

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 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)
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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**

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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				