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Schemes for Electronic Manufacturing

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Why in News

- Recently, the government notified **three schemes** involving total incentives of around **Rs 48,000 crore** for electronics manufacturing,
 - The Production Linked Incentive Scheme (PLI) for large scale electronics manufacturing.
 - The scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS).
 - The modified **Electronics Manufacturing Clusters (EMC 2.0) Scheme**.
- The schemes are expected to
 - Attract Rs 1 lakh crore investment in the sector.
 - Boost local electronics manufacturing and generate manufacturing revenue potential of Rs 10 lakh crore by 2025.
 - Create 20 lakh direct and indirect jobs by 2025.

Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing

- The scheme proposes a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including **electronic components and semiconductor packaging**.
- Under the scheme, electronic manufacturing companies will get an **incentive of 4 to 6% on incremental sales (over base year) of goods manufactured in India** and covered under target segments, to **eligible companies over a period of next 5 years**.
- The scheme shall only be applicable for target segments namely mobile phones and specified electronic components.

- The government estimates that with the PLI scheme, domestic value addition for mobile phones is expected to rise to 35-40% by 2025 from the current level of 20-25% and generate additional 8 lakh jobs, both direct and indirect.

The production of mobile phones in the country has surged eight-times in the last four years from around Rs 18,900 crore in 2014-15 to Rs 1.7 lakh crore in 2018-19 .

Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors

- Under the scheme, **a financial incentive of 25% of capital expenditure** has been approved by the Union Cabinet for the **manufacturing of goods that constitute the supply chain of an electronic product.**
- The SPECS notified for manufacturing of electronics components and semiconductors has a budget outlay of Rs 3,285 crore spread over a period of eight years.
- The government estimates that push for manufacturing of electronics components and electronic chips will create around **6 lakh direct and indirect jobs.**

Modified Electronics Manufacturing Clusters Scheme

- The EMC 2.0 has a total incentive outlay of Rs 3,762.25 crore spread over a period of 8 years with an objective to create 10 lakh direct and indirect jobs under the scheme.
- The EMC 2.0 scheme will provide **financial assistance up to 50% of the project cost** subject to a ceiling of Rs 70 crore per 100 acres of land for setting up of Electronics Manufacturing Cluster projects.
- Electronic manufacturing clusters to be set up under the scheme will be spread in an **area of 200 acres across India and 100 acres in North East part of the country.**

Source: BS