

Cabinet approves Electronics Component Manufacturing scheme

28 March 2025

On 28 March 2025, the Union Cabinet approved the Electronics Component Manufacturing scheme - in a push to promote self-reliance in the electronics supply chain by developing a robust electronics component manufacturing ecosystem.

The scheme aims to attract large-scale investments from both domestic and global manufacturers, enhance domestic value addition (DVA), and integrate Indian manufacturers into global value chains (GVCs).

The scheme envisions investments worth INR 59,350 crores, resulting in production worth INR 4,56,500 crore, generating direct employment of 91,600 persons, along with significant indirect employment.

Key features of the scheme

- **Budgetary outlay and tenure:** Incentives worth INR 22,919 crores will be provided over 6 years with a 1-year gestation period.
- **Segment-wise incentives:** The scheme provides differentiated incentives across four major segments based on component type and strategic value, which are as follows:

Type of incentives	Eligible product
Turnover linked incentive	A. Sub-assemblies: <ul style="list-style-type: none"> • Display module sub-assemblies • Camera module sub-assemblies B. Bare components: <ul style="list-style-type: none"> • Non-surface mount devices (non-SMD) passive components • Electro-mechanical components • Multi-layer printed circuit boards (PCBs) • Lithium-ion cells for digital applications (excluding mobility/storage cells) • Enclosures for mobile phones, IT hardware, and related devices
Hybrid incentive	C. Selected bare components: <ul style="list-style-type: none"> • High-density interconnect (HDI), modified semi-additive process (MSAP), flexible PCBs • SMD passive components

Capex incentive	D. Supply chain ecosystem and capital equipment: <ul style="list-style-type: none"> • Parts/components for use in the manufacturing of the above mentioned sub-assemblies and components • Capital goods (machinery and equipment), including their sub-assemblies and components used in electronics manufacturing
------------------------	--

- **Employment-linked incentive component:** A portion of the financial incentive is tied to achieving employment generation targets.

The different incentives under the scheme would enable Indian manufacturers to overcome specific disabilities for various categories of components and sub-assemblies and encourage technological capability acquisition and economies of scale.

This scheme seeks to localise the production of core components, address strategic dependencies, and enhance India’s resilience in global disruptions

Connect with us on

 @Grant-Thornton-Bharat-LLP	 @GrantThorntonBharat	 @Grantthornton_bharat
 @GrantThorntonIN	 @GrantThorntonBharatLLP	 GTBharat@in.gt.com

© 2025 Grant Thornton Bharat LLP. All rights reserved.

“Grant Thornton Bharat” means Grant Thornton Advisory Private Limited, a member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.

