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IT hardware PLI 2.0: Centre approves revised PLI scheme with Rs 17,000 cr outlay

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By: [ENS Economic Bureau](#)

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Union Minister of Electronics and IT Ashwini Vaishnaw said that the renewed scheme could attract big global IT hardware manufacturers to shift their production base to India and give a boost to local production of laptops, servers and personal computers among others. File

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The Union Cabinet Wednesday cleared a revised production linked incentive (PLI) scheme for IT hardware with an outlay of Rs 17,000 crore, more than doubling the budget for the scheme that was first cleared in 2021. The scheme will be implemented from July 1, with a cap on maximum incentives available to participating companies.

The first version of the scheme was a laggard with only two companies – Dell and Bhagwati – managing to meet first year's (FY22) targets, and the industry calling for a renewed scheme with an increased budgetary outlay.

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Union Minister of Electronics and IT [Ashwini Vaishnaw](#) said that the renewed scheme could attract big global IT hardware manufacturers to shift their production base to India and give a boost to local production of laptops, servers and personal computers among others.

The tenure of the new scheme has been fixed for six years and the Centre is expecting an investment of over Rs 2,430 crore as part of it. The expected incremental production value could touch Rs 3.35 lakh crore, and the scheme could generate 75,000 direct jobs – in total, the employment figure could touch 2 lakh when accounted for indirect jobs. Investments made by eligible companies in contract manufacturers and for attaining exclusive arrangements with component manufacturers will also be considered under the scheme.

It is worth noting that under the previous PLI scheme, the expected investment was pegged at Rs 2,500 crore – under the renewed plan, that projection has been reduced (to Rs 2,430 crore) despite sweetening the incentive structure. “These are tentative projected investment figures, things depend a lot on the environment. In the telecom PLI for instance, expected investment was around Rs 900 crore, but the actual investment was Rs 1,600 crore,” Vaishnaw said.

The average incentive over six years will be about 5 per cent compared with the 2 per cent over four years offered earlier. Companies that locally manufacture certain components including memory modules, solid state drives and display panels will also get additional incentives under the restructured scheme. There will be flexibility in choosing the base year as well.

While the final policy with its specifics is yet to be released, it is understood that for global companies, the maximum incentive has been capped at Rs 4,500 crore, Rs 2,250 crore for hybrid – which have an element of both global and domestic entities – and Rs 500 crore for domestic companies.

“Today’s Cabinet approval of IT hardware PLI 2.0 is focussed on expanding India’s production and presence in Global value chains of IT hardware, servers and laptops. By deepening & broadening the electronics ecosystem in India, this scheme will play a key role in catalysing India’s Techade and in achieving the \$1 trillion digital economy goal – including \$300 billion of electronics manufacturing by 2025-

26,” Minister of State for Electronics and IT Rajeev Chandrasekhar said in a statement.

The PLI for IT hardware such as laptops, tablets, all-in-one computers, and servers was first announced in February 2021 with an initial outlay of around Rs 7,300 crore over a period of four years. Under the scheme, domestic players investing Rs 20 crore and clocking sales of Rs 50 crore in the first year, Rs 100 crore in the second, Rs 200 crore in the third, and Rs 300 crore in the final year, would pocket incentives of 1-4 per cent on incremental sales over 2019-20, the base financial year. The Manufacturers’ Association For Information Technology (MAIT), the industry body that represents companies like Apple, Dell, HP and Lenovo, that had earlier called for increasing incentives offered under the scheme, along with other industry associations have welcomed the fresh changes.

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“The IT hardware industry is targeted to reach a production of \$24 billion by 2025-26, with exports anticipated to be in the range of \$12-17 billion during the same period. This revised PLI is expected to serve as a major catalyst for both global and domestic companies aiming to establish or expand their IT hardware manufacturing operations in India,” said Pankaj Mohindroo, chairman of the India Cellular and Electronics Association (ICEA).

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