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संचार मंत्रालय

(दूरसंचार विभाग)

अधिसूचना

नई दिल्ली, 24 फरवरी, 2021

विषय : भारत में दूरसंचार और नेटवर्किंग उत्पादों के विनिर्माण को बढ़ावा देने के लिए उत्पादन आधारित प्रोत्साहन (पीएलआई) योजना।

फा. सं. 13-01/2020-आईसी.—1. पृष्ठभूमि

दूरसंचार क्षेत्र की अर्थव्यवस्था के विकास को सुविधाजनक बनाने में अत्यधिक महत्वपूर्ण भूमिका है। दूरसंचार डिजिटल कनेक्टिविटी और डिजिटल इंडिया के लिए एक प्रमुख अवसररचना और प्रमुख एनेबलर है। उपर्युक्त संदर्भ में भारत में दूरसंचार उत्पादों के विनिर्माण के लिए प्रोत्साहन देना वांछनीय और आवश्यक भी है।

2. उद्देश्य

उत्पादन आधारित प्रोत्साहन (पीएलआई) योजना भारत में दूरसंचार एवं नेटवर्किंग उत्पाद विनिर्माण को प्रोत्साहित करेगी। तदनुसार, दूरसंचार और नेटवर्किंग उत्पादों के लक्षित खण्डों में घरेलू विनिर्माण को प्रोत्साहित करने तथा निवेश को आकर्षित करने के लिए वित्तीय प्रोत्साहन देने का प्रस्ताव है ताकि "मेक इन इंडिया" को प्रोत्साहित किया जा सके। इसके

साथ-साथ इस योजना से यह भी आशा की जाती है कि यह दूरसंचार और नेटवर्किंग उत्पादों के निर्यात में “मेक इन इंडिया” को भी बढ़ावा देगी।

3. लक्षित खंड

इस योजना के तहत भारत में विनिर्दिष्ट दूरसंचार और नेटवर्किंग उत्पादों का विनिर्माण करने वाली कंपनियों/संस्थाओं को सहायता प्रदान की जाएगी जिसका ब्योरा अनुबंध -1 पर दिया गया है।

4. पात्रता

- 4.1 पात्रता चार वर्षों की अवधि के लिए संचयी इंक्रीमेंटल निवेश की न्यूनतम सीमा प्राप्त करने तथा आधार वर्ष से अतिरिक्त विनिर्मित वस्तुओं की इंक्रीमेंटल बिक्री के निवल करों (ट्रेडिड वस्तुओं से इतर) के अधीन होगी। चार वर्षों हेतु यथानिर्धारित वार्षिक संचयी सीमा को पूरा करने की शर्त के अधीन संचयी निवेश एकमुश्त किया जा सकता है। प्रोत्साहन के वितरण हेतु पात्र होने के लिए आवेदक से शर्तों की सभी न्यूनतम सीमा को पूरा करने की आशा की जाती है। कोई कंपनी/संस्था न्यूनतम इंक्रीमेंटल निवेश तथा बिक्री की सीमा पूरी करने के लिए एक अथवा एक से अधिक पात्र उत्पाद को बनाने में निवेश कर सकती है। इस योजना में वर्ष 2017 के एफडीआई नीति परिपत्र में यथापरिभाषित संविदा आधारित विनिर्माता भी शामिल हैं।
- 4.2 एमएसएमई के लिए ₹ 10 करोड़ तथा अन्य के लिए ₹ 100 करोड़ की न्यूनतम निवेश सीमा होगी। भूमि और भवन की लागत को निवेश में नहीं माना जाएगा।
- 4.3 इस पीएलआई योजना के तहत कोई भी लाभार्थी केंद्र सरकार की किसी भी अन्य पीएलआई योजना के तहत समान उत्पादों के लिए लाभ लेने का पात्र नहीं होगा। हांलाकि, उत्पादन आधारित योजना के तहत पात्रता से राज्य/संघ राज्य क्षेत्र की सरकारों अथवा इसके विपरीत कियान्वित की जा रही दूसरी किसी योजना के तहत पात्रता प्रभावित नहीं होगी।
- 4.4 चूँकि बजटीय परिव्यय की सीमा निर्धारित है, अतः लाभार्थियों की कुल संख्या सीमित होगी तथा यह पारदर्शी तंत्र द्वारा निर्धारित की जाएगी तथा विभाग द्वारा यह कार्य योजना के दिशा-निर्देशों में शामिल किया जाएगा। प्रत्येक लाभार्थी को इस प्रोत्साहन हेतु पात्र बनने के लिए अनुबंध-2 में दिए गए कॉलम ग के अनुसार आधार वर्ष से न्यूनतम इंक्रीमेंटल निवल बिक्री के मानदण्ड को पूरा करना होगा। प्रत्येक लाभार्थी को दी जाने वाली प्रोत्साहन राशि भी कॉलम घ के अनुसार अथवा अधिकार-प्राप्त सचिव समूह (ईजीओएस) द्वारा यथा-निर्धारित सीमा तक सीमित होगी।

5. आधार वर्ष

वित्त वर्ष 2019-20 को विनिर्मित वस्तु की संचयी इंक्रीमेंटल बिक्री के निवल करों (ट्रेडिड वस्तुओं से इतर) की गणना के लिए आधार वर्ष माना जाएगा। लाभार्थी विनिर्माताओं के उत्पादन से संबंधित आधारभूत सूचना को आधार वर्ष से संचयी इंक्रीमेंटल उत्पादन का परिमाण निकालने तथा सत्यापित करने के लिए दर्ज किया जाएगा।

6. योजना की अवधि

यह योजना दिनांक 01 अप्रैल, 2021 से प्रभावी होगी। निवेश को वार्षिक अर्हक इंक्रीमेंटल सीमा को पूरा करने की शर्त के अधीन चार साल में किए जाने की अनुमति होगी तथापि, योजना के तहत सहायता पांच (5) वर्ष की अवधि के लिए प्रदान की जाएगी।

7. समीक्षा और निगरानी

यह सुनिश्चित करने के लिए कि संबंधित व्यय यथानिर्धारित परिव्यय की सीमा में है, मंत्रिमंडल सचिव की अध्यक्षता में गठित अधिकार-प्राप्त सचिव समूह (ईजीओएस) पीएलआई योजना की निगरानी करेगा, इस योजना के तहत कार्यकलापों की आवधिक समीक्षा करेगा और यथा-उपयुक्त कार्रवाई करेगा। दूरसंचार विभाग इस योजना के दिशानिर्देशों को अंतिम

रूप देगा तथा इसकी अधिसूचना जारी करेगा। अधिकार-प्राप्त सचिव समूह, मंत्रिमंडल के अनुमोदन की सीमा में रहते हुए, वास्तविक रूप से इस योजना के सफल कार्यान्वयन को सुनिश्चित करने के लिए इसके दिशा-निर्देशों में अपेक्षित संशोधन कर सकता है। इस योजना के लिए आवेदकों का चयन दूरसंचार विभाग द्वारा किया जाएगा।

8. प्रोत्साहन परिव्यय

पीएलआई योजना को पांच वर्षों की अवधि में योजना के कार्यान्वयन के लिए ₹ 12,195 (केवल बारह हजार एक सौ पंचानवे करोड़ रुपये) करोड़ मात्र की संपूर्ण वित्तीय सीमा के भीतर कार्यान्वित किया जाएगा।

9. लागू प्रोत्साहन

एमएसएमई के लिए लागू प्रोत्साहन प्रतिशत आधार वर्ष से पात्र बिक्री पर पहले एवं दूसरे वर्ष के लिए 7%, तीसरे वर्ष के लिए 6%, चौथे वर्ष के लिए 5% तथा पांचवें वर्ष के लिए 4% है। एमएसएमई से इतर श्रेणी के लिए आधार वर्ष से पात्र बिक्री पर पहले एवं दूसरे वर्ष के लिए 6%, तीसरे और चौथे वर्ष के लिए 5% तथा पांचवें वर्ष के लिए 4% है। यह प्रोत्साहन वार्षिक निवेश लक्ष्यों को पूरा किए जाने की शर्त के अधीन दिया जाएगा।

10. प्रति कंपनी प्रोत्साहन

प्रति कंपनी प्रोत्साहन विनिर्मित तैयार वस्तुओं के निवल बिक्री करों, छूट, कमीशन आदि (बेची गई वस्तुओं से इतर) के आधार पर उपर्युक्त पैरा 4.4 (अथवा अधिकार-प्राप्त सचिव समूह द्वारा लिए गए निर्णय के अनुसार) में दी गई सारणी में दर्शाई सीमा के अनुसार अथवा उच्च स्तरीय समिति द्वारा लिए गए निर्णय तथा कंपनी द्वारा संचयी निवेश मापदंड को पूरा करने के आधार पर होगा। प्रत्येक आवेदक के लिए इस प्रकार का कुल संभावित प्रोत्साहन आवेदन के समय कुल प्रतिबद्ध निवेश के आधार पर निर्धारित होगा। इसे आवेदक को अनुमोदन स्तर पर सूचित किया जाएगा।

राजेश कुमार पाठक, उप महानिदेशक (आईसी)

अनुबंध-1

निर्धारित दूरसंचार और नेटवर्किंग उत्पादों की सूची

क्र.सं.	वस्तुओं का ब्यौरा
1	कोर ट्रांसमिशन उपकरण
	डेन्स वेबलेंथ डिविजन मल्टी-प्लेक्सिंग (डीडब्ल्यूडीएम), ऑप्टिकल ट्रांसपोर्ट नेटवर्क (ओटीएन), मल्टी सर्विस प्रोविजनिंग प्लेटफार्म (एमएसपीपी), सिन्क्रोनस डिजिटल हायरार्की (एसडीएच), पैकेट ट्रांसपोर्ट नेटवर्क (पीटीएन) /मल्टी-प्रोटोकॉल लेबल स्विचिंग (एमपीएलएस), गीगाबीट पैसिव ऑप्टिकल नेटवर्क (जीपीओएन) /नेक्सट जेनेरेशन-पैसिव ऑप्टिकल नेटवर्क (एनजी-पीओएन) ऑप्टिकल लाइन टर्मिनल (ओएलटी), डिजिटल माइक्रोवेव रेडियो
2	4जी/5जी, नेक्सट जेनेरेशन रेडियो एक्सेस नेटवर्क और वायरलेस इक्विपमेंट
	4जी/लांग टर्म इवोल्यूशन (एलटीई) रेडियो एक्सेस नेटवर्क (आरएएन), बेस स्टेशन एवं कोर इक्विपमेंट; 5जी आरएएन बेस स्टेशन एवं कोर इक्विपमेंट; एज एंड इंटरप्राइज इक्विपमेंट; वायरलेस टेलीकम्यूनिकेशन्स इक्विपमेंट इन एक्सेस एंड बैकहॉल
3	एक्सेस एंड कस्टमर परिमाइसेज इक्विपमेंट (सीपीई), इंटरनेट ऑफ थिंग्स (आईओटी) एक्सेस डिवाइसेज और अन्य वायरलेस इक्विपमेंट
	यूनिफाइड कम्यूनिकेशन्स प्लेटफॉर्मस, आईपी मल्टीमीडिया सबसिस्टम, सॉफ्ट स्विच, जीपीओएन ऑप्टिकल नेटवर्क टर्मिनल (ओएनटी), वायरलेस फीडेलिटी (वाई-फाई) एक्सेस प्वाइंट एंड कन्ट्रोलर, एलटीई सीपीई, 5जी सीपीई, शॉर्ट रेंज डिवाइसेज और 4जी/5जी/फाइबर टू द होम (एफटीटीएच) इत्यादि जैसे नए प्रौद्योगिकियों से संबंधित इलेक्ट्रॉनिक्स
4	इंटरप्राइज इक्विपमेंट: स्विचेज, राउटर्स
	स्विचेस, राउटर्स, इंटरनेट प्रोटोकॉल (आईपी) और पैकेट स्विचिंग और राउटिंग ऐपरेटस
5	कोई अन्य उत्पाद – अधिकार-प्राप्त सचिव समूह द्वारा लिए गए निर्णय के अनुसार।

अनुबंध-2

दूरसंचार और नेटवर्किंग उत्पादों के लिए पात्रता सीमा मानदण्ड

वर्ष	इंफ्रीमेंटल बिक्री पर प्रस्तावित प्रोत्साहन दर	संचयी इंफ्रीमेंटल निवेश (भूमि और भवन को छोड़ कर)	आधार वर्ष से न्यूनतम इंफ्रीमेंटल बिक्री (करोड़ों को छोड़कर)	आधार वर्ष से अधिकतम बिक्री (करोड़ों को छोड़कर)
	(क)	(ख)	(ग)	(घ)
एमएसएमई- न्यूनतम निवेश सीमा - ₹ 10 करोड़				
1	7%	X का 20% के बराबर अथवा उससे अधिक	3*(X का 20%)	20*(X का 20%)
2	7%	X का 40% के बराबर अथवा उससे अधिक	3*(X का 40%)	20*(X का 40%)
3	6%	X का 70% के बराबर अथवा उससे अधिक	3*(X का 70%)	20*(X का 70%)
4	5%	X के बराबर अथवा उससे अधिक	3*X	20*X
5	4%		3*X	20*X
एमएसएमई से इतर- न्यूनतम निवेश सीमा – ₹ 100 करोड़				
1	6%	X का 20% के बराबर अथवा उससे अधिक	3*(X का 20%)	20*(X का 20%)
2	6%	X का 40% के बराबर अथवा उससे अधिक	3*(X का 40%)	20*(X का 40%)
3	5%	X का 70% के बराबर अथवा उससे अधिक	3*(X का 70%)	20*(X का 70%)
4	5%	X के बराबर अथवा उससे अधिक	3*X	20*X
5	4%		3*X	20*X
जहां X = वर्ष 2021-22 से प्रारंभ होकर 4 वर्षों में किसी कंपनी/संस्था द्वारा प्रतिवर्ष कुल निवेश (एमएसएमई के लिए ₹ 10 करोड़ तथा अन्य के लिए ₹ 100 करोड़ की न्यूनतम निवेश सीमा)				
एमएसएमई= सूक्ष्म, लघु तथा मध्यम उद्यम जैसा कि भारत सरकार यथा- परिभाषित				

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.				

File No. 13-01/2020-IC
Government of India
Ministry of Communications
Department of Telecommunications
International Cooperation Unit

Dated: 20th June 2022

OFFICE MEMORANDUM

Subject: Amendments in Guidelines for Production Linked Incentive (PLI) Scheme for Promoting Telecom & Networking Products Manufacturing in India

Reference: Guidelines for PLI Scheme for Promoting Telecom & Networking Products Manufacturing in India dated 3rd June 2021 and amendments dated 18th June 2021

1. Department of Telecommunications has notified PLI Scheme for manufacturing of Telecom and Networking Products which is effective from 1st April 2021. In order to facilitate Design-led manufacturing for 5G products under the PLI Scheme for Telecom and Networking Products and to enhance the scope and timelines of the Scheme, the following amendments are made in the PLI Scheme Guidelines with effect from 1st April 2022:

Clause of Scheme Guidelines	Existing Clause	Amended Clause with effect from 01.4.2022
1.4	The Scheme will be effective from 01.04.2021. Eligible Investment and sales made in terms of Scheme guidelines, on that date or thereafter, shall be reckoned for considering the incentive under the Scheme.	The Scheme will be effective from 01.04.2021 or from 01.04.2022 as the case may be. Eligible Investment and sales made in terms of Scheme guidelines, on that date or thereafter, shall be reckoned for considering the incentive under the Scheme.
2.8A	New Clause	Design-led Manufacturing for the purpose of this Scheme is the manufacturing of the Specified Telecom and Networking Products fulfilling the following conditions: i. The system design and development, including hardware and software for the specific end products shall be done using in-house and captive R&D or through technology transfer agreement executed with Government labs / academia or C-DOT or DSIR

Amendments in Guidelines for PLI Scheme for Telecom & Networking Products

Clause of Scheme Guidelines	Existing Clause	Amended Clause with effect from 01.4.2022
		<p>registered R&D entities by the applicant company in India; and</p> <p>ii. The hardware design, source code and IPR (excluding any duly licensed IPR) should reside in India and should be owned by the applicant company; and</p> <p>iii. Minimum 50% of the components (other than semiconductor components and Bare PCBs of more than 8 layers) by value terms, used in the manufacturing of the specific end products must be manufactured in India; and</p> <p>iv. The surface mounting of the components on the PCB as well as the final assembly, integration and testing of the specific end products shall be done in India.</p>
2.9	<p>Eligible Investment: Investment made in India from 01.04.2021 onwards and up to Financial Year 2024-2025 only. Applicant shall provide a certificate, from the Statutory Auditor as per specified format, depicting investment by the Applicant in India as on 31.03.2021.</p>	<p>Eligible Investment: Investment made in India from 01.04.2021 or 01.04.2022 as applicable and up to Financial Year 2024-2025 or Financial Year 2025-2026 as applicable. Applicant shall provide a certificate, from the Statutory Auditor as per specified format, depicting investment by the Applicant in India as on 31.03.2021 or 31.03.2022 as applicable.</p>
2.11	<p>Employment: Jobs created by Applicant in India, which are directly involved in the production process or with related activities beginning from when materials enter a production facility and until the resultant manufactured good leave the production facility. Such employment shall include on-roll, contractual, apprentice workforce and jobs created due to outsourcing</p>	<p>Employment: Jobs created by Applicant in India, which are directly involved in the research and development, production process or with related activities beginning from when materials enter a production facility and until the resultant manufactured good leave the production facility. Such employment shall include on-roll, contractual, apprentice workforce and jobs created</p>

Amendments in Guidelines for PLI Scheme for Telecom & Networking Products

Clause of Scheme Guidelines	Existing Clause	Amended Clause with effect from 01.4.2022
	within the premises of the Applicant company.	due to outsourcing within the premises of the Applicant company.
2.17.2	<p>Expenditure incurred on Research and Development (R&D): Capital expenditure on R&D and product development related to Scheme Target Segments. The term “related” here refers to all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include expenditure on in-house and captive R&D, directly attributable to goods covered under Scheme Target Segments, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to functioning of the same. It shall also include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D. Manpower expenses shall not be included in the eligible R&D expenditure. Further, R&D expenditure shall be subject to the provision of Clause 4.1.4. and limits as specified in the Clause 4.3.4 hereinafter. All non-creditable taxes and duties would be included in such expenditure.</p>	<p>Expenditure incurred on Research and Development (R&D): Capital expenditure on R&D and product development related to Scheme Target Segments. The term “related” here refers to all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include expenditure on in-house and captive R&D, directly attributable to goods covered under Scheme Target Segments, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to functioning of the same. It shall also include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D. Manpower expenses shall be included in the eligible R&D expenditure. Further, R&D expenditure shall be subject to the provision of Clause 4.1.4. All non-creditable taxes and duties would be included in such expenditure.</p>
2.17.3	<p>Expenditure related to Transfer of Technology (ToT) Agreements: This shall include cost of technology and initial technology purchase related to goods covered under</p>	<p>Expenditure related to Transfer of Technology (ToT) Agreements: This shall include cost of technology and initial technology purchase related to goods covered under Scheme Target</p>

Amendments in Guidelines for PLI Scheme for Telecom & Networking Products

Clause of Scheme Guidelines	Existing Clause	Amended Clause with effect from 01.4.2022
	Scheme Target Segments. All non-creditable taxes and duties would be included in such expenditure. Further, ToT is subject to limits as specified in Guidelines Clause 4.4.3 hereinafter.	Segments through Technology Transfer Agreements through Government labs/Academic Institutions within India, C-DOT or DSIR registered R&D entities. All non-creditable taxes and duties would be included in such expenditure.
3.4	For the purpose of determining eligibility of an Applicant with respect to Incremental Investment for any year, the cumulative value of investment done till such year (including the year under consideration) from 01.04.2021 shall be considered. Even if the entire committed investment is made by the Applicant in less than 4 years, the incentive will be disbursed annually to the eligible Applicants based on the annual threshold investment communicated in the letter of approval.	For the purpose of determining eligibility of an Applicant with respect to Incremental Investment for any year, the cumulative value of investment done till such year (including the year under consideration) from 01.04.2021 or 01.04.2022 as applicable, shall be considered. Even if the entire committed investment is made by the Applicant in less than 4 years, the incentive will be disbursed annually to the eligible Applicants based on the annual threshold investment communicated in the letter of approval.
3.7	Maximum financial allocation over 5 years for MSME category will be limited to Rs. 1,000 crores only.	Maximum financial allocation over 5 years for MSME category will be limited to Rs. 2,500 crores only.
4.1.1	Investment as defined in Clause 2.17 of these Guidelines shall be considered for determining eligibility under the Scheme provided such investment is made on or after 01.04.2021.	Investment as defined in Clause 2.17 of these Guidelines shall be considered for determining eligibility under the Scheme provided such investment is made on or after 01.04.2021 or 01.04.2022 as applicable.
4.3.1	Expenditure incurred on Research and Development as defined in Clause 2.17.2 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.	Expenditure incurred on Research and Development as defined in Clause 2.17.2 of these Guidelines; and in accordance with the Accounting Standard 26, Indian Accounting Standard (Ind AS) 38 and Income Tax Act, 1961 as amended from time to time, shall be considered as Investment for determining eligibility under the Scheme.

Amendments in Guidelines for PLI Scheme for Telecom & Networking Products

Clause of Scheme Guidelines	Existing Clause	Amended Clause with effect from 01.4.2022
4.3.2	The Applicant shall provide a Statutory Auditor certificate in respect of the cost of technology, IPRs, patents and copyrights, pertaining to the products approved for manufacturing.	The Applicant shall provide a Statutory Auditor certificate in respect of the investment towards research & development including cost of technology, IPRs, patents and copyrights, manpower expenses, specifically pertaining to the products approved for manufacturing, in compliance with the Scheme Guidelines and subject to the provisions of the Accounting Standard 26, Indian Accounting Standard (Ind AS) 38 and Income Tax Act, 1961.
4.3.4	Expenditure incurred on R&D shall not exceed 15% of the total committed investment.	Deleted
4.3.5	New Clause	For Design-led Manufacturing of specified products, the Applicant company shall furnish the certificate from their Statutory Auditor / Cost Auditor appointed by the Board of the Company, certifying the compliance of Clause 2.8A of these Guidelines.
4.4.3	Expenditure incurred on Transfer of Technology shall not exceed 5% of the total committed investment.	Deleted
9.2.1	Baseline for Investment: As on 31.03.2021	Baseline for Investment: As on 31.03.2021 or 31.03.2022 as applicable
10.6.7	Baseline for Eligible Investment: (as on 31.03.2021)	Baseline for Eligible Investment: (as on 31.03.2021 or 31.03.2022 as applicable)
10.7	New Clause	The DoT reserves the right to withdraw the approval if an Applicant fails to make eligible investment within the first two years.
Annexure 1	Additions to the existing list in the category “ Core Transmission Equipment ”	Millimeter Radio, E/V-band Radios, Satellite Gateway (IHub /Earth station)

Amendments in Guidelines for PLI Scheme for Telecom & Networking Products

Clause of Scheme Guidelines	Existing Clause	Amended Clause with effect from 01.4.2022
		Equipment, Free Space Optics Communication Equipment
	Additions to the existing list in the category “4G/5G, Next Generation Radio Access Network and wireless equipment”	Telecom Antenna, Open-RAN Equipment (Radio Unit, Distributed Unit, Centralised Unit, and RAN Intelligent Controller)
	Additions to the existing list in the category “Access & Customer Premises Equipment (CPE), IoT Access Devices and Other wireless Equipment”	Internet Set Top Box, Satellite CPEs for accessing Internet, VSAT Equipment, NG-PON-ONT, Telecom modules of IOT/M2M Access Devices
Annexure 2	New Para	An additional incentive of 1% over and above the applicable rates of incentive for products qualified under Design led Manufacturing, as defined at Clause 2.8A, in each year.

1.1 The tenure of the PLI Scheme for Telecom & Networking is being extended from the existing 5 years (FY 2021-22 to FY 2025-26) to 6 years (FY 2021-22 to FY 2026-27). Companies approved under the PLI Scheme shall be allowed to choose a period of 5 consecutive years i.e. (i) FY2021-22 to FY2025-26, or (ii) FY2022-23 to FY2026-27, to achieve the Net Incremental Sales for the incentive claim. Incentives and thresholds for Year-1 and subsequent years, as per the **Annexure 2 of the Scheme Guidelines**, will be applicable from 01.04.2021 or 01.04.2022 depending on the choice of Year-1 (FY 2021-22 or FY 2022-23). Existing PLI beneficiaries who will be opting for 5-year block starting from FY 2022-23 shall have to forego their investment made during the Financial Year 2021-22.

1.2 The existing PLI beneficiaries within their committed investment and eligible sales shall be permitted to add more products from the Specified Telecom and Networking Products with effect from 01.04.2022.

2. Inviting Application against the Balance Fund

2.1 DoT shall invite applications from eligible Design-led manufacturers compliant with Clause 2.8A of the Scheme Guidelines, and others. The existing PLI beneficiaries have the option to apply as fresh Applicant. On selection, the PLI beneficiaries who are opting to apply as fresh Applicant have to exit from the existing approval and forego their investment made during Financial Year 2021-22.

2.2 The applications received for Design-led Manufacturing compliant with Clause 2.8A of the Scheme Guidelines shall be processed first in their respective categories on the basis

of their committed cumulative incremental investment and approved in the following priority order, to the extent of fund availability.

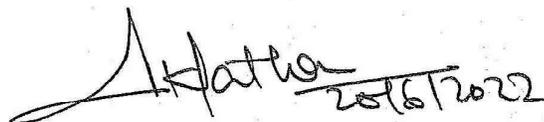
- 2.2.1 The eligible Applicants in MSME category will be ranked from highest to lowest on the basis of their committed cumulative incremental investment during the Scheme period and will be approved to the extent of fund availability.
- 2.2.2 The eligible Applicants in Non-MSME category will be ranked from highest to lowest on the basis of their committed cumulative incremental investment during the Scheme period. Based on the above ranking method, from the eligible Applicants in non-MSME category at least 30% Domestic companies shall be selected and granted approval to the extent of fund availability under the Scheme.
- 2.3 Thereafter, if the fund is still available in the respective categories, Applications from eligible new/existing Applicants not compliant with Clause 2.8A under PLI Scheme Guidelines, shall be processed as per Clause 2.2 above. For this purpose, applications will also be called simultaneously from the Applicants who are not compliant with Clause 2.8A.
3. These amendments shall be read along with the Scheme Guidelines incorporating the above changes wherever applicable.



(Rajesh Kumar Pathak)
Deputy Director General (IC)
Tel: +91 11 23717542
Email: ddgic-dot@gov.in

Copy to:

1. All Concerned Ministries / Departments of Government of India
2. All States / Union Territories
3. Cabinet Secretariat (w.r.t. Doc. No. (C.A.V):19:2022 dated 13th June 2022)
4. PMO
5. NITI Aayog
6. Comptroller and Auditor General of India
7. Member(F), DCC, Department of Telecommunications
8. Industry Associations
9. Project Management Agency (PMA)
10. Internal circulation



(Rajesh Kumar Pathak)
Deputy Director General (IC)
Tel: +91 11 23717542
Email: ddgic-dot@gov.in

File No. 13-01/2020-IC
Government of India
Ministry of Communications
Department of Telecommunications
International Cooperation Unit

Dated: 3rd June, 2021

Subject: Guidelines for Production Linked Incentive Scheme (PLI) for Promoting Telecom & Networking Products Manufacturing in India

1. Background

1.1 The Production Linked Incentive Scheme (PLI) to promote Telecom and Networking Products manufacturing in India (hereinafter referred to as the ‘Scheme’) has been notified vide notification No. 13-01/2020-IC dated 24.02.2021.

1.2 In pursuance of Clause 7 of the said notification and for the effective operation and smooth implementation of the Scheme, the following guidelines are formulated to be read along with the Scheme. In case of any inconsistency between the Scheme as notified and the guidelines hereunder, the provisions of the Scheme shall prevail.

1.3 These guidelines have been finalised after consultations with stakeholders. The Scheme Guidelines, *inter-alia*, cover the following:

1.3.1 Definitions

1.3.2 Qualification and Eligibility

1.3.3 Investment for Determining Eligibility

1.3.4 Application and Online Portal

1.3.5 Project Management Agency (PMA), Empowered Group of Secretaries (EGoS) and Competent Authority

1.3.6 Approval under PLI and Determination of Baseline

1.3.7 Calculation and Disbursement of Incentives

1.4 The Scheme will be effective from 01.04.2021. Eligible Investment and sales made in terms of Scheme guidelines, on that date or thereafter, shall be reckoned for considering the incentive under the Scheme.

2. Definitions

2.1 Applicant: Applicant for the purpose of the Scheme is a company registered in India under the Companies Act 2013, proposing to manufacture goods covered under Scheme Target Segments as defined hereinafter, and making an application seeking approval under the Scheme. The Applicant can set up new or use existing manufacturing facility(ies) to manufacture goods covered under the Scheme Target Segments. The aforesaid manufacturing can be carried out at one or more locations in India, which will however be prior intimated to DoT. The Applicants whose accounts are declared as Non-Performing Asset (NPA) as per RBI guidelines or wilful defaulter or reported as fraud by any bank, financial institution or non-banking financial company etc. would be considered as ineligible. Further, there should not be any insolvency proceedings admitted against the Applicant in the National Company Law Tribunal (NCLT) etc.

2.2 Applicant Category: Application can be made under following two categories:

2.2.1 MSME: Companies registered as Micro, Small & Medium Enterprises (MSME) with the Ministry of MSME, Government of India.

2.2.2 Non MSMEs: Companies not falling under 2.2.1. This shall be subdivided in two categories:

2.2.2.1 Domestic Company: As per the FDI Policy 2020, a company is considered as 'Owned' by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and / or Indian companies, which are ultimately "owned" and "controlled" by resident Indian citizens. Such a company will be defined as "Domestic Company" for the purpose of these guidelines.

2.2.2.2 Global Company: Global Company means a company which does not qualify as Domestic Company as defined at Clause 2.2.2.1

above and is having business in one or more than one country either by itself or including its Group Companies as defined in Clause 2.16 of the Scheme guidelines.

2.3 Application: Application submitted under the Scheme by an Applicant to Project Management Agency (PMA)/DoT as per the Application Form specified under the Scheme containing requisite information, along with supporting documents and application fee as specified.

2.4 Application Acknowledgement Date: The date on which an application is acknowledged by Project Management Agency (PMA) on submission by an Applicant.

2.5 Application Approval Date: The date on which, based on an application, approval under the Scheme is issued by the Project Management Agency (PMA) pursuant to approval by the Competent Authority.

2.6 Application Window: The Application window shall be open for applications for benefits under the Scheme from the date of its opening as notified by DoT and as informed on the Scheme portal (<https://www.pli-telecom.udyamimitra.in>). Application form shall be submitted on the aforesaid portal online.

2.7 Base Year for Sales: Financial Year 2019-20 shall be treated as the Base Year for computation of incremental sales of goods manufactured in India under the Scheme Target Segments net of taxes (as distinct from “traded goods” defined under Clause 2.27). Baseline information pertaining to sales of goods manufactured in India under the Scheme Target Segments will be obtained to deduce and verify the incremental sales over the base year.

2.8 Competent Authority: Competent Authority, under the Scheme will be as notified by DoT from time to time.

2.9 Eligible Investment: Investment made in India from 01.04.2021 onwards and up to Financial Year 2024-2025 only. Applicant shall provide a certificate, from the Statutory Auditor as per specified format, depicting investment by the Applicant in India as on 31.03.2021.

2.10 Eligible Product: Goods manufactured in India by the Applicant, covered under Scheme Target Segments (**Annexure-1**) and approved for incentives under the Scheme.

2.11 Employment: Jobs created by Applicant in India, which are directly involved in the production process or with related activities beginning from when materials enter a production facility and until the resultant manufactured good leave the production facility. Such employment shall include on-roll, contractual, apprentice workforce and jobs created due to outsourcing within the premises of the Applicant company.

2.12 Empowered Group of Secretaries (EGoS): EGoS is the Committee chaired by the Cabinet Secretary and published in Gazette of India by Department for Promotion and Industry and Internal Trade vide ORDER No. P 36017/144/2020-Investment Promotion dated 10th June 2020. The EGoS will monitor the Scheme, undertake periodic reviews of the outgo under the Scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay as approved by the Cabinet.

2.13 Financial Year: Financial Year begins on the 1st April of a year and ends on 31st March of the following year.

2.14 Force Majeure: Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable / seasonal rain and any other events specifically excluded).

2.15 Global Revenue¹: Consolidated Gross Revenue, both in India and overseas, of the Applicant and its Group Companies, in the electronics, IT/ITES including software, telecom and networking segments, for the period of the Base Year i.e. 01.04.2019 to 31.3.2020.

2.16 Group Company: As defined in the FDI Policy 2020, Group Company means two or more enterprises which, directly or indirectly, are in a position to:

¹ Amended vide File No. 13-01/2020-IC dated 18th June 2021

- (i) Exercise twenty-six percent or more of voting rights in other enterprise; or
- (ii) Appoint more than fifty percent of members of Board of Directors in the other enterprise.

2.17 Investment: “Investment” related to Scheme Target Segments, capitalized in the books of accounts of the Applicants, as mentioned in Clause 4.2 of the Scheme shall mean:

2.17.1 Expenditure incurred on Plant, Machinery, Equipment and Associated Utilities: This shall include expenditure on plant, machinery, equipment and associated utilities as well as tools, dies, moulds, jigs, fixtures (including parts, accessories, components, and spares thereof) of the same, used in the design, manufacturing, assembly, testing, packaging or processing of any of the goods covered under Scheme Target Segments. It shall also include expenditure on packaging, freight / transport, insurance, erection and commissioning of the plant, machinery, equipment, and associated utilities. Associated utilities would include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water & power supply, and control systems. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software, and ERP solutions. Expenditure on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible to be included in this head. All non-creditable taxes and duties would be included in such expenditure.

2.17.2 Expenditure incurred on Research and Development (R&D): Capital expenditure on R&D and product development related to Scheme Target Segments. The term “related” here refers to all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include expenditure on in-house and captive R&D, directly attributable to goods covered under Scheme Target Segments, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to functioning of the same. It shall also include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on

technology, IPR, Patents and Copyrights for R&D. Manpower expenses shall not be included in the eligible R&D expenditure. Further, R&D expenditure shall be subject to the provision of Clause 4.1.4 and limits as specified in the Clause 4.3.4 hereinafter. All non-creditable taxes and duties would be included in such expenditure.

2.17.3 Expenditure related to Transfer of Technology (ToT) Agreements: This shall include cost of technology and initial technology purchase related to goods covered under Scheme Target Segments. All non-creditable taxes and duties would be included in such expenditure. Further, ToT is subject to limits as specified in Guidelines Clause 4.4.3 hereinafter.

2.17.4 Expenditure incurred on Land and Building: The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, will not be considered for determining eligibility under the Scheme. However, as already described in clause 2.17.1 expenditure on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible.

2.18 Manufacture: In accordance with Central Goods and Services Tax (CGST) Act, 2017; “manufacture” shall mean processing of raw material or inputs in any manner that results in emergence of a new product (as distinct from “traded goods” defined under Clause 2.27) having a distinct name, character and use; and the term “manufacturer” and “manufacturing” shall be construed accordingly.

2.19 Net Incremental Sales of Manufactured Goods: Net Sales of Goods Manufactured in India under the Scheme Target Segments over a given period minus the Net Sales of Goods Manufactured in India (as distinct from “traded goods” defined under Clause 2.27) under the Scheme Target Segments in the Base Year over the corresponding period.

2.20 Net Sales: Net Sales shall mean the Gross Sale net of credit notes as defined in CGST Act (raised for any purpose), discounts (including but not limited to cash, volume, target or for any other purpose) and taxes applicable for goods manufactured in India (as distinct from “traded goods” defined under Clause 2.27) under the Scheme Target Segments as per its books of accounts and as disclosed to GST Authorities.

2.21 Project Management Agency (PMA): Refers to an agency appointed by Department of Telecommunications (DoT) to act on its behalf for receipt and appraisal of applications, determination of baselines, verification of eligibility and examination of disbursement claims through any method / document deemed appropriate and for managing the above-mentioned in accordance with these Guidelines/Schemes.

2.22 Related Party(ies): The term related party shall be as defined in “Accounting Standard (AS)18 - Related Party Disclosures” or “Indian Accounting Standard (Ind AS) 24 - Related Party Disclosure”, as may be applicable to the Applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.

2.23 Scheme Target Segments: Scheme Target Segments shall mean specified Telecom and Networking Products as in **Annexure -1** in the Scheme.

2.24 Self Certified Documents: The self-certified documents would mean, documents certified by a designated Signatory of the Applicant company authorised by the Board of Directors.

2.25 Successor-in-Interest: Successor-in-Interest shall mean the new or re-organized entity formed after the merger, demerger, acquisition, transfer of business or significant change in ownership of an Applicant. Significant change will mean any change leading to any shareholder acquiring directly or indirectly 10% or more shareholding in the company.

2.26 Technical Committee (TC): A Technical Committee as constituted by the Competent Authority.

2.27 Traded Goods: Products where no processing of raw material or inputs in any manner are carried out by the Applicant company and the product is purchased and sold without any value addition will be treated as “traded goods”, for the purpose of the Scheme.

3. Qualification and Eligibility

3.1 Support under the Scheme shall be provided only to companies for manufacturing of goods in India as covered under Scheme Target Segments. Further any foreign (non-resident) investment in the Applicant company shall

be in compliance to the FDI Policy 2020, as amended and effective from time to time.

3.2 Eligibility shall be subject to qualification criteria for the Global Revenue² as defined in Clause 2.15 of Scheme guidelines, as under:

3.2.1 Global companies: Global Revenue³ should be more than Rs. 10,000 Crore in the base year. In case of Group companies of Applicant, whose revenues for the base year have not been consolidated in INR, the revenue in the respective currency shall be converted to INR at an average of currency exchange rates as on April 01, 2019 and March 31, 2020.

3.2.2 Domestic companies: Global Revenue⁴ should be more than Rs. 250 Crore in the base year.

3.2.3 MSMEs: Global Revenue⁵ should be more than Rs. 10 Crore in the base year.

3.3 Eligibility shall be subject to thresholds of minimum cumulative Incremental Investment during the year and Incremental Sales of Manufactured Goods (covered under Scheme Target Segments) over the base year.

3.3.1 An Applicant must meet threshold criteria to be eligible for disbursement of incentive for the year under consideration. Eligibility threshold criteria are annexed in the Scheme and in **Annexure 2** of these Guidelines.

3.3.2 In case an Applicant does not meet eligibility threshold criteria as per **Annexure 2**, for any given year, the Applicant shall not be eligible for incentive in that particular year. There will not be any carryover of incentive for such years. However, the Applicant will not be restricted from claiming incentive due in subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years.

3.4 For the purpose of determining eligibility of an Applicant with respect to Incremental Investment for any year, the cumulative value of investment done

² Amended vide File No. 13-01/2020-IC dated 18th June 2021

³ Amended vide File No. 13-01/2020-IC dated 18th June 2021

⁴ Amended vide File No. 13-01/2020-IC dated 18th June 2021

⁵ Amended vide File No. 13-01/2020-IC dated 18th June 2021

till such year (including the year under consideration) from 01.04.2021 shall be considered. Even if the entire committed investment is made by the Applicant in less than 4 years, the incentive will be disbursed annually to the eligible Applicants based on the annual threshold investment communicated in the letter of approval.

3.5 For the purpose of determining eligibility of an Applicant with respect to Net Incremental Sales of Manufactured Goods covered under Scheme Target Segments for any year, the Net Sales of Manufactured Goods covered under Scheme Target Segments for such year over the Base Year shall be considered.

3.6 An Applicant shall become ineligible for availing benefits under the DoT PLI Scheme, if it has applied/availed benefits under any other PLI Scheme of the Central Government for the same product. However, eligibility under PLI Scheme will not affect eligibility under any other Scheme being implemented by State/UT Governments and vice-versa. Further, for the purpose of determining eligibility of an Applicant with respect to incremental investment, the investment covered under the Scheme may not be considered for determining eligibility under any other PLI Scheme and vice-versa.

3.7 Maximum financial allocation over 5 years for MSME category will be limited to Rs. 1000 crores only.

3.8 The status of Applicants as MSMEs or Non-MSMEs will be determined at the time of selection only and it will remain so during the entire duration of the Scheme.

4. Investment for Determining Eligibility

4.1 General Terms and Conditions

4.1.1 Investment as defined in Clause 2.17 of these Guidelines shall be considered for determining eligibility under the Scheme provided such investment is made on or after 01.04.2021.

4.1.2 Expenditure on consumables and raw material used for manufacturing shall not be considered as Investment.

4.1.3 The date of tax invoice would be considered as the date of investment under the Scheme.

4.1.4 For any particular year, heads of Investment, based on which eligibility for selection and annual claim of incentive, is being determined, must be capitalized in the books of accounts of the Applicants, in that year.

4.2 Plant, Machinery and Equipment

4.2.1 Expenditure incurred on Plant Machinery & Equipment as defined in Clause 2.17.1 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.2.2 Plant, machinery, and equipment must be purchased / leased in the name of the Applicant. In cases where these are being leased, the lease should be in the nature of a financial lease within the meaning of “Accounting Standard 19 – Leases” or “Indian Accounting Standard (Ind AS) 116 – Leases”, as may be applicable to the Applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time. Plant, machinery and equipment obtained by the Applicant on financial lease from Group Companies located in India whose core business is not financing or equipment leasing Scheme shall be excluded from the eligible investments.

4.2.3 As per “The Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2018”, the used / refurbished plant, machinery and equipment allowed under the Scheme shall have a minimum residual life of at least 5 years. Further, a valuation certificate by a Chartered Engineer assessing the value and residual life shall also be required. In case of import, such valuation should be in accordance with Customs Valuation Rules and Circulars. The value of these plant, machinery and equipment shall be considered as lower of depreciated value (as per scale of depreciation fixed by Customs, whether these plant, machinery and equipment are imported or not) and the value assessed by Chartered Engineer (of India) or equivalent overseas Chartered Engineer, as may be specified. DoT reserves the rights to have its own Chartered Engineer for such valuation.

4.2.4 In such case that tools, dies, moulds, jigs, fixtures and parts, accessories, components and spares are located outside the premises of an Applicant, appropriate undertaking(s) from the person having custody of these equipment / components along with valid legal agreement(s) for the said

transaction(s) shall be obtained. These equipment /components should not be located outside the country.

4.2.5 Plant, machinery, and equipment shall be procured / leased through legally valid documents after payment of applicable taxes and duties.

4.2.6 The plant, machinery and equipment approved under the Scheme should be used for manufacturing of the goods under the Scheme Target Segments that are approved in the approval letter issued by PMA. This does not preclude the usage of such machinery for manufacturing of other products. The Applicant must submit a declaration about usage of machinery for each year during the period that such Applicant is claiming incentive under the Scheme.

4.2.7 The PMA will, *inter-alia*, rely on certificates from Chartered Engineer or any valuer registered with Insolvency & Bankruptcy Board of India, and valuation considered under Customs Rules, wherever applicable, for the purpose of determining reasonableness of cost.

4.3 Research and Development (R&D)

4.3.1 Expenditure incurred on Research and Development as defined in Clause 2.17.2 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.3.2 The Applicant shall provide a Statutory Auditor certificate in respect of the cost of technology, IPRs, patents and copyrights pertaining to the products approved for manufacturing.

4.3.3 The software associated with R&D shall be procured / licensed through legally valid documents after payment of applicable taxes and duties. This shall be certified by the Statutory Auditor of the Applicant.

4.3.4 Expenditure incurred on R&D shall not exceed 15% of the total committed investment.

4.4 Transfer of Technology Agreements

4.4.1 Expenditure incurred on Transfer of Technology Agreements (copy of Transfer of Technology agreement to be submitted) as defined in Clause

2.17.3 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.4.2 The Applicant shall provide a Statutory Auditor certificate in respect of expenditure related to Transfer of Technology Agreements.

4.4.3 Expenditure incurred on Transfer of Technology shall not exceed 5% of the total committed investment.

4.5 Associated Utilities

4.5.1 Expenditure incurred on associated utilities as defined in Clause 2.17.1 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.5.2 The associated utilities will be capped at rates specified in the CPWD schedule of rates, if available or else as per the valuation carried out by Chartered Engineer.

4.5.3 The Applicant shall provide a Statutory Auditor certificate in respect of expenditure related to associated utilities.

4.6 Related Party Transactions: All transactions with Related Parties will be subject to provisions of Accounting Standard-18 as amended from time to time. All Related Party Transactions should be at an arm's length price as defined under Income Tax Act.

4.7 During the application and claim process PMA will rely on, *inter alia*, various certificates to be submitted by the Applicant from Statutory Auditors, Chartered Engineer, Valuers etc. as defined under the Scheme guidelines. The cost of such certificates as stipulated and to be submitted along with the application and claim process will be borne by the Applicant.

5. Application

5.1 The Scheme shall be open for applications from the date of its opening, as notified by DoT and as informed on the Scheme portal (<https://www.pli-telecom.udyamimitra.in>). Application forms shall be submitted and accepted on the aforesaid portal online.

5.2 The Competent Authority reserves the right to invite new applications anytime during the tenure of the Scheme.

5.3 An application under the Scheme can be made to Project Management Agency (PMA) on the portal online for the Scheme, by any company registered in India.

5.4 Each Applicant shall be allowed to make only one application under the Scheme. However, the Applicant can apply for one or more products of the Scheme Target Segments as defined in **Annexure 1**.

5.5 All manufacturers with products with Indian technology are encouraged to apply.

5.6 An application shall be made in the specified format and as per the process mentioned in these Guidelines.

5.7 On receipt of an application in the specified format, by the PMA, an acknowledgement to this effect shall be issued. However, issuance of the acknowledgement would not bestow or confer on the Applicant any right to claim incentive. No fresh application will be accepted after the close of the application window unless otherwise permitted by the Competent Authority.

5.8 On receipt of the application, an initial scrutiny shall be carried out by the PMA to ascertain that the information, documents, certificates, proof of deposit of application fees etc. as required under the Scheme have been submitted. Deficiencies, if any, found in the applications during the initial scrutiny shall be intimated to the Applicants and the same shall be rectified by the Applicant within the stipulated time from the date of intimation of the deficiency, failing which the application may be marked ineligible for the Scheme. After completion of the scrutiny process, the list of shortlisted eligible application shall be recommended by PMA to DoT for approval of the Competent Authority.

5.9 The application section on the portal, containing information about the Committed Investment and estimated Incremental Net Manufacturing Sales, shall have suitable provisions for data security.

5.10 Final recommendation shall be made by PMA to DoT in respect of eligible Applicants with baseline information (Investments and Sales),

committed investments and maximum eligible sales during the Scheme period. On approval by DoT, the PMA shall issue approval letter to the Applicants as per specified formats.

5.11 A non-refundable application fee would be payable for each application. The application fee, as specified, would be accepted electronically only.

6. Online Portal

6.1 All applications will be submitted online through portal to Project Management Agency (PMA).

6.2 Upon successful submission of an application, PMA will issue a unique Application ID to the Applicant for all future activities pertaining to the Scheme. All Applicants may refer to this unique ID for any future correspondence on the subject.

6.3 DoT may separately issue detailed instructions for the use of online portal for the Scheme.

7. Project Management Agency (PMA)

7.1 The Scheme will be implemented through a Project Management Agency (PMA) which shall be responsible for providing secretarial, managerial, implementation, support and for carrying out responsibilities as assigned by DoT from time to time.

7.2 The PMA would, inter-alia, be responsible for:

7.2.1 Receipt of application, issue of acknowledgements and scrutiny of applications within the stipulated timelines.

7.2.2 Ascertaining of Baseline for Net Sales of Manufactured Goods and Investment for eligible Applicants and making appropriate recommendations to the Competent Authority.

7.2.3 Verification of thresholds for committed investments towards determining eligibility for disbursement of incentive.

7.2.4 Examination of claims for disbursement of incentive and making appropriate recommendations to the Competent Authority.

7.2.5 Verification of the reconciliation of disbursement claims with specified documents.

7.2.6 Compilation of data regarding progress and performance of the Scheme through Quarterly Review Reports and other information / documents.

7.3 The PMA may request for additional information, details and documents from the Applicant as deemed necessary.

7.4 DoT/PMA shall carry out verification of claims related to annual threshold eligible investment and incremental sales of selected Applicants for deciding eligibility to receive incentives. This process will primarily include document-based verification but may also involve selective physical verification/inspection by PMA/suitable agency as per operating procedures to be decided by DoT/PMA.

8. Empowered Group of Secretaries (EGoS) and Competent Authority

8.1 Empowered Group of Secretaries (EGoS)

8.1.1 The Empowered Group of Secretaries (EGoS) may monitor the Scheme, may undertake periodic review of the outgo under the Scheme and take appropriate action to ensure that the expenditure is within the specified outlay as approved by the Cabinet.

8.1.2 The EGoS may conduct periodic reviews of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

8.1.3 The EGoS may revise incentive rates, ceilings, Scheme Target Segment(s) and eligibility criteria as deemed appropriate during the tenure of the Scheme.

8.1.4 In case of a Force Majeure event, the EGoS may amend, modify, or withdraw any clauses under the Scheme Guidelines.

8.2 Competent Authority

8.2.1 The Competent Authority will consider applications, as recommended by the PMA for approval under the Scheme. The Competent Authority may seek such additional information, as necessary for approval.

8.2.2 The Competent Authority will also be authorized to carry out any amendments in Scheme Guidelines following due procedure.

8.2.3 Competent Authority may authorise any other person or agency to consider the approval of applications and claims for incentive on its behalf.

9. Baseline Information

9.1 Eligibility under the Scheme is subject to thresholds of Cumulative Incremental Investment, and Net Incremental Sales of Goods Manufactured in India covered under Scheme Target Segments as defined. Accordingly, a baseline for Investment and Net Sales of Goods Manufactured in India will have to be established to determine eligibility and compute incentive amount due.

9.2 The period for determination of baseline shall be as follows:

9.2.1 Baseline for Investment: As on 31.03.2021

9.2.2 Baseline for Net Sales of Goods Manufactured in India (covered under the Scheme Target Segment): Period from 01.04.2019 to 31.03.2020

9.3 Applicants shall be required to submit information / documents, at their own cost, as deemed necessary for establishing the baseline, including but not limited to statutory auditor certificates and returns furnished to various Ministries / Departments / Agencies, or any other document sought by the PMA.

9.4 The Competent Authority will consider approval of applications under PLI Scheme based on baseline information (investments and sales), committed investments and maximum eligible sales during the Scheme period as ascertained and recommended by the PMA.

10. Approval under PLI

10.1 The Project Management Agency (PMA) appointed by DoT, will scrutinise the applications, as received, after issuing of acknowledgements. The PMA shall carry out initial scrutiny of the application as defined in Clause 5.8. Final recommendation, for approvals under the Scheme, shall be made by PMA to DoT in respect of eligible Applicants with baseline information (investments and sales), committed investments and maximum eligible sales during the Scheme period. The final selection of Applicants under the Scheme will be done by the DoT with the approval of Minister in charge of the Department.

10.2 DoT shall grant approvals to 10 (ten) eligible applications each in MSME & non-MSME categories. Out of the 10 applications in non-MSME category, at least 3 (three) Applicants will be eligible Domestic companies.

10.3 In case of receipt of eligible applications in excess of the limits specified as in Clause 10.2 above for any of the two Applicant categories, the eligible applications for the given category will be ranked in the following order:

10.3.1 Applicant Category: MSMEs

Highest to lowest on the basis of committed cumulative incremental investment during the Scheme period.

10.3.2 Category: Non-MSMEs

Highest to lowest on the basis of committed cumulative incremental investment during the Scheme period.

10.3.3 In case of more applications at same level of investment, Applicants (including its group companies) having higher Global Revenue⁶ in the base year, for the respective categories, will be considered.

10.3.4 Based on the ranking method mentioned above, highest 10 (ten) eligible Applicants in MSME category, highest 10 (ten) eligible Applicants in non-MSME category (out of which at least 3 (three) Domestic companies) shall be selected and granted approval under the Scheme.

Illustration: - Under non-MSME category, both Global and Domestic companies can apply. In case, out of the top ten ranks, 3 or more than 3 Domestic companies are included, the list will be final. However, in case, the top 10 ranks have less than 3 domestic companies (and there are still eligible applications from domestic companies), remaining (out of three in top 10 ranks) domestic companies in their order of ranking will be selected to make it minimum 3. In either case, total number of shortlisted applications will be capped at 10 (ten).

10.4 This selection is subject to total incentive on maximum eligible sales for all Applicants in respective categories being within the overall financial limit of Rs. 12,195 Crores over a period of five years. In case the total incentive

⁶ Amended vide File No. 13-01/2020-IC dated 18th June 2021

payable on maximum eligible sales based on Committed Total Investment is more than the financial limit for respective categories, as in Clause 3.7 or otherwise, the number of Applicants to be selected will be reduced accordingly.

10.5 In case the total incentive payable on maximum eligible sales to all the 10 (ten) Applicants in each category is less than the financial limit in respective categories, the Competent Authority may select more applications, subject to overall financial limit of Rs. 12195 Crores over a period of five years.

10.6 After the PMA has received the approval from the Competent Authority, it shall issue a letter to the Applicant communicating the same. The letter shall, inter-alia, state with reference to earlier communication, the following:

10.6.1 Name of Applicant

10.6.2 Applicant Category

10.6.3 Eligible Product(s)

10.6.4 Date of Acknowledgement

10.6.5 Date of Approval

10.6.6 Thresholds of Committed Cumulative Incremental Investment and Net Incremental Sales of Goods Manufactured in India covered under Scheme Target Segment, applicable for determining eligibility.

10.6.7 Baseline for Eligible Investment (as on 31.03.2021)

10.6.8 Baseline for Net Sales of Goods Manufactured in India covered under Scheme Target Segment for first year (Period from 01.04.2019 to 31.03.2020)

10.6.9 Total Ceiling on eligible incentive for the entire Scheme period

10.6.10 Any other information / condition stipulated by the Competent Authority

11. Calculation of Incentive

The incentive applicable for an approved Applicant shall be computed as follows:

Net Incremental Sales of Eligible Product(s) x Rate of Incentive for the applicable year

Where

(i) Eligible Product(s) are as stated in the approval letter.

(ii) In case of credit notes issued for any purpose including return of sold Goods, the Net Sales for the period shall be reduced by the amount corresponding to such credit notes. If the corresponding sales have already been considered for claim processing for the earlier period, the credit notes for return of sold goods shall be adjusted with Net Sales for the period in which the actual sales return takes place.

(iii) Annual Ceiling on incentive payable to each Applicant will be determined based on Clause 10 of the Scheme notified on 24.02.2021.

12. Disbursement of Incentives

12.1 For claiming incentive under the Scheme, Applicants will be required to submit claims for disbursement of incentive to the PMA. Applicants must ensure that the claims are complete in all respects and are accompanied by all the documents required as per format specified in the Scheme.

12.2 Applicant shall submit claim for disbursement of incentive after the end of financial year to which the claim pertains, but not later than 9 months from the end of the said financial year.

12.3 The PMA will examine the disbursement claims as submitted by an Applicant. The PMA shall verify eligibility and assess incentive payable to an Applicant based on the method laid down in these Guidelines and the approval letter issued to the Applicant.

12.4 The PMA will have the right to verify any document(s) in relation to the claim for incentives including but not limited to statutory auditor certificates and returns furnished to various Ministries / Departments / Agencies. The PMA shall also have the right to examine the end realization and settlement / payments corresponding to sales and investment respectively by way of auditor's certificate, bank statements etc. to the extent deemed necessary.

12.5 In case of any doubt with respect to determining eligibility and incentive amount due, or any other matter in discharge of its duties and responsibilities, the PMA may refer to Competent Authority for clarification. The decision of Competent Authority will be final in this regard.

12.6 The PMA shall process claims for disbursement of incentive and make appropriate recommendations to the Competent Authority.

12.7 The Competent Authority will consider claims for disbursement, as examined, and recommended by the PMA, for disbursement of incentive.

12.8 DoT shall disburse funds after completion of all pre-disbursal formalities by the Applicant and approval from Competent Authority. Pending submission of the reconciliation certificates as in Clause 12.10, disbursement would be restricted to 85% of the eligible claim amount approved for the year.

12.9 The disbursement of incentives will be in the form of Direct Bank Transfer through PFMS.

12.10 Applicants shall be required to submit reconciliation Statement of Incremental Investment and Net Incremental Sales of Eligible Manufactured Goods as on 31st March of every financial year during the Scheme period, for adjustments made due to credit notes issued for any purpose including return of sold Goods up to 31st December of the next financial year. The said reconciliation Statement, as per specified format, will have to be submitted within 15 days of 31st December as aforesaid.

12.11 PMA shall verify the reconciliation documents/certificates and recommend disbursement of the balance eligible claim to DoT.

12.12 Based on the Competent Authority approval, DoT would make the disbursement of the balance eligible claim for the year to the Applicants.

12.13 In case of excess claims disbursed, the Applicant shall reimburse DoT for any incentive amount refundable along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually (for the period between excess payment and date of refund by the Applicant).

12.14 If the PMA or Competent Authority is satisfied that eligibility under the Scheme and / or disbursement of incentives have been obtained by

misrepresentation as to an essential fact or furnishing of false information, Competent Authority may ask the Applicant to refund the incentives along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually (for the period between payment and date of refund by the Applicant), after giving an opportunity to the Applicant of being heard, subject to conditions stipulated in Clause 15.6.

12.15 DoT shall make budgetary provisions for disbursement of incentives under the Scheme. The PMA will submit budgetary requirements to DoT as a consolidated amount on an annual basis.

12.16 The PMA shall furnish information to DoT with details of disbursement claims received for incentives, amount recommended / disbursed, reasons for rejection / delay in recommendation of the incentives on a quarterly basis.

13. Review and Monitoring

13.1 Apart from EGoS, periodic reviews will be undertaken by a Steering Committee to be constituted by DoT to monitor the progress of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

13.2 All approved Applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs), in specified formats, within 30 days from the end of each quarter in the format provided in the Scheme. Incentive claims for a particular financial year shall be considered only if all QRRs for the period have been submitted by the Applicants within the prescribed timelines.

14. Technical Committee (TC): A Technical Committee as defined in Clause 2.26 above will provide technical assistance to PMA / DoT / EGoS for discharging their functions. TC will also give its comments on any technical matter referred by PMA/DoT.

15. Residual

15.1 Incentive shall not be claimed by an Applicant by diversion of sales from Group Companies or closure of existing units in India for claiming higher incentives under the Scheme.

15.2 Incentive shall not be claimed for a given manufactured item by more than one Applicant. Suitable declaration shall be obtained from the Applicant for this effect as per the specified format at the time of each claim.

15.3 An Applicant shall submit its latest shareholding pattern to the PMA, along with the annual incentive claim, if there is any change in the shareholding pattern during the year, after up-dation with the Registrar of Companies (RoC).

15.4 Any change in the shareholding pattern of an Applicant leading to a successor-in-interest as defined in Clause 2.25 or having the effect of change in nature of company (Domestic to Global or vice versa) during the tenure of the Scheme, shall be intimated by PMA for approval of the Competent Authority to consider for disbursal of incentives.

15.5 In case of a successor-in-interest or having the effect of change in nature of company, all Incremental Investment undertaken by the Applicant to whom approval was accorded under the Scheme, would be considered for determining eligibility, subject to approval and compliance with any other condition stipulated by the Competent Authority, as may be deemed appropriate. The baseline applicable for the successor-in-interest will be the same as determined for the Applicant to whom approval was accorded under the Scheme.

15.6 To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from Applicants under the Scheme.

15.7 The first undertaking shall be provided by all Applicants whose applications or claims are under consideration for approval or disbursement of incentives. The applications or claims of those Applicants who do not submit the undertaking shall not be processed and considered. The second undertaking for confirming the compliance of integrity will be provided by Applicants after the submission of claims for disbursement of incentive and in any case before release of funds. The release of incentives shall be withheld until the above-mentioned undertaking is provided.

15.8 These undertakings are to be furnished by Applicants in the specified formats, duly signed by CEO / MD / Director, and depicting the designation along with authorization to do so.

15.9 All the functions which are assigned to PMA, can also be performed by DoT.

15.10 The dates and timelines for various activities will be specified by DoT separately.

(Rajesh Kumar Pathak)
Deputy Director General (International Cooperation)
Phone: 23717542

Email: ddgic-dot@gov.in

New Delhi, Dated: 3rd June, 2021

Copy to:

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- 2. All States / Union Territories**
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- 4. PMO**
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- 6. Comptroller and Auditor General of India**
- 7. Member(F), DCC, Department of Telecommunications**
- 8. Industry Associations**
- 9. Project Management Agency (PMA).**
- 10. Internal circulation**

(Rajesh Kumar Pathak)
Deputy Director General (International Cooperation)
Phone: 23717542

Email: ddgic-dot@gov.in

Annexure 1**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), 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.
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 Eligible Incremental Net Sales[#] of Manufactured Goods over the Base Year	Maximum Eligible Incremental Net Sales[#] of Manufactured Goods over the Base year
	(A)	(B)	(C)	(D)
MSMEs- Minimum Threshold of Investment Rs. 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 Rs. 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 Rs. 10 Crores for MSMEs and Rs. 100 Crores for others)				
MSMEs = Micro, Small and Medium Enterprises as defined by the Government of India				
# As defined under Clause 2.20				

**File No. 13-01/2020-IC
Government of India
Ministry of Communications
Department of Telecommunications
International Cooperation Unit**

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1209, Sanchar Bhawan, New Delhi
Dated the 18th June, 2021

OFFICE MEMORANDUM

Subject: Guidelines for Production Linked Incentive (PLI) Scheme for Promoting Telecom & Networking Products Manufacturing in India – Amendments - reg.

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In continuation of this Department's Office Memorandum of even number dated 3rd June, 2021 on the subject mentioned above, the undersigned is to intimate that the following Amendments have been made in the Clauses of Scheme Guidelines and be read as under:

2.15 Global Revenue: Consolidated Gross Revenue, both in India and overseas, of the Applicant and its Group Company, in the electronics, IT/ITES including software, telecom and networking segments, for the period of the Base Year i.e. 01.04.2019 to 31.03.2020.

In place of

2.15 Global Manufacturing Revenue: Consolidated Manufacturing Revenue, both in India and overseas, of the Applicant and its Group Companies, in the electronics, telecom and networking segments, for the period of the Base Year i.e. 01.04.2019 to 31.3.2020.

2. **In Clause 3.2, Clause 3.2.1, Clause 3.2.2, Clause 3.2.3 and Clause 10.3.3:** The word "Global Manufacturing Revenue" is replaced by "Global Revenue".
3. This has been issued with the approval of Hon'ble Minister of Communications.


(Rajesh Kumar Pathak)

Deputy Director General (International Cooperation)

Phone: +91 11 23717542

Email: ddgic-dot@gov.in

Copy to:

1. All Concerned Ministries / Departments of Government of India
2. All States / Union Territories
3. Cabinet Secretariat
4. PMO
5. NITI Aayog
6. Comptroller and Auditor General of India
7. Member(F), DCC, Department of Telecommunications
8. Industry Associations
9. Project Management Agency (PMA).
10. Internal circulation


18/6/21

**File No. 13-01/2020-IC
Government of India
Ministry of Communications
Department of Telecommunications
International Cooperation Unit**

Dated: 3rd June, 2021

Subject: Guidelines for Production Linked Incentive Scheme (PLI) for Promoting Telecom & Networking Products Manufacturing in India

1. Background

1.1 The Production Linked Incentive Scheme (PLI) to promote Telecom and Networking Products manufacturing in India (hereinafter referred to as the ‘Scheme’) has been notified vide notification No. 13-01/2020-IC dated 24.02.2021.

1.2 In pursuance of Clause 7 of the said notification and for the effective operation and smooth implementation of the Scheme, the following guidelines are formulated to be read along with the Scheme. In case of any inconsistency between the Scheme as notified and the guidelines hereunder, the provisions of the Scheme shall prevail.

1.3 These guidelines have been finalised after consultations with stakeholders. The Scheme Guidelines, *inter-alia*, cover the following:

1.3.1 Definitions

1.3.2 Qualification and Eligibility

1.3.3 Investment for Determining Eligibility

1.3.4 Application and Online Portal

1.3.5 Project Management Agency (PMA), Empowered Group of Secretaries (EGoS) and Competent Authority

1.3.6 Approval under PLI and Determination of Baseline

1.3.7 Calculation and Disbursement of Incentives

1.4 The Scheme will be effective from 01.04.2021. Eligible Investment and sales made in terms of Scheme guidelines, on that date or thereafter, shall be reckoned for considering the incentive under the Scheme.

2. Definitions

2.1 Applicant: Applicant for the purpose of the Scheme is a company registered in India under the Companies Act 2013, proposing to manufacture goods covered under Scheme Target Segments as defined hereinafter, and making an application seeking approval under the Scheme. The Applicant can set up new or use existing manufacturing facility(ies) to manufacture goods covered under the Scheme Target Segments. The aforesaid manufacturing can be carried out at one or more locations in India, which will however be prior intimated to DoT. The Applicants whose accounts are declared as Non-Performing Asset (NPA) as per RBI guidelines or wilful defaulter or reported as fraud by any bank, financial institution or non-banking financial company etc. would be considered as ineligible. Further, there should not be any insolvency proceedings admitted against the Applicant in the National Company Law Tribunal (NCLT) etc.

2.2 Applicant Category: Application can be made under following two categories:

2.2.1 MSME: Companies registered as Micro, Small & Medium Enterprises (MSME) with the Ministry of MSME, Government of India.

2.2.2 Non MSMEs: Companies not falling under 2.2.1. This shall be subdivided in two categories:

2.2.2.1 Domestic Company: As per the FDI Policy 2020, a company is considered as 'Owned' by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and / or Indian companies, which are ultimately "owned" and "controlled" by resident Indian citizens. Such a company will be defined as "Domestic Company" for the purpose of these guidelines.

2.2.2.2 Global Company: Global Company means a company which does not qualify as Domestic Company as defined at Clause 2.2.2.1

above and is having business in one or more than one country either by itself or including its Group Companies as defined in Clause 2.16 of the Scheme guidelines.

2.3 Application: Application submitted under the Scheme by an Applicant to Project Management Agency (PMA)/DoT as per the Application Form specified under the Scheme containing requisite information, along with supporting documents and application fee as specified.

2.4 Application Acknowledgement Date: The date on which an application is acknowledged by Project Management Agency (PMA) on submission by an Applicant.

2.5 Application Approval Date: The date on which, based on an application, approval under the Scheme is issued by the Project Management Agency (PMA) pursuant to approval by the Competent Authority.

2.6 Application Window: The Application window shall be open for applications for benefits under the Scheme from the date of its opening as notified by DoT and as informed on the Scheme portal (<https://www.pli-telecom.udyamimitra.in>). Application form shall be submitted on the aforesaid portal online.

2.7 Base Year for Sales: Financial Year 2019-20 shall be treated as the Base Year for computation of incremental sales of goods manufactured in India under the Scheme Target Segments net of taxes (as distinct from “traded goods” defined under Clause 2.27). Baseline information pertaining to sales of goods manufactured in India under the Scheme Target Segments will be obtained to deduce and verify the incremental sales over the base year.

2.8 Competent Authority: Competent Authority, under the Scheme will be as notified by DoT from time to time.

2.9 Eligible Investment: Investment made in India from 01.04.2021 onwards and up to Financial Year 2024-2025 only. Applicant shall provide a certificate, from the Statutory Auditor as per specified format, depicting investment by the Applicant in India as on 31.03.2021.

2.10 Eligible Product: Goods manufactured in India by the Applicant, covered under Scheme Target Segments (**Annexure-1**) and approved for incentives under the Scheme.

2.11 Employment: Jobs created by Applicant in India, which are directly involved in the production process or with related activities beginning from when materials enter a production facility and until the resultant manufactured good leave the production facility. Such employment shall include on-roll, contractual, apprentice workforce and jobs created due to outsourcing within the premises of the Applicant company.

2.12 Empowered Group of Secretaries (EGoS): EGoS is the Committee chaired by the Cabinet Secretary and published in Gazette of India by Department for Promotion and Industry and Internal Trade vide ORDER No. P 36017/144/2020-Investment Promotion dated 10th June 2020. The EGoS will monitor the Scheme, undertake periodic reviews of the outgo under the Scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay as approved by the Cabinet.

2.13 Financial Year: Financial Year begins on the 1st April of a year and ends on 31st March of the following year.

2.14 Force Majeure: Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable / seasonal rain and any other events specifically excluded).

2.15 Global Manufacturing Revenue: Consolidated Manufacturing Revenue, both in India and overseas, of the Applicant and its Group Companies, in the electronics, telecom and networking segments, for the period of the Base Year i.e. 01.04.2019 to 31.3.2020.

2.16 Group Company: As defined in the FDI Policy 2020, Group Company means two or more enterprises which, directly or indirectly, are in a position to:

- (i) Exercise twenty-six percent or more of voting rights in other enterprise;
- or

(ii) Appoint more than fifty percent of members of Board of Directors in the other enterprise.

2.17 Investment: “Investment” related to Scheme Target Segments, capitalized in the books of accounts of the Applicants, as mentioned in Clause 4.2 of the Scheme shall mean:

2.17.1 Expenditure incurred on Plant, Machinery, Equipment and Associated Utilities: This shall include expenditure on plant, machinery, equipment and associated utilities as well as tools, dies, moulds, jigs, fixtures (including parts, accessories, components, and spares thereof) of the same, used in the design, manufacturing, assembly, testing, packaging or processing of any of the goods covered under Scheme Target Segments. It shall also include expenditure on packaging, freight / transport, insurance, erection and commissioning of the plant, machinery, equipment, and associated utilities. Associated utilities would include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water & power supply, and control systems. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software, and ERP solutions. Expenditure on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible to be included in this head. All non-creditable taxes and duties would be included in such expenditure.

2.17.2 Expenditure incurred on Research and Development (R&D): Capital expenditure on R&D and product development related to Scheme Target Segments. The term “related” here refers to all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include expenditure on in-house and captive R&D, directly attributable to goods covered under Scheme Target Segments, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to functioning of the same. It shall also include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D. Manpower expenses shall not be included in the eligible R&D expenditure. Further, R&D expenditure

shall be subject to the provision of Clause 4.1.4 and limits as specified in the Clause 4.3.4 hereinafter. All non-creditable taxes and duties would be included in such expenditure.

2.17.3 **Expenditure related to Transfer of Technology (ToT) Agreements:** This shall include cost of technology and initial technology purchase related to goods covered under Scheme Target Segments. All non-creditable taxes and duties would be included in such expenditure. Further, ToT is subject to limits as specified in Guidelines Clause 4.4.3 hereinafter.

2.17.4 **Expenditure incurred on Land and Building:** The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, will not be considered for determining eligibility under the Scheme. However, as already described in clause 2.17.1 expenditure on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible.

2.18 Manufacture: In accordance with Central Goods and Services Tax (CGST) Act, 2017; “manufacture” shall mean processing of raw material or inputs in any manner that results in emergence of a new product (as distinct from “traded goods” defined under Clause 2.27) having a distinct name, character and use; and the term “manufacturer” and “manufacturing” shall be construed accordingly.

2.19 Net Incremental Sales of Manufactured Goods: Net Sales of Goods Manufactured in India under the Scheme Target Segments over a given period minus the Net Sales of Goods Manufactured in India (as distinct from “traded goods” defined under Clause 2.27) under the Scheme Target Segments in the Base Year over the corresponding period.

2.20 Net Sales: Net Sales shall mean the Gross Sale net of credit notes as defined in CGST Act (raised for any purpose), discounts (including but not limited to cash, volume, target or for any other purpose) and taxes applicable for goods manufactured in India (as distinct from “traded goods” defined under Clause 2.27) under the Scheme Target Segments as per its books of accounts and as disclosed to GST Authorities.

2.21 Project Management Agency (PMA): Refers to an agency appointed by Department of Telecommunications (DoT) to act on its behalf for receipt and appraisal of applications, determination of baselines, verification of eligibility and examination of disbursement claims through any method / document deemed appropriate and for managing the above-mentioned in accordance with these Guidelines/Schemes.

2.22 Related Party(ies): The term related party shall be as defined in “Accounting Standard (AS)18 - Related Party Disclosures” or “Indian Accounting Standard (Ind AS) 24 - Related Party Disclosure”, as may be applicable to the Applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.

2.23 Scheme Target Segments: Scheme Target Segments shall mean specified Telecom and Networking Products as in **Annexure -1** in the Scheme.

2.24 Self Certified Documents: The self-certified documents would mean, documents certified by a designated Signatory of the Applicant company authorised by the Board of Directors.

2.25 Successor-in-Interest: Successor-in-Interest shall mean the new or re-organized entity formed after the merger, demerger, acquisition, transfer of business or significant change in ownership of an Applicant. Significant change will mean any change leading to any shareholder acquiring directly or indirectly 10% or more shareholding in the company.

2.26 Technical Committee (TC): A Technical Committee as constituted by the Competent Authority.

2.27 Traded Goods: Products where no processing of raw material or inputs in any manner are carried out by the Applicant company and the product is purchased and sold without any value addition will be treated as “traded goods”, for the purpose of the Scheme.

3. Qualification and Eligibility

3.1 Support under the Scheme shall be provided only to companies for manufacturing of goods in India as covered under Scheme Target Segments. Further any foreign (non-resident) investment in the Applicant company shall

be in compliance to the FDI Policy 2020, as amended and effective from time to time.

3.2 Eligibility shall be subject to qualification criteria for the Global Manufacturing Revenue as defined in Clause 2.15 of Scheme guidelines, as under:

3.2.1 Global companies: Global Manufacturing Revenue should be more than Rs. 10,000 Crore in the base year. In case of Group companies of Applicant, whose revenues for the base year have not been consolidated in INR, the revenue in the respective currency shall be converted to INR at an average of currency exchange rates as on April 01, 2019 and March 31, 2020.

3.2.2 Domestic companies: Global Manufacturing Revenue should be more than Rs. 250 Crore in the base year.

3.2.3 MSMEs: Global Manufacturing Revenue should be more than Rs. 10 Crore in the base year.

3.3 Eligibility shall be subject to thresholds of minimum cumulative Incremental Investment during the year and Incremental Sales of Manufactured Goods (covered under Scheme Target Segments) over the base year.

3.3.1 An Applicant must meet threshold criteria to be eligible for disbursement of incentive for the year under consideration. Eligibility threshold criteria are annexed in the Scheme and in **Annexure 2** of these Guidelines.

3.3.2 In case an Applicant does not meet eligibility threshold criteria as per **Annexure 2**, for any given year, the Applicant shall not be eligible for incentive in that particular year. There will not be any carryover of incentive for such years. However, the Applicant will not be restricted from claiming incentive due in subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years.

3.4 For the purpose of determining eligibility of an Applicant with respect to Incremental Investment for any year, the cumulative value of investment done till such year (including the year under consideration) from 01.04.2021 shall be considered. Even if the entire committed investment is made by the Applicant in less than 4 years, the incentive will be disbursed annually to the eligible

Applicants based on the annual threshold investment communicated in the letter of approval.

3.5 For the purpose of determining eligibility of an Applicant with respect to Net Incremental Sales of Manufactured Goods covered under Scheme Target Segments for any year, the Net Sales of Manufactured Goods covered under Scheme Target Segments for such year over the Base Year shall be considered.

3.6 An Applicant shall become ineligible for availing benefits under the DoT PLI Scheme, if it has applied/availed benefits under any other PLI Scheme of the Central Government for the same product. However, eligibility under PLI Scheme will not affect eligibility under any other Scheme being implemented by State/UT Governments and vice-versa. Further, for the purpose of determining eligibility of an Applicant with respect to incremental investment, the investment covered under the Scheme may not be considered for determining eligibility under any other PLI Scheme and vice-versa.

3.7 Maximum financial allocation over 5 years for MSME category will be limited to Rs. 1000 crores only.

3.8 The status of Applicants as MSMEs or Non-MSMEs will be determined at the time of selection only and it will remain so during the entire duration of the Scheme.

4. Investment for Determining Eligibility

4.1 General Terms and Conditions

4.1.1 Investment as defined in Clause 2.17 of these Guidelines shall be considered for determining eligibility under the Scheme provided such investment is made on or after 01.04.2021.

4.1.2 Expenditure on consumables and raw material used for manufacturing shall not be considered as Investment.

4.1.3 The date of tax invoice would be considered as the date of investment under the Scheme.

4.1.4 For any particular year, heads of Investment, based on which eligibility for selection and annual claim of incentive, is being determined, must be capitalized in the books of accounts of the Applicants, in that year.

4.2 Plant, Machinery and Equipment

4.2.1 Expenditure incurred on Plant Machinery & Equipment as defined in Clause 2.17.1 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.2.2 Plant, machinery, and equipment must be purchased / leased in the name of the Applicant. In cases where these are being leased, the lease should be in the nature of a financial lease within the meaning of “Accounting Standard 19 – Leases” or “Indian Accounting Standard (Ind AS) 116 – Leases”, as may be applicable to the Applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time. Plant, machinery and equipment obtained by the Applicant on financial lease from Group Companies located in India whose core business is not financing or equipment leasing Scheme shall be excluded from the eligible investments.

4.2.3 As per “The Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2018”, the used / refurbished plant, machinery and equipment allowed under the Scheme shall have a minimum residual life of at least 5 years. Further, a valuation certificate by a Chartered Engineer assessing the value and residual life shall also be required. In case of import, such valuation should be in accordance with Customs Valuation Rules and Circulars. The value of these plant, machinery and equipment shall be considered as lower of depreciated value (as per scale of depreciation fixed by Customs, whether these plant, machinery and equipment are imported or not) and the value assessed by Chartered Engineer (of India) or equivalent overseas Chartered Engineer, as may be specified. DoT reserves the rights to have its own Chartered Engineer for such valuation.

4.2.4 In such case that tools, dies, moulds, jigs, fixtures and parts, accessories, components and spares are located outside the premises of an Applicant, appropriate undertaking(s) from the person having custody of these equipment / components along with valid legal agreement(s) for the said transaction(s) shall be obtained. These equipment /components should not be located outside the country.

4.2.5 Plant, machinery, and equipment shall be procured / leased through legally valid documents after payment of applicable taxes and duties.

4.2.6 The plant, machinery and equipment approved under the Scheme should be used for manufacturing of the goods under the Scheme Target Segments that are approved in the approval letter issued by PMA. This does not preclude the usage of such machinery for manufacturing of other products. The Applicant must submit a declaration about usage of machinery for each year during the period that such Applicant is claiming incentive under the Scheme.

4.2.7 The PMA will, *inter-alia*, rely on certificates from Chartered Engineer or any valuer registered with Insolvency & Bankruptcy Board of India, and valuation considered under Customs Rules, wherever applicable, for the purpose of determining reasonableness of cost.

4.3 Research and Development (R&D)

4.3.1 Expenditure incurred on Research and Development as defined in Clause 2.17.2 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.3.2 The Applicant shall provide a Statutory Auditor certificate in respect of the cost of technology, IPRs, patents and copyrights pertaining to the products approved for manufacturing.

4.3.3 The software associated with R&D shall be procured / licensed through legally valid documents after payment of applicable taxes and duties. This shall be certified by the Statutory Auditor of the Applicant.

4.3.4 Expenditure incurred on R&D shall not exceed 15% of the total committed investment.

4.4 Transfer of Technology Agreements

4.4.1 Expenditure incurred on Transfer of Technology Agreements (copy of Transfer of Technology agreement to be submitted) as defined in Clause 2.17.3 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.4.2 The Applicant shall provide a Statutory Auditor certificate in respect of expenditure related to Transfer of Technology Agreements.

4.4.3 Expenditure incurred on Transfer of Technology shall not exceed 5% of the total committed investment.

4.5 Associated Utilities

4.5.1 Expenditure incurred on associated utilities as defined in Clause 2.17.1 of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.

4.5.2 The associated utilities will be capped at rates specified in the CPWD schedule of rates, if available or else as per the valuation carried out by Chartered Engineer.

4.5.3 The Applicant shall provide a Statutory Auditor certificate in respect of expenditure related to associated utilities.

4.6 Related Party Transactions: All transactions with Related Parties will be subject to provisions of Accounting Standard-18 as amended from time to time. All Related Party Transactions should be at an arm's length price as defined under Income Tax Act.

4.7 During the application and claim process PMA will rely on, *inter alia*, various certificates to be submitted by the Applicant from Statutory Auditors, Chartered Engineer, Valuers etc. as defined under the Scheme guidelines. The cost of such certificates as stipulated and to be submitted along with the application and claim process will be borne by the Applicant.

5. Application

5.1 The Scheme shall be open for applications from the date of its opening, as notified by DoT and as informed on the Scheme portal (<https://www.pli-telecom.udyamimitra.in>). Application forms shall be submitted and accepted on the aforesaid portal online.

5.2 The Competent Authority reserves the right to invite new applications anytime during the tenure of the Scheme.

5.3 An application under the Scheme can be made to Project Management Agency (PMA) on the portal online for the Scheme, by any company registered in India.

5.4 Each Applicant shall be allowed to make only one application under the Scheme. However, the Applicant can apply for one or more products of the Scheme Target Segments as defined in **Annexure 1**.

5.5 All manufacturers with products backed by Indian technologies are encouraged to apply.

5.6 An application shall be made in the specified format and as per the process mentioned in these Guidelines.

5.7 On receipt of an application in the specified format, by the PMA, an acknowledgement to this effect shall be issued. However, issuance of the acknowledgement would not bestow or confer on the Applicant any right to claim incentive. No fresh application will be accepted after the close of the application window unless otherwise permitted by the Competent Authority.

5.8 On receipt of the application, an initial scrutiny shall be carried out by the PMA to ascertain that the information, documents, certificates, proof of deposit of application fees etc. as required under the Scheme have been submitted. Deficiencies, if any, found in the applications during the initial scrutiny shall be intimated to the Applicants and the same shall be rectified by the Applicant within the stipulated time from the date of intimation of the deficiency, failing which the application may be marked ineligible for the Scheme. After completion of the scrutiny process, the list of shortlisted eligible application shall be recommended by PMA to DoT for approval of the Competent Authority.

5.9 The application section on the portal, containing information about the Committed Investment and estimated Incremental Net Manufacturing Sales, shall have suitable provisions for data security.

5.10 Final recommendation shall be made by PMA to DoT in respect of eligible Applicants with baseline information (Investments and Sales), committed investments and maximum eligible sales during the Scheme period. On approval by DoT, the PMA shall issue approval letter to the Applicants as per specified formats.

5.11 A non-refundable application fee would be payable for each application. The application fee, as specified, would be accepted electronically only.

6. Online Portal

6.1 All applications will be submitted online through portal to Project Management Agency (PMA).

6.2 Upon successful submission of an application, PMA will issue a unique Application ID to the Applicant for all future activities pertaining to the Scheme. All Applicants may refer to this unique ID for any future correspondence on the subject.

6.3 DoT may separately issue detailed instructions for the use of online portal for the Scheme.

7. Project Management Agency (PMA)

7.1 The Scheme will be implemented through a Project Management Agency (PMA) which shall be responsible for providing secretarial, managerial, implementation, support and for carrying out responsibilities as assigned by DoT from time to time.

7.2 The PMA would, inter-alia, be responsible for:

7.2.1 Receipt of application, issue of acknowledgements and scrutiny of applications within the stipulated timelines.

7.2.2 Ascertaining of Baseline for Net Sales of Manufactured Goods and Investment for eligible Applicants and making appropriate recommendations to the Competent Authority.

7.2.3 Verification of thresholds for committed investments towards determining eligibility for disbursement of incentive.

7.2.4 Examination of claims for disbursement of incentive and making appropriate recommendations to the Competent Authority.

7.2.5 Verification of the reconciliation of disbursement claims with specified documents.

7.2.6 Compilation of data regarding progress and performance of the Scheme through Quarterly Review Reports and other information / documents.

7.3 The PMA may request for additional information, details and documents from the Applicant as deemed necessary.

7.4 DoT/PMA shall carry out verification of claims related to annual threshold eligible investment and incremental sales of selected Applicants for deciding eligibility to receive incentives. This process will primarily include document-based verification but may also involve selective physical verification/inspection by PMA/suitable agency as per operating procedures to be decided by DoT/PMA.

8. Empowered Group of Secretaries (EGoS) and Competent Authority

8.1 Empowered Group of Secretaries (EGoS)

8.1.1 The Empowered Group of Secretaries (EGoS) may monitor the Scheme, may undertake periodic review of the outgo under the Scheme and take appropriate action to ensure that the expenditure is within the specified outlay as approved by the Cabinet.

8.1.2 The EGoS may conduct periodic reviews of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

8.1.3 The EGoS may revise incentive rates, ceilings, Scheme Target Segment(s) and eligibility criteria as deemed appropriate during the tenure of the Scheme.

8.1.4 In case of a Force Majeure event, the EGoS may amend, modify, or withdraw any clauses under the Scheme Guidelines.

8.2 Competent Authority

8.2.1 The Competent Authority will consider applications, as recommended by the PMA for approval under the Scheme. The Competent Authority may seek such additional information, as necessary for approval.

8.2.2 The Competent Authority will also be authorized to carry out any amendments in Scheme Guidelines following due procedure.

8.2.3 Competent Authority may authorise any other person or agency to consider the approval of applications and claims for incentive on its behalf.

9. Baseline Information

9.1 Eligibility under the Scheme is subject to thresholds of Cumulative Incremental Investment, and Net Incremental Sales of Goods Manufactured in India covered under Scheme Target Segments as defined. Accordingly, a baseline for Investment and Net Sales of Goods Manufactured in India will have to be established to determine eligibility and compute incentive amount due.

9.2 The period for determination of baseline shall be as follows:

9.2.1 Baseline for Investment: As on 31.03.2021

9.2.2 Baseline for Net Sales of Goods Manufactured in India (covered under the Scheme Target Segment): Period from 01.04.2019 to 31.03.2020

9.3 Applicants shall be required to submit information / documents, at their own cost, as deemed necessary for establishing the baseline, including but not limited to statutory auditor certificates and returns furnished to various Ministries / Departments / Agencies, or any other document sought by the PMA.

9.4 The Competent Authority will consider approval of applications under PLI Scheme based on baseline information (investments and sales), committed investments and maximum eligible sales during the Scheme period as ascertained and recommended by the PMA.

10. Approval under PLI

10.1 The Project Management Agency (PMA) appointed by DoT, will scrutinise the applications, as received, after issuing of acknowledgements. The PMA shall carry out initial scrutiny of the application as defined in Clause 5.8. Final recommendation, for approvals under the Scheme, shall be made by PMA to DoT in respect of eligible Applicants with baseline information (investments and sales), committed investments and maximum eligible sales during the Scheme period. The final selection of Applicants under the Scheme will be done by the DoT with the approval of Minister in charge of the Department.

10.2 DoT shall grant approvals to 10 (ten) eligible applications each in MSME & non-MSME categories. Out of the 10 applications in non-MSME category, at least 3 (three) Applicants will be eligible Domestic companies.

10.3 In case of receipt of eligible applications in excess of the limits specified as in Clause 10.2 above for any of the two Applicant categories, the eligible applications for the given category will be ranked in the following order:

10.3.1 Applicant Category: MSMEs

Highest to lowest on the basis of committed cumulative incremental investment during the Scheme period.

10.3.2 Category: Non-MSMEs

Highest to lowest on the basis of committed cumulative incremental investment during the Scheme period.

10.3.3 In case of more applications at same level of investment, Applicants (including its group companies) having higher global manufacturing revenue in the base year, for the respective categories, will be considered.

10.3.4 Based on the ranking method mentioned above, highest 10 (ten) eligible Applicants in MSME category, highest 10 (ten) eligible Applicants in non-MSME category (out of which at least 3 (three) Domestic companies) shall be selected and granted approval under the Scheme.

Illustration: - Under non-MSME category, both Global and Domestic companies can apply. In case, out of the top ten ranks, 3 or more than 3 Domestic companies are included, the list will be final. However, in case, the top 10 ranks have less than 3 domestic companies (and there are still eligible applications from domestic companies), remaining (out of three in top 10 ranks) domestic companies in their order of ranking will be selected to make it minimum 3. In either case, total number of shortlisted applications will be capped at 10 (ten).

10.4 This selection is subject to total incentive on maximum eligible sales for all Applicants in respective categories being within the overall financial limit of Rs. 12,195 Crores over a period of five years. In case the total incentive payable on maximum eligible sales based on Committed Total Investment is more than the financial limit for respective categories, as in Clause 3.7 or otherwise, the number of Applicants to be selected will be reduced accordingly.

10.5 In case the total incentive payable on maximum eligible sales to all the 10 (ten) Applicants in each category is less than the financial limit in respective categories, the Competent Authority may select more applications, subject to overall financial limit of Rs. 12195 Crores over a period of five years.

10.6 After the PMA has received the approval from the Competent Authority, it shall issue a letter to the Applicant communicating the same. The letter shall, inter-alia, state with reference to earlier communication, the following:

10.6.1 Name of Applicant

10.6.2 Applicant Category

10.6.3 Eligible Product(s)

10.6.4 Date of Acknowledgement

10.6.5 Date of Approval

10.6.6 Thresholds of Committed Cumulative Incremental Investment and Net Incremental Sales of Goods Manufactured in India covered under Scheme Target Segment, applicable for determining eligibility.

10.6.7 Baseline for Eligible Investment (as on 31.03.2021)

10.6.8 Baseline for Net Sales of Goods Manufactured in India covered under Scheme Target Segment for first year (Period from 01.04.2019 to 31.03.2020)

10.6.9 Total Ceiling on eligible incentive for the entire Scheme period

10.6.10 Any other information / condition stipulated by the Competent Authority

11. Calculation of Incentive

The incentive applicable for an approved Applicant shall be computed as follows:

Net Incremental Sales of Eligible Product(s) x Rate of Incentive for the applicable year

Where

(i) Eligible Product(s) are as stated in the approval letter.

(ii) In case of credit notes issued for any purpose including return of sold Goods, the Net Sales for the period shall be reduced by the amount corresponding to such credit notes. If the corresponding sales have already been considered for claim processing for the earlier period, the credit notes for return of sold goods shall be adjusted with Net Sales for the period in which the actual sales return takes place.

(iii) Annual Ceiling on incentive payable to each Applicant will be determined based on Clause 10 of the Scheme notified on 24.02.2021.

12. Disbursement of Incentives

12.1 For claiming incentive under the Scheme, Applicants will be required to submit claims for disbursement of incentive to the PMA. Applicants must ensure that the claims are complete in all respects and are accompanied by all the documents required as per format specified in the Scheme.

12.2 Applicant shall submit claim for disbursement of incentive after the end of financial year to which the claim pertains, but not later than 9 months from the end of the said financial year.

12.3 The PMA will examine the disbursement claims as submitted by an Applicant. The PMA shall verify eligibility and assess incentive payable to an Applicant based on the method laid down in these Guidelines and the approval letter issued to the Applicant.

12.4 The PMA will have the right to verify any document(s) in relation to the claim for incentives including but not limited to statutory auditor certificates and returns furnished to various Ministries / Departments / Agencies. The PMA shall also have the right to examine the end realization and settlement / payments corresponding to sales and investment respectively by way of auditor's certificate, bank statements etc. to the extent deemed necessary.

12.5 In case of any doubt with respect to determining eligibility and incentive amount due, or any other matter in discharge of its duties and responsibilities, the PMA may refer to Competent Authority for clarification. The decision of Competent Authority will be final in this regard.

12.6 The PMA shall process claims for disbursement of incentive and make appropriate recommendations to the Competent Authority.

12.7 The Competent Authority will consider claims for disbursement, as examined, and recommended by the PMA, for disbursement of incentive.

12.8 DoT shall disburse funds after completion of all pre-disbursal formalities by the Applicant and approval from Competent Authority. Pending submission of the reconciliation certificates as in Clause 12.10, disbursement would be restricted to 85% of the eligible claim amount approved for the year.

12.9 The disbursement of incentives will be in the form of Direct Bank Transfer through PFMS.

12.10 Applicants shall be required to submit reconciliation Statement of Incremental Investment and Net Incremental Sales of Eligible Manufactured Goods as on 31st March of every financial year during the Scheme period, for adjustments made due to credit notes issued for any purpose including return of sold Goods up to 31st December of the next financial year. The said reconciliation Statement, as per specified format, will have to be submitted within 15 days of 31st December as aforesaid.

12.11 PMA shall verify the reconciliation documents/certificates and recommend disbursement of the balance eligible claim to DoT.

12.12 Based on the Competent Authority approval, DoT would make the disbursement of the balance eligible claim for the year to the Applicants.

12.13 In case of excess claims disbursed, the Applicant shall reimburse DoT for any incentive amount refundable along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually (for the period between excess payment and date of refund by the Applicant).

12.14 If the PMA or Competent Authority is satisfied that eligibility under the Scheme and / or disbursement of incentives have been obtained by misrepresentation as to an essential fact or furnishing of false information, Competent Authority may ask the Applicant to refund the incentives along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually (for the period between payment and date of refund by the Applicant), after giving an opportunity to the Applicant of being heard, subject to conditions stipulated in Clause 15.6.

12.15 DoT shall make budgetary provisions for disbursement of incentives under the Scheme. The PMA will submit budgetary requirements to DoT as a consolidated amount on an annual basis.

12.16 The PMA shall furnish information to DoT with details of disbursement claims received for incentives, amount recommended / disbursed, reasons for rejection / delay in recommendation of the incentives on a quarterly basis.

13. Review and Monitoring

13.1 Apart from EGoS, periodic reviews will be undertaken by a Steering Committee to be constituted by DoT to monitor the progress of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

13.2 All approved Applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs), in specified formats, within 30 days from the end of each quarter in the format provided in the Scheme. Incentive claims for a particular financial year shall be considered only if all QRRs for the period have been submitted by the Applicants within the prescribed timelines.

14. Technical Committee (TC): A Technical Committee as defined in Clause 2.26 above will provide technical assistance to PMA / DoT / EGoS for discharging their functions. TC will also give its comments on any technical matter referred by PMA/DoT.

15. Residual

15.1 Incentive shall not be claimed by an Applicant by diversion of sales from Group Companies or closure of existing units in India for claiming higher incentives under the Scheme.

15.2 Incentive shall not be claimed for a given manufactured item by more than one Applicant. Suitable declaration shall be obtained from the Applicant for this effect as per the specified format at the time of each claim.

15.3 An Applicant shall submit its latest shareholding pattern to the PMA, along with the annual incentive claim, if there is any change in the shareholding pattern during the year, after up-dation with the Registrar of Companies (RoC).

15.4 Any change in the shareholding pattern of an Applicant leading to a successor-in-interest as defined in Clause 2.25 or having the effect of change in nature of company (Domestic to Global or vice versa) during the tenure of the Scheme, shall be intimated by PMA for approval of the Competent Authority to consider for disbursement of incentives.

15.5 In case of a successor-in-interest or having the effect of change in nature of company, all Incremental Investment undertaken by the Applicant to whom approval was accorded under the Scheme, would be considered for determining eligibility, subject to approval and compliance with any other condition stipulated by the Competent Authority, as may be deemed appropriate. The baseline applicable for the successor-in-interest will be the same as determined for the Applicant to whom approval was accorded under the Scheme.

15.6 To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from Applicants under the Scheme.

15.7 The first undertaking shall be provided by all Applicants whose applications or claims are under consideration for approval or disbursement of incentives. The applications or claims of those Applicants who do not submit the undertaking shall not be processed and considered. The second undertaking for confirming the compliance of integrity will be provided by Applicants after the submission of claims for disbursement of incentive and in any case before release of funds. The release of incentives shall be withheld until the above-mentioned undertaking is provided.

15.8 These undertakings are to be furnished by Applicants in the specified formats, duly signed by CEO / MD / Director, and depicting the designation along with authorization to do so.

15.9 All the functions which are assigned to PMA, can also be performed by DoT.

15.10 The dates and timelines for various activities will be specified by DoT separately.

(Rajesh Kumar Pathak)
Deputy Director General (International Cooperation)
Phone: 23717542

Email: ddgic-dot@gov.in

New Delhi, Dated: 3rd June, 2021

Copy to:

1. **All Concerned Ministries / Departments of Government of India**
2. **All States / Union Territories**
3. **Cabinet Secretariat**
4. **PMO**
5. **NITI Aayog**
6. **Comptroller and Auditor General of India**
7. **Member(F), DCC, Department of Telecommunications**
8. **Industry Associations**
9. **Project Management Agency (PMA).**
10. **Internal circulation**

(Rajesh Kumar Pathak)
Deputy Director General (International Cooperation)
Phone: 23717542

Email: ddgic-dot@gov.in

Annexure 1**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), 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.
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 Eligible Incremental Net Sales[#] of Manufactured Goods over the Base Year	Maximum Eligible Incremental Net Sales[#] of Manufactured Goods over the Base year
	(A)	(B)	(C)	(D)
MSMEs- Minimum Threshold of Investment Rs. 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 Rs. 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 Rs. 10 Crores for MSMEs and Rs. 100 Crores for others)				
MSMEs = Micro, Small and Medium Enterprises as defined by the Government of India				
# As defined under Clause 2.20				