

India as a Manufacturing Hub post COVID-19_Recent Schemes



We hope well-being for you and your near ones in these testing times of COVID-19 outbreak.

As they say, the only thing constant in this world is Change. Our planet which is more than 4.5 billion years old has been witnessing correction every few years which can be compared to clicking 'Reset' button on our electronic gadgets. The change may be as big as extinction of an entire specie of dinosaurs or something comparatively smaller such as a World War ! It is upto us how much we are willing to learn from it and pass on the lessons learnt to the next generation. The COVID-19 pandemic is a global correction, let's learn from it.

It is also said that every challenge brings an opportunity with it. We all might be wondering what the world post COVID-19 looks like. With 'social distancing' being order of the day, countries across the world have started 'economic distancing' from China. Americans and Japanese have started looking for alternative options to China for their manufacturing units. Rest of the world is likely to follow suit.

In these situations, India is perhaps the most obvious destination. Thanks to the joint efforts of the Government and citizens, India has managed to fight COVID-19 well despite its huge population, under the capable leadership of our Prime Minister Mr. Narendra Modi. International Monetary Fund's (IMF) projection of economic growth for India is highest among G20 nations with the country expecting to post a sharp turnaround in 2022. Facebook's investment of \$ 5.7 billion in Reliance Jio may be the first in line of ambitious foreign investments over the next years.

Parallel to fighting the pandemic, the Government of India has recently issued lucrative incentive schemes to encourage manufacture in India. Highlights of the various schemes introduced are given below. We hope you find it useful.

1) Financial Assistance of 25% of Capital Expenditure on Manufacture of Electronic Components and Semiconductors in India

Government of India has approved financial incentive of 25% of capital expenditure for the manufacturing of goods that constitute the supply chain of an electronic product under the Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS). This will cater to all segments of electronics manufacturing such as Mobile Electronics, Consumer Electronics, Industrial Electronics, Automotive Electronics, Medical Electronics, Strategic Electronics, Power Electronics, Telecom Equipment, Computer Hardware etc. The scheme will strengthen the electronic manufacturing ecosystem in the country. List of eligible goods entitled for benefit under the Scheme along with minimum investment criteria are mentioned in the notification. Government has been careful to keep minimum investment limit low for various components.

Application under the Scheme can be filed till 31 March 2023 by any entity registered in India. This is likely to include India subsidiary of foreign companies. The incentive will be provided on reimbursement basis and shall be available for investment made within 5 years from date of acknowledgement of the application by the Government of India. Lock-in period for the unit receiving incentive is to remain in commercial production for minimum 3 years from date of commencement of production or 1 year from date of receipt of last incentive, whichever is later. Detailed guidelines regarding the application and disbursement process is expected shortly from the authorities.

Please [click here](#) to read Press Release dated 21st March 2020

Please [click here](#) to read the Notification / Scheme dated 1st April 2020.

2) Approval of Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme

Government has approved financial aid to the Modified Electronics Manufacturing Clusters (EMC2.0) Scheme for development of world class infrastructure along with common facilities and amenities through Electronics Manufacturing Clusters (EMCs). These EMCs are expected to aid the growth of the Electronics System Development and Maintenance (ESDM) sector, help development of entrepreneurial ecosystem, drive innovation and catalyze the economic growth of the region by attracting investments in the sector, increasing employment opportunities and tax revenues.

Please [click here](#) to read Press Release dated 21st March 2020

Please [click here](#) to read the Notification / Scheme dated 1st April 2020.

3) Production-Linked Incentive (PLI) scheme for Large Scale Electronics Manufacturing

Government has approved production-linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components including Assembly, Testing, Marking and Packaging (ATMP) units. The Scheme shall extend an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of 5 years subsequent to the base year as defined. The scheme is likely to benefit large players in the field of mobile manufacturing and Specified Electronics Components and bring in large scale electronics manufacturing in India.

Please [click here](#) to read Press Release dated 21st March 2020

Please [click here](#) to read the Notification / Scheme dated 1st April 2020

4) Promotion of Domestic Manufacturing of Medical Devices in the country

Government has approved the following schemes:

- Scheme on Promotion of Medical Device Parks in partnership with the States. A maximum grant-in-aid of Rs.100 crore per park will be provided to the States.
- PLI Scheme for promoting domestic manufacturing of medical devices in following categories: (a) Cancer care/Radiotherapy medical devices, (b) Radiology & Imaging medical devices (both ionizing and non-ionizing radiation products) and Nuclear Imaging Devices, (c) Anesthetics & Cardio-Respiratory medical devices including Catheters of Cardio Respiratory Category & Renal Care Medical Devices, and (d) All Implants including implantable electronic devices like Cochlear Implants and Pacemakers. Under the Scheme, incentive @ 5% of incremental sales over base year 2019-20 will be provided on the segments of medical devices identified under the Scheme.

Please [click here](#) to read Press Release dated 21st March 2020

5) Promotion of Domestic Manufacturing of critical Key Starting Materials (KSM) / Drug Intermediates and Active Pharmaceutical Ingredients (API) in the country

Government has approved the following schemes:

- Scheme on Promotion of Bulk Drug Parks for financing Common Infrastructure Facilities in 3 Bulk Drug Parks in India in partnership with States. Maximum assistance to States is Rs.1000 Crore per Bulk Drug Park.
- PLI Scheme for promotion of domestic manufacturing of critical KSMs / Drug Intermediates and APIs in the country. Financial incentive will be given to eligible manufacturers of identified 53 critical bulk drugs on their incremental sales over the base year (2019-20) for a period of 6 years. Out of 53 identified bulk drugs, 26 are fermentation based bulk drugs and 27 are chemical synthesis based bulk drugs. Rate of incentive will be 20 % (of incremental sales value) for fermentation based bulk drugs and 10% for chemical synthesis based bulk drugs.

Please [click here](#) to read detailed Press Release dated 21st March 2020

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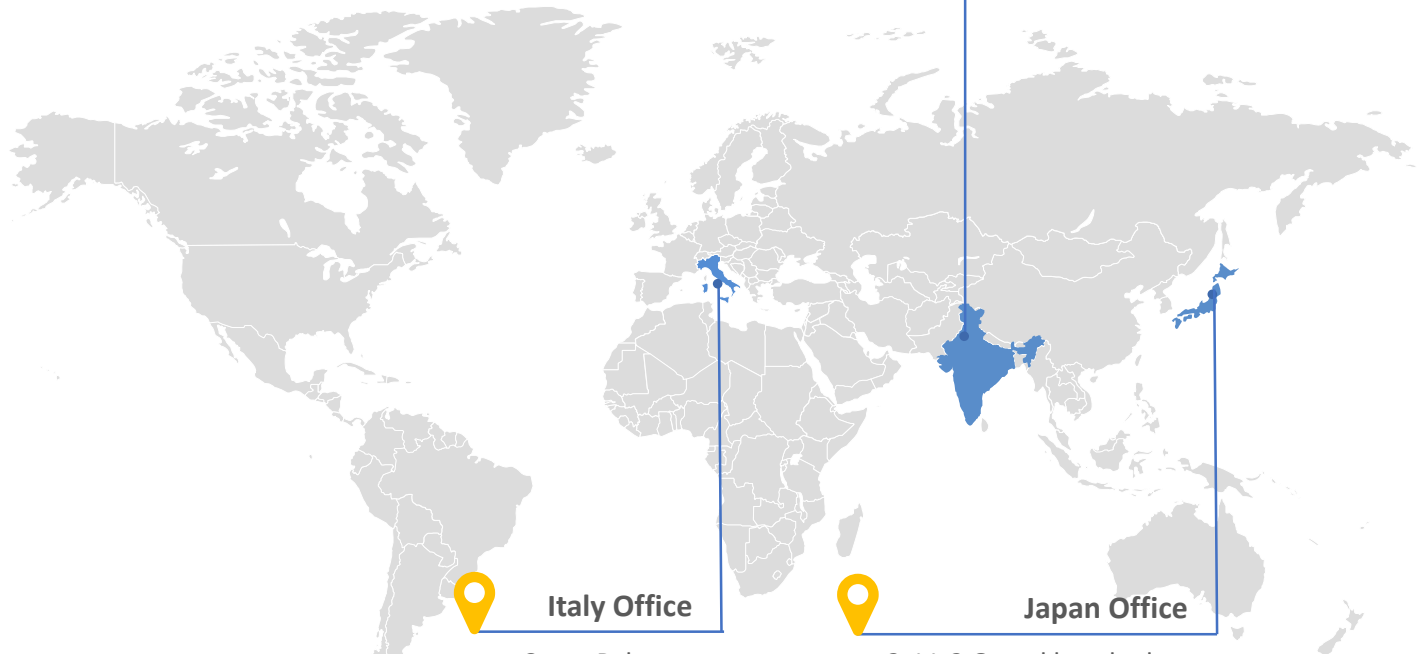
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