

## PLI scheme in Telecom Equipment Sector to Reduce Import Dependence

India is a net exporter of mobile phones, with exports equalling USD 3.2 billion in 2019. However, it is a net importer of telecom and transmission apparatus such as multiplexers, modems, plcc equipment, and parts and accessories of telecom devices. India had a trade deficit of USD 9.5 billion in the telecom equipment sector in 2019.

The following table highlights India's trade dynamics in the telecom equipment sector in 2019:

India's Trade Dynamics (Telecom Equipment Sector)			
HS Code (6-digit)	Product Description	Value Exported in 2019 (USD Million)	Trade Balance 2019 (USD Million)
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	3,229	2,330
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	524	-3,048
851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks and ...	296	-7,761
851769	Apparatus for the transmission or reception of voice, images or other data, incl. apparatus ...	44	-955
851711	Line telephone sets with cordless handsets	12	0
851718	Telephone sets (excluding line telephone sets with cordless handsets and telephones for cellular ...)	11	-6
851761	Base stations of apparatus for the transmission or reception of voice, images or other data	1	-27
<b>Total of the Above</b>		<b>4,117</b>	<b>-9,466</b>

Source: ITC

The government has recently approved the Production Linked Incentive (PLI) scheme for domestic manufacturing of telecom and networking products. In April 2020 also, the government had introduced a PLI scheme for mobile phones and allied component manufacturing.

While the objective of the scheme is to attract FDI and bring economies of scale to the telecom manufacturing sector, thereby generating employment and making our products competitive in the international market, it also incentivises ancillary MSME units to step up manufacturing.

Eligible MSMEs will get an incentive of 7% to 4% over a period of five years, on incremental sales, and the minimum investment threshold for MSMEs has been kept at Rs 10 crore.

The scheme, if successful, can propel India into becoming a global manufacturing hub in the telecom equipment sector. However, India will have to compete with major FDI destinations in the sector such as China and Vietnam, and other Asian countries, to attract investments.

## **Notifications**

### **PIB**

PM inaugurates development projects in Coimbatore

<https://pib.gov.in/PressReleasePage.aspx?PRID=1700819>

PM inaugurates development projects in Puducherry

<https://pib.gov.in/PressReleasePage.aspx?PRID=1700701>

Government notifies IT Rules 2021

<https://pib.gov.in/PressReleasePage.aspx?PRID=1700749>

CiX to Connect Cities to Innovators

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