



PLI Scheme for Telecom Sector

Why in News

The Union Cabinet has approved the [Production-Linked Incentive \(PLI\)](#) scheme for the telecom sector with an outlay of **Rs. 12,195 crores over five years.**

MAKE-IN-INDIA PUSH

What's the scheme: It will offer gear makers annual cash incentives of 4-7% on any increase in sales of locally made equipment over the next five years, compared with 2019-20 levels

Objective: To make India an electronics production hub, create jobs and cut imports, especially from China

Expected benefit: Offsetting import of telecom equipment worth more than ₹50,000 crore

Incremental production: ₹2.4 trillion worth of equipment in 5 years



Key Points

▪ About the PLI Scheme:

- In order to **boost domestic manufacturing** and **cut down on import bills**, the central government in **March 2020** introduced a scheme that aims to give companies incentives on incremental sales from **products manufactured in domestic units.**
- Apart from **inviting foreign companies to set shop in India**, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.
- The Scheme has been approved for many sectors including **electronic products, IT hardware, pharmaceuticals, automobiles and components, etc.**

▪ PLI Scheme for Telecom Sector :

◦ About:

- This Scheme is **for domestic manufacturing of telecom and networking products** such as switches, routers, 4G/5G radio access network, wireless equipment and other internet of things (IoT) access devices.
- It will be **operational from 1st April, 2021**.

◦ Eligibility for the Scheme:

- It is subject to **achieving a minimum threshold of cumulative incremental investment and incremental sales** of manufactured goods.
- The **cumulative investment can be made at one go**, subject to annual cumulative threshold as prescribed for four years being met.
- **2019-20 will be treated as the base year** for computation of cumulative incremental sales of manufactured goods net of taxes.

◦ Incentives:

- An investor who qualifies for the scheme **will be incentivised up to 20 times the minimum investment threshold**, enabling them to utilise their unused capacity.

◦ Higher Incentives for MSMEs:

- For Micro, Small and Medium Enterprises (MSMEs), the **minimum investment threshold has been kept at Rs. 10 crore**, while **for others it is Rs. 100 crore**.
- For MSMEs, a **1% higher incentive** is also proposed in the **first three years**.

▪ Significance :

- The scheme is expected to lead to **an incremental production of about Rs. 2.4 lakh crore**, with **exports of about Rs. 2 lakh crore** over five years and bring in **investments of more than Rs. 3,000 crore**.
- Scheme is also likely to **generate 40,000 direct and indirect employment opportunities** and **generate tax revenue of Rs. 17,000 crore** from telecom equipment manufacturing.
- Through this scheme, India will move towards self-reliance. Currently, **India imports over 80%** of its telecom and wireless networking equipment.

[Source: IE](#)

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