Memory module, display panel are also part of localization for higher incentive rate.
- The applicant will localize PCBA and Assembly during the first year and thereon at least one component/sub-assembly need to be added every year on cumulative basis.

**Applicants' category:** There will be three categories of applicants i.e. Global, Hybrid (Global/Domestic) and Domestic.

**PLI 1.0 applicants will be allowed to apply under PLI 2.0:**

- Applicants of Existing PLI can continue in existing PLI
- Old Applicants – Migrate to PLI 2.0 – Start from 2nd / 3rd year (as applicable) in PLI 2.0, Investment in existing scheme will be counted
- Old Applicant – Can participate as new applicant for 6 years, investment made under existing scheme will not be counted.

**Incentive ceiling:** Overall ceiling of ₹4,500 Crore for Global companies, ₹2,250 Crore for Hybrid (Global/Domestic) companies and ₹500 Crore for Domestic companies, the incentive above ceiling for a particular year (as submitted by applicants) is subject to unutilised incentive available. The PLI savings shall be disbursed on pro rata basis.

**Relaxation on investment threshold:** Shortfall in investment by X% for a particular year, an applicant will get X/2 % less PLI, provided shortfall (X%) is not more than 40%.

**Application and selection criteria:** The scheme will tentatively open to receive applications on 01.06.2023 and shall be open for applications for a period of forty-five (45) days initially. Based on the received applications, combined ranking of the applicants shall be maintained based on the revenue (including group of companies) in FY 2022-23 for ESDM/ Target Segment. The number of applicants shortlisted will be subject of availability of budget. Applicants will provide the estimated PLI amount for each year.

**Discipline penalty on shortfall of projection:** The estimated PLI amount provided by applicant for individual year will act as ceiling. To keep projection discipline in the scheme, there is a provision for penalty of 5% from payable PLI amount if actual PLI amount for a year is less by 25%-50% and penalty of 10% if shortfall is more than 50% from the estimated PLI amount given by the applicant at the time of application.

**Year-wise Category-wise Incremental investment and Incremental sales:**

Category	Incremental Investment after 31.03.2023	Incremental Sales of Manufactured Goods over Base Year
<b>Global IT Hardware Companies</b> <b>(i) Laptops (Invoice value of INR 30,000 and above),</b> <b>(ii) Tablets (Invoice value of INR 15,000 and above),</b> <b>(iii) All-in-One PCs</b> <b>(iv) Servers</b> <b>(v) Ultra Small Form Factor (USFF)</b>	INR 500 Crore over 6 Years Cumulative Minimum (Crore): Year 1: INR 50 Crore Year 2: INR 150 Crore Year 3: INR 250 Crore Year 4: INR 350 Crore Year 5: INR 450 Crore Year 6: INR 500 Crore	Year 1: INR 1,000 Crore Year 2: INR 2,500 Crore Year 3: INR 5,000 Crore Year 4: INR 10,000 Crore Year 5: INR 12,000 Crore Year 6: INR 15,000 Crore
<b>Hybrid (Global/Domestic) companies</b> <b>(i) Laptops(Invoice value of INR 30,000 and above)</b> <b>(ii) Tablets(Invoice value of INR 15,000 and above)</b> <b>(iii) All-in-One PCs</b> <b>(iv) Servers</b> <b>(v) Ultra Small Form Factor (USFF)</b>	INR 250 Crore over 6 Years ; Cumulative Minimum (Crore): Year 1: INR 25 Crore Year 2: INR 75 Crore Year 3: INR 125 Crore Year 4: INR 175 Crore Year 5: INR 225 Crore Year 6: INR 250 Crore	Year 1: INR 500 Crore Year 2: INR 1,250 Crore Year 3: INR 2,500 Crore Year 4: INR 5,000 Crore Year 5: INR 6,000 Crore Year 6: INR 7,500 Crore
<b>Domestic Companies</b> <b>(i) Laptops</b> <b>(ii) Tablets</b> <b>(iii) All-in-One PCs</b> <b>(iv) Servers</b> <b>(v) Ultra Small Form Factor (USFF)</b>	Cumulative Minimum (Crore): Year 1: INR 4 Crore Year 2: INR 8 Crore Year 3: INR 12 Crore Year 4: INR 15 Crore Year 5: INR 18 Crore Year 6: INR 20 Crore	Year 1: INR 50 Crore Year 2: INR 100 Crore Year 3: INR 200 Crore Year 4: INR 300 Crore Year 5: INR 400 Crore Year 6: INR 500 Crore

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