



Expansion of Production-Linked Incentive Scheme

Why in News

The government will extend the [production-linked incentive \(PLI\) scheme](#) to eight more sectors to boost domestic manufacturing.

Key Points

- PLI Scheme is an **outcome- and output-oriented scheme** where incentives will be paid only if the manufacturers make the goods.
- This scheme will give **cash incentives for five to seven years** and all the **sunrise and important sectors** are proposed to be covered in this.
 - The sectors **may be** automobile, networking products, food processing, advanced chemistry and solar PV manufacturing.
- **Need:**
 - Sunrise sectors are promising sectors but they may need support in the initial stage.
 - Export base can be developed in sectors under PLI scheme.
 - There is a growing demand in the world for diversification in supply chains and India can become a major player.
- With the view to make India a manufacturing hub, the government **launched the [PLI scheme for mobile phones](#)** (electronic manufacturing) and it was **[extended to pharma products and medical equipment sectors](#)**.

PLI Scheme 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, electronics manufacturing companies will get an **incentive of 4 to 6% on incremental sales (over base year) of goods manufactured in India** for 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.

[Source: TH](#)

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