

Frequently Asked Questions (applicable for 2nd Window)

A. FAQs Related to Amendments dated 20-06-2022

- 1. Can an existing PLI beneficiary company, claim additional incentives of 1% over and above the applicable rates of incentive for products qualified under Design led Manufacturing, as defined at Clause 2.8A and under normal rates applicable for PLI Scheme, for the products not complying with Design-led Manufacturing Criteria?**

Reply:

The amendments are applicable for both, the existing PLI beneficiaries and new companies applying under the 2nd window of applications. These companies can claim additional incentives of 1% over and above the applicable rates of incentive for products qualified under Design-led Manufacturing, as defined in Clause 2.8A and under normal rates applicable for PLI Scheme, for the products not complying with Design-led Manufacturing criteria.

In respect of the existing PLI beneficiary, they have to give a declaration for specific products that satisfy the Design-led criteria, during the current application window. Based on their eligibility, these specific products will be listed under Design-led manufacturing and will be treated accordingly for the period of this scheme.

However, in the case of existing companies, the total year-wise incentive payable shall be limited to the year-wise incentive amount already approved for the company.

- 2. If a new Applicant manufactures a mix of products i.e. some products complying with the criteria defined under Clause 2.8A and some non-complying products, then how will it be selected during the new application process?**

Reply:

New Applicant companies who apply for a mix of products & declare that only some of them would comply with Design-led manufacturing criteria; shall be treated as non-compliant Design-led manufacturers.

Their applications will be considered as per Clause 2.3 of the amendment dated 20th June 2022. However, these companies will get priority over companies in whose case all the products are non-compliant with the Design-led manufacturing criteria.

Further, such companies have to demonstrate their capabilities to comply with Design-led Manufacturing Criteria at the time of scrutiny of application.

- 3. If an Applicant company at the time of application submits that all its products comply with the Design-led criteria (as defined in Clause 2.8A), but at a later stage some of the products are found non-compliant, then how the incentives will be decided?**

Reply:

Applicant companies who now apply for all products complying with Design-led criteria should give a certificate declaring that all the products manufactured by them under this Scheme

satisfy the Design-led Manufacturing criteria as defined in Clause 2.8A, to be given priority over manufacturers not compliant with Design-led criteria at the time of ranking for selection under the Scheme.

Further, such companies have to demonstrate their capabilities to comply with Design-led Manufacturing Criteria at the time of scrutiny of the application.

If any product fails to satisfy some of the Design-led Manufacturing criteria at a later stage, then they will be eligible for incentives at normal rates as applicable to the PLI Scheme for those particular products.

4. Can an existing PLI beneficiary company apply for revision of committed investment / net incremental sales forecast in the existing approval under the Scheme?

Reply:

The existing PLI beneficiary company which intends to revise the committed investment / net incremental sales forecast has the option to apply as a fresh Applicant. On selection, the company has to exit from the existing approval and forego their investment made during Financial Year 2021-22.

5. Can an existing PLI beneficiary company claim incentive for FY2021-22 with the achieved investment / net sales figures and also apply for new application under Design-led PLI for the remaining 4 years with a higher committed investment / net incremental sales forecast?

Reply:

The existing company can claim the incentive for FY2021-22 with the achieved investment / net sales figures under normal rates of PLI Scheme and higher rates for products for the rest of the 4 years only complying with Design-led Manufacturing criteria but within the year-wise incentive amount approved for the company subject to submission of declaration for products which satisfy the Design-led criteria during the current application window.

However, if these companies want to revise the committed investments/net sales; they have to apply as a fresh company and on selection have to forego investment as per the amended Guidelines. The existing company cannot revise committed investment / net incremental sales forecast without participation and selection under the window provided now.

6. Can an existing PLI beneficiary company choose 5 consecutive years of incentives at the end of the Scheme tenure?

Reply:

The choice of 5 consecutive years of incentives has to be made in the current application window i.e. open till 25.08.2022.

B. FAQs related to the Scheme

1. What is Production Linked Incentive (PLI) Scheme for Telecom and Networking Products manufacturing in India?

The Production Linked Incentive (PLI) Scheme would promote Telecom and Networking Products manufacturing in India and 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”.

2. What is the Scheme Outlay and Tenure?

The Scheme will be implemented within the overall financial limits of Rs 12,195 Crores only (Rupees Twelve Thousand One Hundred and Ninety-Five Crore only) over a period of 5 years. The scheme is effective from 1st April, 2022. The investment will be permitted to be made in made in India from 01.04.2022 onwards and up to Financial Year (FY) 2025-2026 only, subject to qualifying incremental annual thresholds. The support under the Scheme shall be provided for a period of five (5) years, i.e. from FY 2022-23 to FY 2026-27.

3. Who are the eligible Applicants to apply under the PLI Scheme for Telecom and Networking Products manufacturing in India?

Reply:

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 Department of Telecommunications (DoT). The Applicants who 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.

4. What are the different categories of Applicants who can apply under the PLI Scheme for Telecom and Networking Products?

Reply:

Application can be made under following two categories:

- a) **MSME**: Companies registered as Micro, Small & Medium Enterprises (MSME) with the Ministry of MSME, Government of India.
- b) **Non MSMEs**: Companies which do not fall under the MSME category will be classified as Non MSMEs. The Non MSMEs category shall be further sub-divided in two categories:
 - i. **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.

- ii. **Global Company:** Global Company means a company which does not qualify as Domestic Company as defined above and is having business in one or more than one country either by itself or including its Group Companies (Refer FAQ No.8).

5. What will be the eligibility criteria for the Applicants under the PLI Scheme for Telecom and Networking Products manufacturing in India?

Reply:

Applicants have to satisfy the following criteria to be eligible under the PLI Scheme for Telecom and Networking Products manufacturing in India:

- a) Minimum Global Revenue defined as per the Scheme Guidelines for Global, Domestic and MSME Companies.
- b) 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 (covered under Scheme Target Segments) net of taxes (as distinct from traded goods) over the Base Year (FY2019-2020). 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.
- c) 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.

Total number of beneficiaries will be limited owing to the fixed ceiling of the budgetary outlay.

6. What is Global Revenue for the scheme?

Reply:

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.

7. What is the eligibility qualification criteria for Global Revenue as per the PLI Scheme for Telecom and Networking Products?

Reply:

The following will be the eligibility qualification criteria for Global Revenue as per the PLI Scheme for Telecom and Networking Products:

- a) **MSMEs:** Global Revenue should be more than Rs. 10 Crore in the base year (2019-20).
- b) **Domestic Companies:** Global Revenue should be more than Rs.250 Crore in the base year.
- c) **Global Companies:** Global 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.

8. Whether Global revenue includes taxes?

Reply:

Yes, the global revenue is Consolidated Gross Revenue.

9. Whether Global Revenue includes revenue from Contract Manufacturing?

Reply:

Yes, the Global revenue includes all the revenues in the electronics, IT/ITES including software, telecom and networking segments.

10. What is Group Company with reference to the Global Revenue as defined in the PLI Scheme for Telecom and Networking Products?

Reply:

As per the Scheme Guidelines, Group Company means two or more enterprises which, directly or indirectly, are in a position to:

- a) Exercise twenty-six percent or more of voting rights in other enterprise; or
- b) Appoint more than fifty percent of members of board of directors in the other enterprise.

11. My group company is located in a country where the FY starts in Jan 2021. How to provide you the Gross Revenue?

Reply:

In case any group company of the applicant is located in a country where FY doesn't match with FY as in India, they would provide revenues of the company for the period of the base year, instead of their FY.

12. How to convert the Global Revenue in any foreign currency to INR while applying?

Reply:

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.

13. What are the Scheme Target Segments?

Reply:

The Scheme Target Segments consists of Specified Telecom and Networking Products which will be allowed to be manufactured under this PLI Scheme. The list of products have been classified as mentioned below:

- a) Core Transmission Equipment.
- b) 4G/5G, Next Generation Radio Access Network and Wireless Equipment.
- c) Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment.

d) Enterprise equipment: Switches, Routers.

New Product have been added vide DoT Office Memorandum dated 20-06-2022. For complete list of the Specified Telecom & Networking Products, visit <https://pli-telecom.udyamimitra.in/Schemes/TargetSegments>

14. Whether companies would need to predict all products which it will manufacture in future and take approval in the application, or the products can be added at a later stage. For e.g. if a company files application with 5 categories of products. However, in future it manufactures 7 products. Whether all the products need to be added in the application at this stage itself.

Reply:

Yes, the claim can only be filed for the products covered under the approval letter issued to the Applicant company. New product cannot be added at a later stage.

15. What will be the Baseline for Investment & Net Sales of Goods manufactured In India?

Reply:

Baseline for investment in the Scheme will be as on 31/03/2022. Base Year for Net Sales of Goods Manufactured in India (covered under the Scheme Target Segment) will be from 01.04.2019 to 31.03.2020.

16. What are the eligible categories of investment as per the PLI Scheme for Telecom and Networking Products?

Reply:

Investment under the PLI Scheme for Telecom and Networking Products can be made in the Scheme Target Segments, capitalized in the books of accounts of the Applicants under the following categories:

- a) Plant, Machinery, Equipment and Associated Utilities.
- b) Research and Development.
- c) Transfer of Technology (ToT) Agreements.

17. Will there be any upper limit on the eligible categories of investment as per the PLI Scheme for Telecom and Networking Products?

Reply:

As per the amendments to the Scheme Guidelines dated 20-06-2022, the limits on the eligible investment made in Research & Development and the Transfer of Technology Agreements have been removed.

18. Are taxes and duties included in the expenditure that is considered towards Investment in the Scheme?

Reply:

All non-creditable taxes and duties would be included towards the expenditure incurred on eligible category of investment as per the PLI Scheme for Telecom and Networking Products.

19. Will the expenditure incurred on land and building be considered under eligible category of investment as per the PLI Scheme for Telecom and Networking Products?

Reply:

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, expenditure incurred on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible.

20. In case there is any plant, machinery or equipment which is common for target product and other product, the cost of such equipment will be regarded as eligible investment.

Reply:

Yes. The usage of such machinery for manufacturing of other products also is not prohibited. However, 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.

21. How the incentives for eligible sales over Base year be calculated?

Reply:

A sample calculation for incentive over the base year (FY2019-20) for Applicant Companies in the MSME and Non-MSME Category is given below:

MSME							
Assumption: Base Year (FY2019-20) Sales in Scheme Target Segment – INR 100 crore & Committed Investment – INR 20 crore							
Year	Min. Investment	Actual Sales	Minimum Net Incremental Sales	Maximum Net Incremental Sales	Net Incremental Sales over Base Year	Incentive Rate	Incentive
Y1#	4	200	12	80	100	7%	5.60
Y2	8	240	24	160	140	7%	9.80
Y3	14	300	42	280	200	6%	12
Y4	20	300	60	400	200	5%	10
Y5	-	350	60	400	250	4%	10
						Total	47.40

In Y1, due to net incremental sales more than 20 times the minimum investment, the company is getting incentive only for 20 times the minimum investment value i.e. 20 *(20% of sales)

Non-MSME							
Assumption: Base Year (FY2019-2020) Sales in Scheme Target Segment – INR 10000 crore & Committed Investment – INR 1000 crore							
Year	Min. Investment	Actual Sales	Minimum Net Incremental Sales	Maximum Net Incremental Sales	Net Incremental Sales over Base Year	Incentive Rate	Incentive
Y1	200	11000	600	4000	1000	6%	60

Y2	400	12000	1200	8000	2000	6%	120
Y3#	700	12000	2100	14000	2000	5%	0
Y4	1000	13000	3000	20000	3000	5%	150
Y5	-	13500	3000	20000	3500	4%	140
						Total	470

#In Y3, due to net incremental sales less than the minimum requirement, the company is not getting incentive.

Further, 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.

- 22. Base line turnover is required to be provided for each product. Whether incremental turnover will be considered product wise or for company as whole. For example, if a company is manufacturing 5 products at present and in future it manufactures only 3 whether base line for only such 3 products will be considered to calculate incremental turnover or all 5 products.**

Reply:

As per clause 9.1 of the Scheme Guidelines, the baseline will be considered for all the products covered in the Scheme Target Segments (as per Annexure 1 of the scheme guidelines) net of taxes.

For Example, if in the base year, the company is manufacturing 5 products under the Scheme Target Segment, the baseline will be considered for all 5 products for calculating incremental turnover, irrespective of whether the company produces only 3 of those 5 products in the claim year.

- 23. If company adds any additional product which it is not manufacturing currently and baseline for such product is zero. Whether all turnover pertaining to said product will be considered as incremental.**

Reply:

Yes, all turnover pertaining to the additional product will be considered for calculation of net incremental sales, provided the product is covered under the Scheme Target Segment and mentioned in the approval letter issued to the Applicant company by the PMA (as per clause 10.6.3)

- 24. Can a company claim incentive for the products under Scheme Target Segment manufactured at location other than those mentioned in Application Form?**

Reply:

The manufacturing can be carried out at one or more locations in India, which is however to be prior intimated to DoT i.e. before commencement of manufacturing activity at the new location.

- 25. If a company is MSME during the time of application. However, during the duration of the scheme, the company moves out of MSME category, can it still claim incentives under MSME segment.**

Reply:

Yes, as per clause 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.

26. What will be the Application Fee for Applications submitted under the PLI Scheme for Telecom and Networking Products?

Reply:

A non-refundable application fee of INR 1,00,000 would be payable for each application. The application fee, as specified, would be accepted electronically only. The account details are as under:

- Bank Name : Indian Overseas Bank
- Beneficiary Name : PAOHQDOTNEWDELHI
- Account No. : 256502000001000
- Branch : Sanchar Bhawan Branch, 20 Ashoka Road, New Delhi
- IFSC Code : IOBA0002565