

Ministry of Electronics and Information Technology notifies Production-Linked Incentive (PLI) Scheme 2.0 for IT Hardware

With the objective to provide a financial incentive to boost domestic manufacturing and attract large investments in the value chain, the Union Cabinet, chaired by Prime Minister Shri Narendra Modi, had given approval to introduce the Production-Linked Incentive (PLI) Scheme 2.0 for IT Hardware for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat – on 17 May 2023.

Pursuant to the above, the Ministry of Electronics and Information Technology notified the PLI Scheme 2.0 for IT Hardware on 29 May 2023. The window of applications under the PLI Scheme 2.0 for IT Hardware will open from **1 June 2023**.

Key features of the scheme:

Target segment: The target segment under the PLI 2.0 Scheme shall include:

Laptops	Tablets
All-in-one PCs Servers	Ultra-Small Form Factor (USFF)

Eligibility:

- The eligibility of applicants under hybrid (global/domestic) category shall be decided based on the type of company, i.e., domestic or global. A combined ranking of the applicants shall be maintained based on the eligibility criteria laid down in the scheme guidelines. Thereafter, the selection of applicants under each category, i.e., global, hybrid and domestic shall be done on the basis of ranking of the applicants and their overall PLI projection, subject to the availability of budget.
- The applicants of the existing PLI Scheme, who have not claimed any incentive, will be allowed to participate in the PLI 2.0 Scheme as new entrants, provided they are selected.

Tenure:

- Support under the PLI 2.0 Scheme shall be provided for a period of six years starting from **1 July 2023**.
- The scheme shall be open for applications for a period of 45 days initially, which may be extended.
- For applications received post the initial application period, the applicants shall be eligible for incentives only for the remainder of the scheme's tenure, which will end on **31 March 2031**.

Base year:

The financial year 2022-23 shall be treated as the base year for computation of net incremental sales of manufactured goods.

Quantum of incentive:

- The scheme shall extend an average incentive of around 5% for localisation of items given in Annexure-B, such as laptop / tablets/ AIOs, server/USFF, PCBA, display panels, power adapter, battery cabinets/chassis/enclosures.
- The incentives shall be applicable from 1 July 2023 or 1 April 2024 or 1 April 2025 for 6 years depending upon the applicants' choice to commit incremental

investment and incremental sales under the PLI 2.0 Scheme.

- For the first year of the incentive, eligible sales will be considered for 9 months starting from 1 July 2023 for which the incentive is being claimed. The baseline sales will be considered for the corresponding period of FY 2022-23. In case the applicants choose to start manufacturing from 1 April 2024 / 1 April 2025, the baseline sales will be computed accordingly.
- The incentive per company shall be applicable on net incremental sales of manufactured goods (covered under the target segment) over the base year, subject to a ceiling of INR 4,500 crore for global companies, INR 2,250 crore for hybrid (global/domestic) companies and INR 500 crore for domestic companies.
- There will be a provision for penalty of 5% from the payable PLI amount if the actual PLI amount for a year is less by 25%-50% and a penalty of 10% if the shortfall is more than 50% from the estimated PLI amount given by the applicant at the time of application.