

MINISTRY OF COMMUNICATIONS**(Department of Telecommunications)****NOTIFICATION**

New Delhi, the 24th February, 2021

SUBJECT: PRODUCTION LINKED INCENTIVE (PLI) SCHEME TO PROMOTE TELECOM AND NETWORKING PRODUCTS MANUFACTURING IN INDIA**F. No. 13-01/2020-IC.—1. Background**

The Telecommunication sector has a pivotal role in facilitating the growth of economy. Telecom is key infrastructure and a key enabler of digital connectivity and Digital India. In the above context, it is necessary and desirable to incentivise manufacturing of Telecom Products in India.

2. Objectives

The Production Linked Incentive (PLI) Scheme will promote Telecom and Networking Products manufacturing in India. Accordingly, a financial incentive is proposed to boost domestic manufacturing and attract investments in the target segments of telecom and networking products in order to encourage “Make in India”. The Scheme is also expected to boost export of telecom and networking products “Made in India”.

3. Target Segments

Support under the Scheme will be provided to companies/entities engaged in manufacturing of specified telecom and networking products in India as listed in **Annexure-1**.

4. Eligibility

- 4.1 Eligibility will be subject to achievement of a minimum threshold of cumulative incremental investment over a period of four years and incremental sales of manufactured goods net of taxes (as distinct from traded goods) over the Base Year. The cumulative investment can be made at one go, subject to annual cumulative threshold as prescribed for four years being met. An applicant is expected to meet all the minimum threshold conditions to be eligible for disbursement of incentive. The Company/entity may invest in single or multiple eligible products to meet minimum incremental investment and sales threshold. The Scheme will also include contract manufacturers as defined in the FDI Policy Circular of 2017.
- 4.2 There will be a minimum investment threshold of ₹ 10 Crores for MSME and ₹ 100 Crores for others. Land and building cost will not be counted as investment.
- 4.3 Any beneficiary under this PLI Scheme will not be eligible to take benefit for the same products under any other PLI Scheme of Central Government. However, eligibility under PLI Scheme will not affect eligibility under any other Scheme being implemented by State/UT Governments and vice-versa.
- 4.4 Total number of beneficiaries will be limited owing to the fixed ceiling of the budgetary outlay. The beneficiaries will be decided through a transparent mechanism, to be finalized by the Competent Authority as per the Scheme Guidelines. Each beneficiary will have to meet the minimum incremental net sales criteria over the Base Year, as per **column C** of the table given in **Annexure-2**, to become eligible for the incentive. The amount of incentive given to each beneficiary will also be capped with a ceiling as per **column D** of the table or as decided by the Empowered Group of Secretaries (EGoS).

5. Base Year

Financial Year 2019-20 shall be treated as the Base Year for computation of cumulative incremental sales of manufactured goods net of taxes (as distinct from traded goods). Baseline information pertaining to production of beneficiary manufacturers will be captured to deduce and verify the cumulative incremental production over the base year.

6. Tenure of the Scheme

The scheme will be effective from 1st April, 2021. The investment will be permitted to be made in four years, subject to qualifying incremental annual thresholds, the support under the Scheme shall be provided for a period of five (5) years.

7. Review and Monitoring

Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary will monitor the PLI Scheme, undertake periodic review of the outgo under the Scheme, and take appropriate action to ensure that the expenditure is within the prescribed outlay. The Department of Telecommunications will finalize and notify the Scheme Guidelines. EGoS, within, the contours of Cabinet approval, can carry out any amendments in the Scheme Guidelines to ensure successful implementation on ground. Selection of the applicants to the Scheme will be done by the Department of Telecommunications.

8. Incentive Outlay

The PLI Scheme will be implemented within the overall financial limits of ₹ 12,195 Crores only (Rupees Twelve Thousand One Hundred and Ninety-Five Crore only) for implementation of the Scheme over a period of 5 years.

9. Applicable Incentives

The applicable incentive percentage for MSMEs will be 7% for Year 1 & Year 2, 6% for Year 3, 5% for Year 4 and 4% for year 5 on eligible sales over the base year. For category other than MSME, the applicable incentive percentage will be 6% for Year 1 & 2, 5% for Year 3 & 4 and 4% for year 5 on eligible sales over the base year. The incentive will be given subject to annual investment targets having been met.

10. Incentive per Company

The incentive per company will be applicable on sales of manufactured finished goods net of taxes, discounts, commissions etc. (as distinct from traded goods) subject to ceilings as indicated in the table at para 4.4 above (or as decided by the EGoS from time to time) and the company meeting the cumulative investment criteria as well. Total possible incentive for each applicant will be capped based on total investment committed at the time of application. This will be informed to the applicant at approval stage.

RAJESH KUMAR PATHAK, Dy. Director General (IC)

Annexure-1

List of Specified Telecom and Networking Products

S. No.	Description of Goods
1	Core Transmission Equipment
	Dense Wavelength Division Multiplexing (DWDM), Optical Transport Network (OTN), Multi Service Provisioning Platform (MSPP), Synchronous Digital Hierarchy (SDH), Packet Transport Network (PTN)/ Multi-Protocol Label Switching (MPLS), Gigabit Passive Optical Networks (GPON)/ Next Generation- Passive Optical Network (NG-PON) Optical Line Terminal (OLT), Digital Microwave Radio
2	4G/5G, Next Generation Radio Access Network and Wireless Equipment
	4G/ Long Term Evolution (LTE)Radio Access Network (RAN) Base Station & Core Equipment; 5G RAN Base Station & Core Equipment; Edge and Enterprise Equipment; Wireless Telecommunication Equipment in Access and Backhaul
3	Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment
	Unified Communications Platforms, IP Multimedia Subsystem, Soft Switch, GPON Optical Network Terminal (ONT), Wireless Fidelity (Wi-Fi) Access Point and Controller, LTE CPE, 5G CPE, Short Range Devices and Associated Electronics in new technologies like 4G/5G/Fibre To The Home (FTTH) etc.

S. No.	Description of Goods
4	Enterprise equipment: Switches, Routers
	Switches, Routers, Internet protocol (IP) and Packet Switching and Routing Apparatus
5	Any Other Product- As decided by the EGoS

Annexure-2

Eligibility Threshold Criteria for Telecom and Networking Products

Year	Proposed Incentive Rate on incremental sales	Cumulative Investment (other than land and building)	Minimum Incremental Sales of Manufactured Goods Net of Taxes over the Base Year	Maximum Eligible Sales of Manufactured Goods Net of Taxes over the Base year
	(A)	(B)	(C)	(D)
MSMEs- Minimum Threshold of Investment ₹ 10 Crores				
1	7%	Greater than or equal to 20% of X	3*(20% of X)	20*(20% of X)
2	7%	Greater than or equal to 40% of X	3*(40% of X)	20*(40% of X)
3	6%	Greater than or equal to 70% of X	3*(70% of X)	20*(70% of X)
4	5%	Greater than or equal to X	3*X	20*X
5	4%		3*X	20*X
Other than MSMEs- Minimum Threshold of Investment ₹ 100 Crores				
1	6%	Greater than or equal to 20% of X	3*(20% of X)	20*(20% of X)
2	6%	Greater than or equal to 40% of X	3*(40% of X)	20*(40% of X)
3	5%	Greater than or equal to 70% of X	3*(70% of X)	20*(70% of X)
4	5%	Greater than or equal to X	3*X	20*X
5	4%		3*X	20*X
Where X = Committed Total Investment by the Company / entity over a period of four years starting from year 2021-22 (minimum ₹ 10 Crores for MSMEs and ₹ 100 Crores for others)				
MSMEs = Micro, Small and Medium Enterprises as defined by the Government of India.				