

June 2021



## PLI Scheme- Telecom

The Department of telecommunication has introduced the Production Linked Incentive (PLI) scheme (Scheme) effective from 1 April 2021, is inviting applications until 3 July 2021, with the aim to promote the telecom and networking products manufacturing in India. The Scheme targets to offset import of telecom and networking equipment by incentivizing the domestic manufacturing in the specified segments of telecom and networking products. Parallely, the scheme also focuses on giving an impetus to the export of specified telecom and networking products. The INR 12,195 crore Scheme will be implemented over a period of 5 years. For MSME category, financial allocation will be INR 1000 crores.

## Details of the scheme

- Incentivize the identified manufacturers of only specified telecom and networking products in India e.g. Core Transmission Equipment, 4G/5G, Next Generation Radio Access Network and Wireless Equipment, Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment
- Eligible entities will be subject to achievement of a minimum threshold of cumulative incremental investment over a period of 4 years and incremental sales of manufactured goods net of taxes (as distinct from traded goods) over the base year i.e., 2019-20
- Eligible entities to have the following global manufacturing revenue

Company	Global manufacturing revenue in the base year
Global Companies	< INR 10,000 crore
Domestic Companies	< INR 250 crores
MSMEs	<INR 10 crores

- Entities may invest in single or multiple eligible products to meet minimum incremental investment and sales threshold
- Minimum investment threshold of INR 10 Crores for MSME and INR 100 Crores for others prescribed. The Scheme will not take into account cost of land and building.
- The Scheme will also not take into account cost of raw materials and consumables
- Plant and machinery must either must be owned or leased (financial lease) in the name of the applicant
- Used and refurbished machinery may be allowed to be used. However, value of such machinery will be taken to be the lower depreciated value as per the scale of depreciation fixed by customs

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- Expenditure incurred on R&D shall not exceed 15% of the total committed investment
- The eligible investment for the scheme will be investment made in India from 1 April 2021 to FY 2024-25 only.
- The incentive will be as follows which will be given subject to annual investment targets having been met.

Year	MSMEs	Other than MSMEs
Year 1	7%	6%
Year 2	7%	6%
Year 3	6%	5%
Year 4	5%	5%
Year 5	4%	4%

- The scheme will provide for a cap on the total number of beneficiaries, who will be selected as per the mechanism provided therein.
- 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 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.
- 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 the Scheme will not affect eligibility under any other Scheme being implemented by State/UT Governments and vice-versa.

## How we can help

The team has extensive experience in liaising with the Government, both Central and State, to successfully avail the package of incentives. Our assistance in this regard will more specifically include:

- Analyse whether the entity is eligible to avail the benefit of the Scheme
- Work out on an estimate basis the total incentive eligibility of the entity
- Preparation and filing of the application for approaching the Government to be considered for this Scheme
- Liaising with the Government
- Review year on year performance and disbursement of the incentives

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Please feel free to address any further questions or request for advice to:

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