

Electronics Component Manufacturing Scheme (ECMS)



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NITI Aayog Report on Electronics

- NITI in its report “**Electronics: Powering India’s Participation in Global Value Chain (GVC)**” released in July 2024 enumerates multiple challenges faced by component and sub-assembly manufacturers. These are:
 - High upfront **capex** requirement,
 - High investment to **turnover** ratio
 - Long **gestation period**
 - Lack of **scale**; and
 - Catching up with **technological** advancements.
- The report also highlights the critical need for India to transition from an **assembly-led electronics sector to one with strong capabilities in component manufacturing**. As of **FY23**, component production stood at **USD 15 billion** out of the total electronics output.
- To strengthen India's position in the global value chain, the report sets an ambitious target of achieving **USD 150 billion** in component manufacturing by **FY30**. This will require localization of high-tech components, increased investments in R&D and design capabilities, and the promotion of capital goods and component manufacturing through strategic fiscal and non-fiscal interventions.
- Enhancing domestic value addition and reducing import dependence in components is essential to build a **self-reliant and globally competitive electronics ecosystem**.
- In its report has also made recommendations for a policy initiative in terms of fiscal interventions for component manufacture and reforms to help Bharat to create more **employment** in electronics manufacture.

Source: https://www.niti.gov.in/sites/default/files/2024-07/GVC%20Report_Updated_Final_11zon.pdf

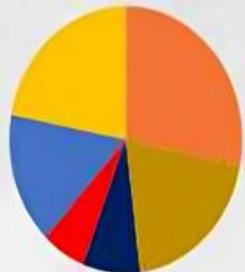
NITI Aayog Report on Electronics

Exhibit 8: India's Electronics Production

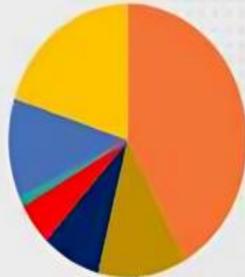
India's Electronics Production

\$48Bn
FY 2017

\$101Bn
FY 2023

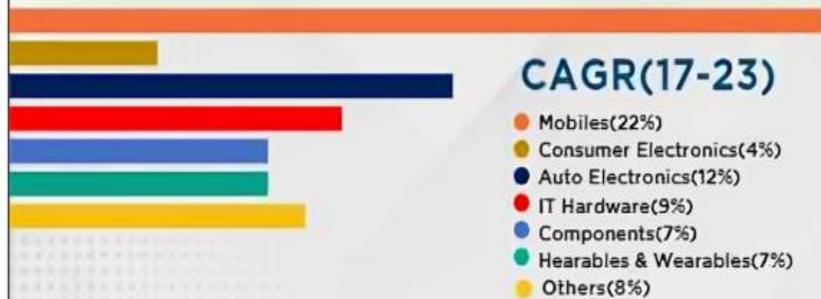


- Mobiles(28%)
- Consumer Electronics(20%)
- Auto Electronics(8%)
- IT Hardware(6%)
- Components(16%)
- Others(22%)



- Mobiles(43%)
- Consumer Electronics(12%)
- Auto Electronics(8%)
- IT Hardware(5%)
- Components(12%)
- Hearables & Wearables(1%)
- Others(22%)

-13 CAGR



CAGR(17-23)

- Mobiles(22%)
- Consumer Electronics(4%)
- Auto Electronics(12%)
- IT Hardware(9%)
- Components(7%)
- Hearables & Wearables(7%)
- Others(8%)



Exhibit 13: India Electronics Vision FY30

PRODUCTION AMBITION 2030

India's electronics production grew at -15.4% p.a. outpacing global production growth(-6.1%) by -9.4%

\$37 Bn
FY 16

\$77 Bn
FY 20

\$101 Bn
FY 23

CAGR 30%

\$625 Bn
FY 30

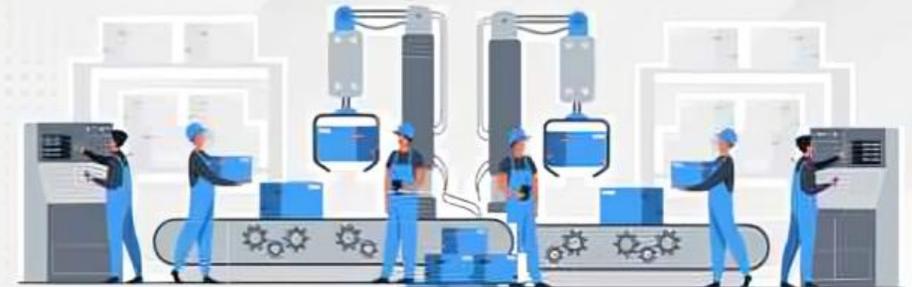
CAGR 25%

\$275 Bn
FY 30

CAGR 25%

\$275 Bn
FY 30

BAU with current set or initiatives, market could be expected to grow at 15%



NITI Aayog Report on Electronics

India's participation in GVC is low, at <1% share share in ~\$3T electronics trade flow globally. Vietnam exports ~6X of India



India's could target to 5-6% of \$4T Electronics GVC (\$200-250Bn exports) by 2030

Exhibit 12: Summary of production scenarios @ 2030



About the Scheme: Electronics Component Manufacturing Scheme (ECMS)

Objective and Expected Outcome

- Develop **robust component manufacturing ecosystem** by attracting investments (global/domestic) across the value chain,
- Increase in **Domestic Value Addition (DVA)** and
- Increase in the share of Bharat's **exports in global electronic trade** by integrating its domestic electronic industry with the Global Value Chains (GVCs).

Expected Outcome from ECMS:

- **Investment** of ₹59,350 crore
- **Production** of ₹ 4,56,500 crore
- **Direct employment** of 91,600 persons and Many Indirect Jobs

Incentive

- a) Turnover linked incentive
- b) Capex incentive
- c) Hybrid incentive (i.e. combination of both (a) and (b)) on target segment products)

Target Segments

- A. Sub-assemblies
- B. Bare components
- C. Selected bare components
- D. Supply chain ecosystem and capital equipment for electronics manufacturing
- E. Sub-assembly - Telecom

Base Year

- Applicable on Turnover Linked Incentive only
- Financial Year (FY) **2024-25** shall be treated as the base year
- The applicant may opt for a **gestation period** of one year and in such cases, base year would be **FY 2025-26**.

Threshold Limit

Based on nature of product
[\(Annexure A \(III\)\)](#).

Tenure of the Scheme

The Turnover Linked Incentive under the scheme shall be provided for a period of **six (6) years**.

There shall also be a provision for one (1) year of gestation period on optional basis.

Who Can Apply

- **Greenfield** (i.e. a new business unit) or **Brownfield** (i.e. expansion of capacity/ modernization and/ or diversification of an existing unit) investment eligible under the scheme.
- The [Qualification of applicants](#) shall be decided on consolidated global ESDM revenue or manufacturing revenue/ technological and financial capability and shall be detailed in the scheme guidelines.

Application Time-limit

Target Segment (A), (B) ,(C) & (E):

- The scheme shall be open for applications for a period of **three (3) months initially from 1st May 2025**, which may be extended.
- For turnover linked incentive, the first year for the purpose of incremental sales would be counted from **1st April 2025 to 31st March 2026**. For those opting for gestation period, this would be taken as **1st April 2026 to 31st March 2027**.

Application Time-limit

Target Segment (D):

- The scheme shall be open for applications initially for a period of **two (2) years from 1st May 2025**.
- The applications received under the scheme shall be appraised on an ongoing basis and implementation shall proceed as per the approvals accorded under the scheme. The fiscal support shall be available for investment made within **5 years** from the date of acknowledgement of the application

Turnover Linked Incentive Range

- Display Module Sub-Assembly : **1% - 4%**
- Camera Module Sub-Assembly : **2% - 5%**
- Non-SMD Passive Components : **4% - 8%**
- Electro-mechanical Components: **4% - 8%**
- Multi-layer PCBs (≤6 layers): **4% - 6%**
- Multi-layer PCBs (≥8 layers): **5% - 10%**
- Li-ion Cells (for digital applications only): **4% - 6%**
- Enclosures (for Mobile, IT, related devices): **3% - 7%**
- Optical Transceiver – SFP: **2%-5%**

Capex Incentive Range

- HDI / MSAP / Flexible PCBs: **25%**
- SMD Passive Components: **25%**
- Supply Chain Components (for A, B & C): **25%**
- Capital Goods incl. Sub-assemblies & Components: **25%**

Hybrid Incentive Range (Turnover Linked + Capex)

- HDI / MSAP / Flexible PCBs: Turnover based :**4% - 8%** & Capex: **25%**
- SMD Passive Components: **3% - 5%** & Capex: **25%**

Additional Incentives

The applicant shall be eligible for an additional incentive of **1% and 2%** on domestic sourcing/manufacturing of laminate for multi-layer PCB manufacturing and of Cathode Active Material (CAM) for Li-ion cell manufacturing respectively.

Incentive Outlay

- Total Incentive Outlay of the scheme is **Rs 22,805 crore.**
- Incentive Outlay for the Target segments (A), (B) & (C) is **Rs 21,093 crore.**
- Incentive Outlay for the Target segments (D) is **Rs 1,712 crore.**
- The incentive under the scheme shall be disbursed on a **first-come, first-served basis** of eligible claims submitted.

Overall ceilings

- The overall ceiling on incentive shall be **50% of the cumulative actual eligible incremental investment made** by the applicant during the scheme tenure.
- This ceiling is not applicable on **additional Incentive**

Target Segments covered under the scheme

(A) Sub-assemblies

- 1) Display Module Sub-assembly
- 2) Camera Module Sub-assembly

(B) Bare Components

- 1) Non-surface Mount Devices (Non-SMD) Passive
- 2) Components for Electronic Applications
- 3) Electro-mechanicals for Electronic Applications
- 4) Multi-layer Printed Circuit Board (PCB)
- 5) Li-ion Cells for Digital Applications (Excluding Storage And Mobility)
- 6) Enclosures For Mobile, IT Hardware Products And Related Devices

For Point 1 & 2 above [\(Refer Illustrative List At Annexure A\(I\)\)](#)

(C) Selected Bare Components

- 1) High-density Interconnect (HDI)/ Modified Semi-additive Process (MSAP)/ Flexible PCB
- 2) SMD Passive Components

(D) Supply Chain Ecosystem and Capital Equipment for Electronics Manufacturing

- 1) Parts/Components used in Manufacturing of Sub-assembly (A) and Bare Components (B) & (C) [\(Refer Illustrative List At Annexure A\(I\)\)](#)
- 2) Capital Goods used in Electronics Manufacturing Including their Sub-assemblies and Components

(E) Sub-assemblies Telecom

- 1) Optical Transceiver - SFP (Small form-factor Pluggable)

ECMS – Summary of the Scheme

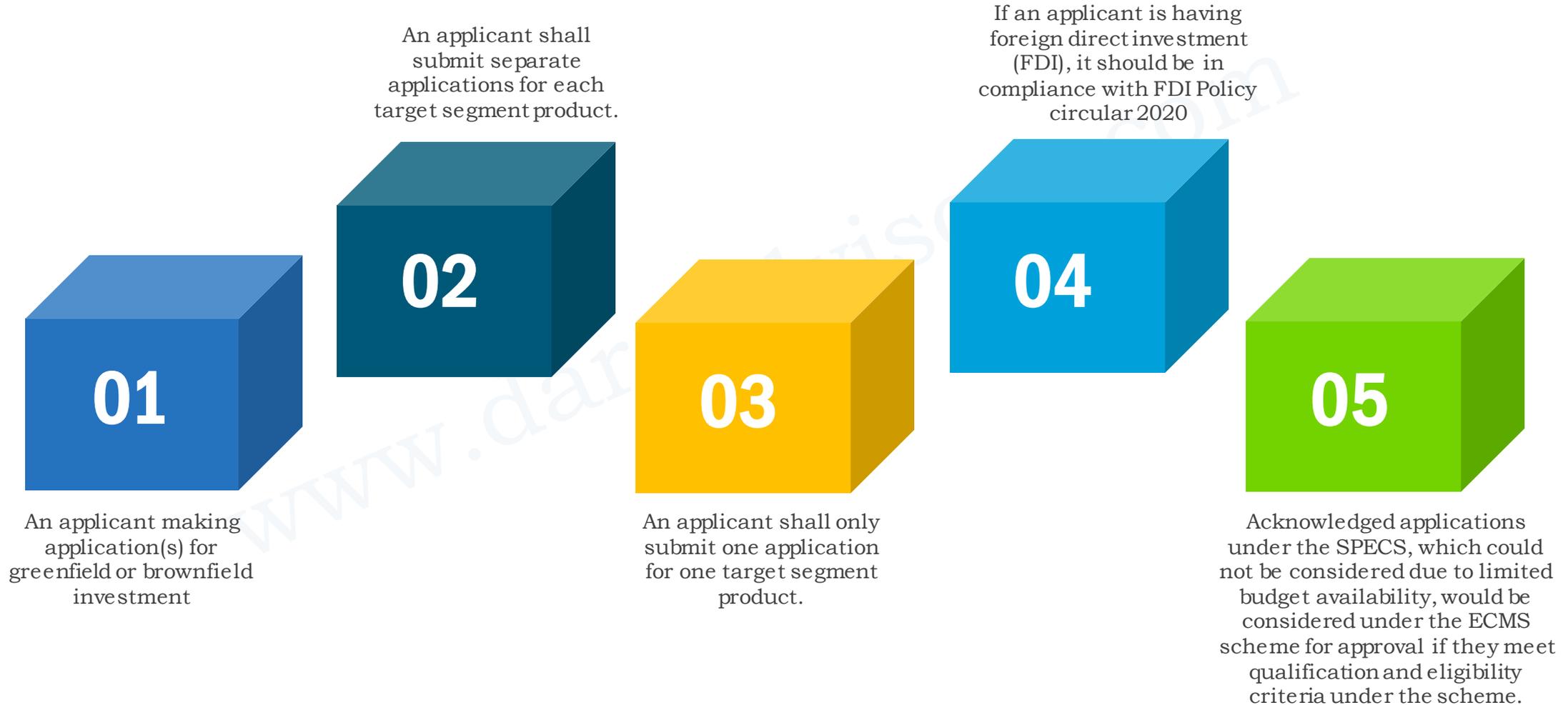
(A) Sub-assembly, (B) - Bare Components, (C) - Selected Bare Components, (D) - Supply Chain Ecosystem,
(E) Optical Transceiver - SFP

Target Segment / Eligible Product	Min & Max Investment (₹ Cr)	Min & Max Sales (₹ Cr)	Min & Max Employment (Nos.)	Min & Max Incentive	Application Dates	Scheme Validity
Turnover linked incentive					1 st May 2025 for 3 months (extendable)	Incentive period of 6 years + optional 1-year gestation period
1) Display Module Sub-Assembly - (A)	50 – 250	200 – 1,200	50 – 300	1% – 4%		
2) Camera Module Sub-Assembly - (A)	50 – 250	150 – 900	75 – 450	2% – 5%		
3) Non-SMD Passive Components - (B)	10 – 50	15 – 90	30 – 180	4% – 8%		
4) Electro-mechanical Components - (B)	10 – 50	15 – 90	30 – 180	4% – 8%		
5) Multi-layer PCBs – (B)	10 – 50	15 – 90	15 – 90	4% – 10%		
6) Li-ion Cells (excluding storage & mobility) – (B)	100 – 500	200 – 1,200	100 – 600	4% – 6%		
7) Enclosures for Mobile, IT Hardware, and related devices - (B)	100 – 500	200 – 1,200	120 – 720	3% – 7%		
12) Optical Transceiver - SFP (Small form-factor Pluggable) – (E)	10 - 50	30 – 180	15 - 90	2% - 5%		
Hybrid incentive						
8) HDI / MSAP / Flexible PCBs - (C)	200 – 1,000	200 – 1,200	200 – 1,200	4% – 8% + 25% capex		
9) SMD Passive Components - (C)	50 – 250	75 – 450	100 – 600	3% – 5% + 25% capex		
Capex incentive					1 st May 2025 to 30 th April 2027	Fiscal support for investments made within 5 years from application acknowledgment
10) Supply Chain Components (Sub-Assemblies & Bare Components) - (D)	10	Commencement of Commercial Production	~10 per ₹ Cr investment	25% capex only		
11) Capital Goods (incl. sub-assemblies and components) - (D)	10		~20 per ₹ Cr investment	25% capex only		

Qualification Criteria under the Scheme

Qualification criteria under the scheme:

General qualification criteria for applications under the scheme are as follows:



Qualification criteria for the Target Segments, (A), (B),(C) and (E) are as under:

- The applicant, its group companies and Joint ventures (JV) shall be required to meet either the minimum consolidated global ESDM revenue or manufacturing revenue for FY 2023-24 as indicated below:

Target Segment	ESDM Revenue (Rs)	Manufacturing Revenue (Rs)
Display Module Sub-Assembly (A)	250 Crore	750 Crore
Camera Module Sub-Assembly (A)	250 Crore	750 Crore
Non-SMD Passive Components (B)	50 Crore	150 Crore
Electro-Mechanicals for electronic applications (B)	50 Crore	150 Crore
Multi-Layer PCB (B)	50 Crore	150 Crore
Li-ion Cells for digital applications (excluding storage and mobility) (B)	250 Crore	750 Crore
Enclosures for mobile, IT hardware products and related devices (B)	250 Crore	750 Crore
HDI/MSAP/Flexible PCB (C)	500 Crore	1500 Crore
SMD passive components (C)	250 Crore	750 Crore
Optical Transceiver - SFP (Small form-factor Pluggable) (E)	250 Crore	750 Crore

(A) Sub-assemblies, (B) Bare components, (C) Selected bare components, (E) Sub-assemblies - Telecom

- In case of an applicant as JV, the revenue shall be calculated as **weighted average revenue based upon the shareholding pattern in JV**. If the ESDM company has a majority stake in JV then the calculated revenue of JV shall be considered as ESDM revenue for purposes of qualification under the scheme. Else, it would be considered as Manufacturing revenue for qualification purposes.
- The applicant, **not meeting the global ESDM revenue threshold but meeting the manufacturing revenue threshold**, shall submit details showing its technological capability for the target segment such as in-house capability, binding term sheet agreement with a technology partner, Transfer of Technology agreement or any other relevant supporting document demonstrating technological capability.
- Electronics System Design and Manufacturing (ESDM):** ESDM shall refer to the design, development or manufacturing of electronic systems and products.
- Manufacturing:** According to Central Goods and Service Tax (CGST) Act, 2017; manufacturing shall mean processing of raw material or inputs in any manner that results in the emergence of a new product having a distinct name, character and use. The term “manufacturer” shall be construed accordingly.

Qualification criteria for the Target Segments (D) are as under:

- The applications received for this target segment shall be appraised on an **ongoing basis**.
- The applicant's proposed investment should meet the **minimum investment threshold criteria**.
- The applicant(s) shall submit financial capability by providing net worth certificate not older than **31 March 2024**. The net worth of the applicant must be more than or equal to 50% of the proposed investment. In case the net worth of the applicant is less than 50% of the proposed investment, the applicant shall submit a board resolution for the committed investment and source of funding.
- The **Net worth** of the applicant shall be computed as per section 2(57) of Companies Act, 2013 based on the latest audited balance sheet.

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ECMS – Investment

Eligible Capital Expenditure includes :

- Plant, Machinery, Equipment,
- Tools, Dies, Moulds, Jigs, Fixtures (including parts, accessories, components and spares) used in the design, manufacturing, assembly, testing, packaging or processing of any target segment goods. It shall also include expenditure on packaging, freight / transport, insurance, and erection & commissioning of the plant, machinery, equipment, and
- Associated utilities would include Captive power, and ETP and Essential equipment required in manufacturing of target segment such as clean rooms, air curtains, temperature and air quality control systems, compressed air etc., Associated utilities would also includes IT and ITES infrastructure related to manufacturing including servers, software and ERP solutions

Other Aspects:

- The capital expenditure on in-house **research & development (R&D)** and product development for the target segments are eligible investment under the scheme. This shall include all stages of value chain of the proposed target segment including designing, development and prototyping.
- All non-creditable taxes and duties, expenditure towards **Transfer of Technology** and royalty may be included for the computation of cumulative incremental investment for the purpose of meeting threshold criteria. However, it shall not be incentivized under the scheme.
- The **used / second hand / refurbished plant, machinery and equipment** are allowed under the scheme, which have a minimum residual life of at least 5 (five) years, at the time of transfer of assets {as per Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, amended vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018}.

Note:

The associated utilities will be capped at rates specified in the CPWD schedule of rates for items whose rates are available under CPWD schedule of rates. The applicant shall provide a statutory auditor certificate in respect of expenditure related to associated utilities. The expenditure on packaging, freight/ transport, insurance, and erection & commissioning would be as on actual basis and shall be capped at **7.5%** of the base cost.

ECMS – Investment

Other Points:

- The expenditure incurred on **land and building (including factory building/ construction)** required for the Project/ Unit shall **not be** considered as an eligible investment.
- The expenditure on **consumables and raw material used for manufacturing** shall **not** be considered as an eligible investment.
- The plant, machinery and equipment should be used in regular course of manufacturing for target segment goods. **This does not preclude the usage of such machinery for manufacturing other electronic goods.**
- Date of invoice for purchase towards capital expenditure shall be considered as the date of investment subject to **capitalization of assets in books of account.**
- For target segments (A), (B) and (C), the cumulative incremental investment shall be considered from the **date of notification of the scheme.**
- For acknowledged applications under the SPECS, the cumulative incremental investment shall be considered from the date of **acknowledgement of their application under SPECS** (as per cabinet approval dated 28.03.2025 (CD-076/2025)).
- For target segment D, the investment made within 5 years from the **date of acknowledgement under the scheme, or any criteria stipulated in the approval letter**, shall be considered eligible.

Type and Quantum of Incentive

ECMS – Type and Quantum of Incentive

The scheme provides incentive in the form of turnover linked incentive, capex incentive and hybrid incentive, defined as under:

- A. Turnover linked incentive shall mean incentive as a **percentage of incremental turnover/sales over base year** as per rate of incentive given in [Annexure A\(II\)](#) for various target segments and products covered therein.
- B. Capex incentive shall mean incentive on eligible capital expenditure for manufacturing of target segment goods as per rate of incentive given in [Annexure A\(II\)](#) for various target segments and products covered therein. An adequate mechanism would be put in place for assessment of actual capital expenditure by an applicant for Capex incentive. **Furthermore, disbursement shall only be made after the commencement of commercial production.**
- C. Hybrid incentive shall mean combination of turnover linked incentive and capex incentive for manufacturing of target segment goods as per rate of incentive given in [Annexure A\(II\)](#) for various target segments and products covered therein.

The type of incentive offered to the target segments under the scheme are as under:

S.No.	Incentive category	Target segments
1	Turnover linked incentive	A. Sub-assemblies and B. Bare components E. Sub-assembly - Telecom
2	Hybrid incentive	C. Selected bare components
3	Capex incentive	D. Supply chain ecosystem and capital equipment for electronics manufacturing

ECMS – Incentive Period

For Target segment A,B,C & E:

The overall tenure of the scheme is 6 years with 1 year of gestation period i.e. till 31 March 2032.

The gestation period is applicable for target segments A, B and C. The applicant may choose FY 2025-26 or FY 2026-27 as 1 year of incentive.

For applicants selecting **FY 2025-26 as the 1 year of incentive**, the incentive period shall be from **FY 2025-26 to FY 2030-31**.

For applicants selecting **FY 2026-27 as the 1 year of incentive**, the incentive period shall be from **FY 2026-27 to FY 2031-32**.

For the deadline for submission of incentive claims by the applicant shall be **9 months from the end of the financial year for which incentive is being claimed**. After such time, the claims may not be entertained for disbursement.

For Target segment D:

The incentive period shall be **5 years from the date acknowledgement** of the application or any conditions laid down in the approval letter.

The deadline for submission of incentive claims by the applicant shall be **9 months from the end of the financial year in which the commercial production has been achieved**.

After such time, the claims may not be entertained for disbursement. However, this deadline would not be applicable for the disbursement of the employment incentive where longer duration has been provided

Note: The scheme allow the applicant to file the claim as soon as threshold sales and investment criteria are met; therefore, an incentive claim can be filed at the end of quarter in which applicant meets the threshold criteria.

ECMS – Eligibility Criteria for Incentive claim

General Eligibility criteria for incentive claims :

- The applicant shall meet the threshold criteria with respect to **Investment, Sales and Employment** as per [Annexure 3](#) of the scheme guidelines.
- Incentive payable to the applicant would be as per the **Incentive rates** indicated in [Annexure 2](#).
- Manufacturing through **contract manufacturer(s) will not be considered eligible under the scheme**. The applicants may outsource a few parts of manufacturing process to domestic manufacturers on a job work basis. However, such job work should not form a significant part of manufacturing.
- **Ineligibility for incentive** for any particular year shall not restrict the applicant for claiming incentive for subsequent years during the tenure of the scheme, provided eligibility criteria are met for such subsequent years.
- **Eligibility under this scheme shall not affect eligibility under any other scheme and vice versa**. However, investments/sales incentivized under any other scheme of Government of Bharat shall not be eligible for incentive under this scheme. The applicant shall submit a management undertaking in this regard.

ECMS – Target segment specific criteria for eligibility of incentive

1) Display module sub-assembly (A) :

- The applicant shall carry out the complete sub-assembly process including Film on Glass (FOG) & Chip on Glass (COG) processes (as applicable) in Bharat to avail incentive under the scheme.
- The final assembly from the semi-assembled product shall **not** be considered for incentive.

2) Camera Module Sub-assembly (A) :

- The applicant shall carry out the complete sub-assembly process including surface mounting of component on substrate, Front on Line (FOL) process & End of Line (EOL) process (as applicable) in Bharat to avail incentive under the scheme.
- The final assembly from the semi-assembled product shall **not** be considered for incentive.

3) Multi-layer PCB (B) :

- The applicant, from 2nd year onwards, should **localize at least one part/components** i.e. any Process Chemistry material, any Finished Chemistry Material, Solder Mask Ink, Tin Balls and Solder, each year.
- Localization of Process Chemistry Material and Finished Chemistry Material shall be considered only for one year each during the scheme tenure.

4) Li-ion Cells for digital application (excluding storage and mobility) (B) :

The applicant shall meet the following conditions to avail incentive under the scheme:

- Manufactured Li-ion cells should be for digital applications (excluding storage and mobility).
- The capacity of the Li-ion cell should not be more than 10,000 mAh; it can be prismatic, pouch or cylindrical.
- From 2nd year onwards, **localization of at least one part/components** i.e. electrolyte, anode electrode and cathode electrode, each year.

5) Enclosures for Mobile, IT Hardware products and related devices (B) :

- The applicant shall manufacture enclosure from metals or plastics or glass to avail incentive under the scheme.
- Finishing/decoration should be a part of the manufacturing process.

6) Optical Transceiver - SFP (Small form-factor Pluggable) (E)

- The applicant shall carry the complete sub-assembly process in Bharat to avail incentive under the Scheme.
- The final assembly from the semi-assembled product shall not be considered for incentive.

(A) Sub-assemblies, (B) Bare components, (E) Sub-assembly - Telecom

ECMS – Localization of Parts/Components:

Localization of Parts/Components refers to the parts/components, which are domestically manufactured either by the applicant or by any other domestic manufacturer from whom the applicant procures.

Localization	
Multi-Layer PCB	Li-ion Cells for digital application (excluding storage and mobility)
<p>The applicant, from 2nd year onwards, should localize at least one part/components each year i.e.</p> <ul style="list-style-type: none"> • Any Process Chemistry material, • Any Finished Chemistry Material, • Solder Mask Ink, • Tin Balls and • Solder, <p>Localization of Process Chemistry Material and Finished Chemistry Material shall be considered only for one year each during the scheme tenure.</p>	<p>The applicant, From 2nd year onwards, localization of at least one part/components each year. i.e.</p> <ul style="list-style-type: none"> • Electrolyte, • Anode electrode and • Cathode electrode,

General Conditions:

For localization of part/ component of Li-ion Cells for digital application (excluding storage and mobility) under target segment (6) and multi-layer PCB under target segment (5), the following criteria are applicable:

- The applicant may localize component/ part, as required, any time during the incentive year. However, the sales of target segment goods for the entire incentive year shall be considered eligible for incentive.
- If an applicant does localization of more than one part in any year, the localization in excess of one part may be considered for compliance with this clause in subsequent year(s).
- The date of localization of component shall be considered based on the date of first sales invoice of the Target Segment product using the localized component/ part.
- Once a part/component localized, thereafter, the manufactured target segment goods sales shall only be considered eligible for incentive, only if such localized part/ component has been used in manufacturing and sales in future years.

ECMS – Cumulative Incremental Employment

Cumulative Incremental Employment:

For the computation of cumulative incremental employment, the average employment over a period shall be considered. The average employment shall be referred to the sum of number of persons employed (direct or contractual) on monthly basis over 12 months by the applicant divided by number of months i.e. 12.

- **For turnover linked incentive**, the cumulative incremental employment shall be the difference between average employment in the incentive claim year and average employment in the base year. The average employment shall be calculated on a financial year basis.
- **For capex incentive**, the cumulative incremental employment shall be calculated as the difference between the average employment in any 12 consecutive months not later than subsequent two (2) financial years from the year of commencement of commercial production and average employment in trailing 12 months from the month of acknowledgement.

The average number of employees in the approved Project/ Unit appointed directly or through contractors shall only be considered as per the **Employees' Provident Fund Organisation (EPFO) records**. The applicant should maintain proper records of employment including statutory returns like Provident Fund (PF) Returns etc. to be filed with Labour Dept. of the respective state.

Apprentices and any casual labour shall not be considered for computation of average employment. For calculating average employment, only the employees engaged in the approved project/ unit shall be considered.

In case, both target segment and non-target segment goods are manufactured in the approved project/ unit, the number of employees related to **target segment goods shall only be considered**.

ECMS – Application Fee

- The application fee for each application made under the scheme are as under:

Target Segment	Application Fee
<ul style="list-style-type: none"> • Non-Surface mount devices (non-SMD) passive components for electronic applications (B) • Electro-mechanicals for electronic applications (B) • Multi-layer Printed Circuit Board (PCB) (B) • Parts/components used in manufacturing of sub-assembly (A) and bare components (B) & (C) Capital goods used in electronics manufacturing including their sub-assemblies and components (D) • Optical Transceiver - SFP (Small form-factor Pluggable) (E) 	Rs 2,00,000/-
<ul style="list-style-type: none"> • Display module sub-assembly (A) • Camera module sub-assembly (A) • SMD passive components (C) 	Rs 3,00,000/-
<ul style="list-style-type: none"> • Li-ion Cells for digital applications (excluding storage and mobility) (B) • High-density interconnect (HDI)/ Modified semi-additive process (MSAP)/ Flexible PCB (C) • Enclosures for Mobile, IT Hardware products and related devices (B) 	Rs 5,00,000/-

(A) Sub-assemblies, (B) Bare components, (C) Selected bare components, (D) Supply chain ecosystem and capital equipment, (E) Sub-assembly – Telecom

Key Definitions in ECMS:

- **Applicant:** An applicant shall be either a company registered in Bharat under Companies Act, 2013 (erstwhile Companies Act, 1956) or a Limited Liability Partnership (LLP) registered under Limited Liability Partnership Act, 2008. Such an applicant should be investing in the manufacture of target segment goods in Bharat and applying for approval under the scheme.
- **Commercial Production:** It shall mean compliance with the following milestones:
 - The project has started the production of target segment goods as per approval given under the scheme.
 - The project's assets such as land, building, plant, machinery and equipment are capitalized in the books of accounts to the extent a claim for incentives is made and are being utilized for production and sales.
 - CE certifies the installed capacity and commencement of production of target segment goods for commercial use.
 - Statutory auditor certifies the commencement of production for sale and capitalization of the assets in books of accounts of applicant.
- **Cumulative Incremental Investment:** Investment made by an applicant from date of scheme notification, date of acknowledgement or date of acknowledgement under SPECS, as applicable, under the scheme.
- **Group Company/Companies:** As per FDI policy circular of 2020, Group company/companies shall mean two or more enterprises which, directly or indirectly, are in position to:
 - Exercise twenty-six percent (**26%**) or more voting rights in other enterprise; or
 - Appoint more than fifty percent (**50%**) of members of board directors in the other enterprise.
- **Localization of Parts/Components:** It refers to the parts/components, which are domestically manufactured either by the applicant or by any other domestic manufacturer from whom the applicant procures.
- **Manufacturing:** According to Central Goods and Service Tax (CGST) Act, 2017; manufacturing shall mean processing of raw material or inputs in any manner that results in the emergence of a new product having a distinct name, character and use. The term "manufacturer" shall be construed accordingly.

Key Definitions in ECMS:

- **Net Incremental Sales:** It is the difference between net sales of manufactured target segment goods in the incentive claim period and the base year.
- **Project/ Unit:** A project/ unit shall be a manufacturing unit(s), which an applicant intends to set up to manufacture the target segment goods under the scheme. It can be a greenfield project i.e. a new business unit or brownfield project i.e. expansion of capacity/ modernization and/ or diversification of an existing unit.
- **Net Sales:** Sales, net of credit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose), any other adjustments/refunds to customers against sales consideration, applicable taxes, expenses pertaining to advertisement and sales promotion, and brand royalty.
- **For export sales:**
 - The value of an invoice shall be considered based on the **GST rules** as per the exchange rate notified by the CBIC (refer to Rule 34 of CGST Rules). If the company is not issuing GST invoice as per the rate notified by CBIC, the prevailing exchange rates as notified by the CBIC on the date of issuance of the GST invoice shall be used.
 - If the sales terms, with the buyer, are on a **Free/ Freight on Board (FOB) basis**, the FOB value as per the books of accounts shall be considered. However, if the sales terms differ from the FOB basis, the lower of the sales values as per the books of accounts or the FOB value as per the shipping bill filed for export shall be considered.
- **Project Management Agency (PMA):** Any entity(ies) appointed by MeitY to act on its behalf for receipt, appraisal of projects, issuance of acknowledgement of applications, determination of baselines, verification of eligibility and examination of incentive claims in accordance with the scheme notification and its guidelines.
- **HDI PCB:** It shall be referred to the PCB manufactured using HDI PCB manufacturing technologies such as Microvia Technology, Laser Drilling, Sequential Lamination, etc.

Disbursement of Incentive

ECMS – Disbursement of Incentive

❖ Basis of Incentives:

Turnover Linked Incentive:

- The turnover linked incentive shall be given on net incremental sales (over the base year) of target segment goods manufactured in Bharat.
- **For disbursement of turnover linked incentive**, the incremental sales and cumulative incremental investment shall be mandatory criteria. Out of total turnover linked incentive rate as mentioned in [Annexure A\(II\)](#), 1% shall be disbursed only on meeting cumulative incremental employment threshold criteria as per [Annexure A\(III\)](#).
- In case, an applicant meets incremental sales threshold and cumulative incremental investment threshold and is unable to meet cumulative incremental employment threshold, the turnover linked incentive shall be given by deducting equivalent to 1% of the turnover from the specified rate at [Annexure A\(II\)](#).

Capex Incentive:

- The capex incentive shall be given on eligible capital expenditure, as per rates given in Annexure A(II), incurred for manufacturing of target segment products in Bharat.
- **For disbursement of capex incentive**, meeting the investment threshold and commencement of commercial production shall be mandatory criteria. Out of total capex incentive rate (25%), 5% of the capex shall be disbursed only on meeting cumulative incremental employment threshold as per [Annexure A\(III\)](#).
- In case, an applicant is meeting the investment threshold and commencement of commercial production and unable to meet cumulative incremental employment threshold, the capex incentive shall be given by deducting 5% of the capex from the specified rate at [Annexure A\(II\)](#).

ECMS – Calculation of Incentives

For Turnover Linked Incentive:

The incentive shall be given on net incremental sales (over the base year), multiplied by the incentive rate as given in [Annexure 2](#) of the scheme guidelines, for the target segment goods manufactured in Bharat.

For disbursement of turnover linked incentive, the incremental sales and cumulative incremental investment shall be mandatory criteria. Out of total turnover linked incentive eligible rate, **1% shall be disbursed only on meeting cumulative incremental employment threshold criteria as per [Annexure 3](#)** of the scheme guidelines.

That is in cases where an applicant meets incremental sales threshold and cumulative incremental investment threshold but is unable to meet cumulative incremental employment threshold, the turnover linked incentive shall be disbursed after **deducting 1% (of incentive rate) from the eligible rate.**

For Capex Incentive:

The incentive shall be given on eligible incremental capital expenditure, multiplied by the incentive rate as given in [Annexure 2](#), for the target segment goods manufactured in Bharat.

For disbursement of capex incentive, meeting the investment threshold and commencement of commercial production shall be mandatory criteria. Out of total capex incentive rate (25%), **5% of the capex shall be disbursed only on meeting cumulative incremental employment threshold as per [Annexure 3](#).**

That is in cases where an applicant meets the investment threshold and commencement of commercial production but is unable to meet the cumulative incremental employment threshold, the capex incentive shall be given by **deducting 5% (of incentive rate) from the eligible rate.**

ECMS – Situation where approval will be rejected:

The scheme is intended to be implemented expeditiously to facilitate prompt execution and effective utilization of budget. Therefore, the performance of approved applicants shall be reviewed periodically under the scheme with respect to their investments, employment generation, production, domestic value addition, etc.

- **If an applicant makes sluggish progress in the target segments (A), (B),(C) & (E)** i.e. applicant has either made no investment in 1 year of approval or cumulative investment is lower than 50% of the threshold investment of subsequent year(s), the GC may revoke the approval of applicant, leading them ineligible for incentive under the scheme in future.
- **If an applicant makes sluggish progress in the target segments (D)**, i.e. the applicant has either made no investment in 1 year of approval or cumulative investment is lower than 50% of the projected investment (as indicated in approval letter) of subsequent year(s), the GC may revoke the approval of applicant, leading them ineligible for incentive under the scheme in future.
- GC may also revoke the approval of applicant(s) for substantial lack of performance in terms of sales.

The GC may provide an opportunity to the applicant to explain the reason(s) for the sluggish progress. If the applicant is able to explain the reason(s) for the delay and submit a corrective action plan to achieve the desired performance within a reasonable timeframe to the satisfaction of the GC, the GC may consider against the revocation of the approval.

All approved applicants will be required to furnish **self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter** in the format prescribed on the online portal.

Shifting Certain applicants from SPECS to ECMS

- As per cabinet approval dated 28.03.2025 (CD-076/2025), those acknowledged applications under the SPECS (notified vide notification no. W-18/30/2019-IPHW- MeitY dated 1st April 2020), which could not be considered due to limited budget availability, would be considered under the ECMS scheme for approval if they meet qualification and eligibility criteria under the scheme.
- For acknowledged applications under the SPECS, the cumulative incremental investment shall be considered from the date of acknowledgement of their application under SPECS (as per cabinet approval dated 28.03.2025 (CD-076/2025)).

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Annexure A(I): List of Products Covered under Certain Target Segments

S.No.	Target segments	Products covered
1	Non-SMD passive components	Resistors, Capacitors, Ferrites, Specialty Ceramics, Inductors, Coils (including inductive coil), etc. for electronic applications
2	Electro-mechanicals	Speakers & Microphones for ICT products, Relays, Switches, Connectors, Heat Sinks, Antenna, Vibrator Motors, Oscillators, Filters, Actuators, Crystals, Sensors (non-semiconductor), Transducers, etc. for electronic Applications
3	Supply Chain of sub-assemblies & bare components	Laminate, Pre-Peg, Copper Foil, Separator, Cathode Material, Anode Material, Electrolyte, Polypropylene Film, Spray Wire, Lenses, Protective Film, Glass Cover, Back Light, Contrast Film, Polarizer Film, etc. for electronic applications. (This is an illustrative list and is not an exhaustive list of supply chain.)

Annexure A(II): Target Segments and Incentive Rates

S.No	Target segments	Cumulative Investment (₹)	Turnover linked incentive (%)	Capex incentive (%)
A	Sub-assemblies			
1	Display module sub-assembly	250 Crore	4/4/3/2/2/1	NA
2	Camera module sub-assembly	250 Crore	5/4/4/3/2/2	NA
B	Bare components			
3	Non-Surface mount devices (non-SMD) passive components for electronic applications	50 Crore	8/7/7/6/5/4	NA
4	Electro-mechanicals for electronic applications	50 Crore	8/7/7/6/5/4	NA
5	Multi-layer Printed Circuit Board (PCB) **	50 Crore	<p>≤ 6 layers 6/6/5/5/4/4</p> <p>≥ 8 layers 10/8/7/6/5/5</p>	NA
6	Li-ion Cells for digital applications (excluding storage and mobility) **	500 Crore	6/6/5/5/4/4	NA
7	Enclosures for Mobile, IT Hardware products and related devices	500 Crore	7/6/5/4/4/3	NA

Annexure A(II): Target Segments and Incentive Rates

S.No	Target segments	Cumulative Investment (₹)	Turnover linked incentive (%)	Capex incentive (%)
C	Selected bare components			
8	High-density interconnect (HDI)/ Modified semi-additive process (MSAP)/ Flexible PCB	1000 Crore	8/7/7/6/5/4	25%
9	SMD passive components	250 Crore	5/5/4/4/3/3	25%
D	Supply chain ecosystem and capital equipment for electronics manufacturing			
10	Supply chain of sub-assemblies (A) & bare components (B) & (C)	10 crore	NA	25%
11	Capital goods used in electronics manufacturing including their sub-assemblies and components	10 crore	NA	25%
E	Sub-Assembly - Telecom			
12	Optical Transceiver - SFP (Small form-factor Pluggable)	50 Crore	5/4/4/3/2/2	NA

**The applicant shall be eligible for an additional incentive of 1% and 2% on domestic sourcing/manufacturing of laminate for multi-layer PCB manufacturing and of Cathode Active Material (CAM) for Li-ion cell manufacturing respectively.

Annexure A(III): Threshold Criteria for Target segments

Target segments	Year	Cumulative incremental investment threshold (in ₹ Cr)	Incremental sales threshold (in ₹ Cr)	Cumulative incremental employment threshold (in No.)
(1) - Display module	Year 1	50	200	50
	Year 2	100	400	100
	Year 3	150	600	150
	Year 4	200	800	200
	Year 5	250	1000	250
	Year 6	-	1200	300
(2) - Camera module	Year 1	50	150	75
	Year 2	100	300	150
	Year 3	150	450	225
	Year 4	200	600	300
	Year 5	250	750	375
	Year 6	-	900	450

Annexure A(III): Threshold Criteria for Target segments

Target segments	Year	Cumulative incremental investment threshold (in ₹ Cr)	Incremental sales threshold (in ₹ Cr)	Cumulative incremental employment threshold (in No.)
(3 & 4) - Non SMD Passive & Electromechanical	Year 1	10	15	30
	Year 2	20	30	60
	Year 3	30	45	90
	Year 4	40	60	120
	Year 5	50	75	150
	Year 6	-	90	180
(5) - Multilayer PCB	Year 1	10	15	15
	Year 2	20	30	30
	Year 3	30	45	45
	Year 4	40	60	60
	Year 5	50	75	75
	Year 6	-	90	90

Annexure A(III): Threshold Criteria for Target segments

Target segments	Year	Cumulative incremental investment threshold (in ₹ Cr)	Incremental sales threshold (in ₹ Cr)	Cumulative incremental employment threshold (in No.)
(6) - Li-ion cells for digital applications (except storage and mobility)	Year 1	100	200	100
	Year 2	200	400	200
	Year 3	300	600	300
	Year 4	400	800	400
	Year 5	500	1000	500
	Year 6	-	1200	600
7) - Enclosures for Mobile, IT Hardware products and related devices	Year 1	100	200	120
	Year 2	200	400	240
	Year 3	300	600	360
	Year 4	400	800	480
	Year 5	500	1000	600
	Year 6	-	1200	720

Annexure A(III): Threshold Criteria for Target segments

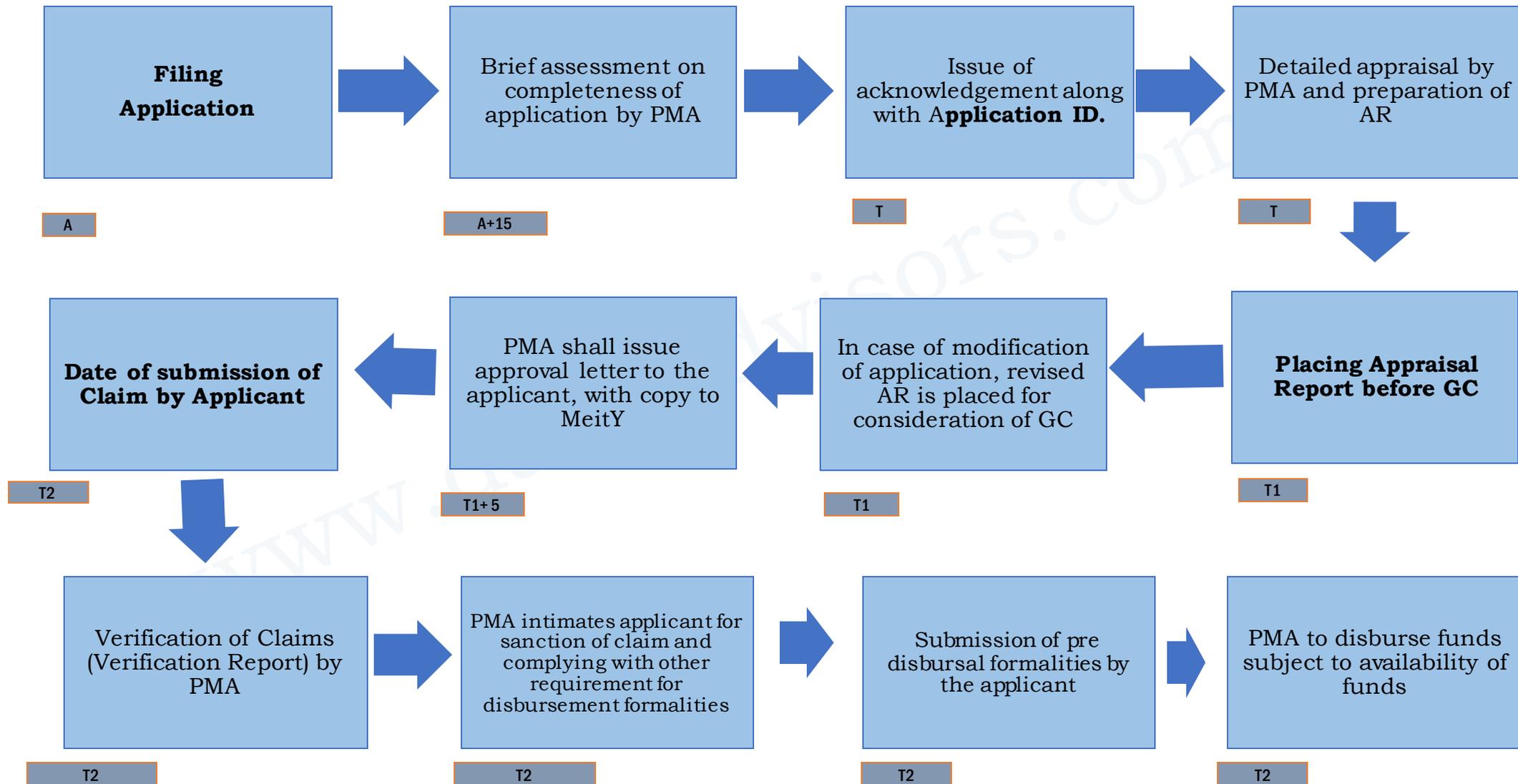
Target segments	Year	Cumulative incremental investment threshold (in ₹ Cr)	Incremental sales threshold (in ₹ Cr)	Cumulative incremental employment threshold (in No.)
(8) - HDI/MSAP/Flexible PCB	Year 1	200	200	200
	Year 2	400	400	400
	Year 3	600	600	600
	Year 4	800	800	800
	Year 5	1000	1000	1000
	Year 6	-	1200	1200
(9) - SMD passive components	Year 1	50	75	100
	Year 2	100	150	200
	Year 3	150	225	300
	Year 4	200	300	400
	Year 5	250	375	500
	Year 6	-	350	600

Annexure A(III): Threshold Criteria for Target segments

Target segments	Year	Cumulative incremental investment threshold (in ₹ Cr)	Incremental sales threshold (in ₹ Cr)	Cumulative incremental employment threshold (in No.)
(10) - Supply chain of subassemblies & bare Components	-	10	Commencement of commercial production	10*
(11) - Capital goods used in electronics manufacturing including their sub-assemblies and components	-	10	Commencement of commercial production	20*
(12) - Optical Transceiver - SFP (Small form-factor Pluggable)	Year 1	10	30	15
	Year 2	20	60	30
	Year 3	30	90	45
	Year 4	40	120	60
	Year 5	50	150	75
	Year 6	-	180	90

* It is indicative employment per crore of investment, the actual cumulative incremental employment threshold shall be corresponding to the cumulative incremental investment.

ECMS – How to get incentive ?



How DA can assist you !

Identify the applicability of above fiscal incentives to prospective project



Preparing list of applicable fiscal incentives including funding amounts, key criteria, requirements, as well



Conduct feasibility study



Assistance in filing an application along with detailed documentation



Assistance in tracking process of approval and obtain final approval from MEITY



Post Approval assistance in disbursal of incentives



Support in relevant Direct & Indirect Tax structuring with respect to the proposed project

DA's Select Credentials

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DA Marquee Credentials – Central Incentive Schemes

Manufacturer under the automotive components industry

Scheme :
MeitY Scheme



Leading Solar Cell Manufacturer

Scheme :
MeitY Scheme



Leading secondary manufacturer of Pure Lead and Lead Alloys.

Scheme :
MeitY Scheme



India's only UTC Supplier with Gold Status

Scheme :
Various MeitY Schemes



Leading manufacturer and supplier of high-performance brake systems

Scheme :
MeitY Scheme



US based MNC that excels in the design and manufacture of sensors

Scheme :
MeitY Scheme



DA Marquee Credentials – Central Incentive Schemes

India & South Korea conglomerate manufacturer of Autonomous driving solutions

Scheme :
MeitY Scheme



Leading Lithium-Ion Battery Recycler

Scheme :
MeitY Scheme



Israel based Manufacturer of high-value sensors, weighing solutions.

Scheme :
MeitY Scheme



Leading Manufacturer of Home Appliances

Scheme :
Provided Assistance in MeitY Schemes



Leading battery manufacturing Company

Scheme :
Provided Advisory on MeitY Scheme



Danish based MNC that excels in Industrial Machinery Manufacturing

Scheme :
MeitY Scheme



DA Marquee Credentials – Central Incentive Schemes

US based MNC that excel in Battery manufacturing

Scheme :
MeitY Scheme



Leading Manufacturer of bearing, gears, and other automotive components

Scheme :
Provided Advisory on MeitY Scheme



world's largest Producer of anti-retroviral drugs

Scheme :
MeitY Scheme



DA Marquee Credentials - PLI Scheme

Leading manufacturing of API in India

DA Role :
End to end support in application and approval



Manufacturer of empty capsules in India

DA Role :
End to end support application and approval



India's premier EMS company

DA Role :
Pre-approval support services



India's leading Telecom manufacturer

DA Role :
End to end support in application and disbursement



India's leading Green Energy Company (New Project – Automotive)

DA Role :
Pre-approval support Services



Largest manufacturer of piperidone & piperidine derivatives

DA Role :
Pre-approval support And co-ordination services



DA Marquee Credentials - PLI Scheme

Leading manufacturing of Drone Components in India

DA Role :

End to end support in application and approval



Leading Manufacturer of FMCG in India

DA Role :

End to end support in application and approval



India's premier ESDM listed Company

DA Role :

End to end support in application and disbursement



India's renewable energy Company

DA Role :

End to end support in application and disbursement



Leading API Pharmaceutical Company

DA Role :

Pre-approval support services



Largest Pharmaceutical USFDA approved Company

DA Role :

Pre-approval support and co-ordination services



DA Marquee Credentials - PLI Scheme

Manufacturer of Computer Hardware

DA Role :

End to end support in application and Approval and Disbursement



Manufacturer of Electronics

DA Role :

End to end support application and approval



Glossary

MEITY	Ministry of Electronics and Information Technology
ECMS	Electronics Component Manufacturing Scheme
GC	Governing Council
FDI	Foreign Direct Investment
JV	Joint Ventures
PMA	Project Management Agency
PIA	Project Implementing Agency
PRC	Project Review Committee
CA	Competent Authority
Dept.	Department
EGoS	Empowered Group of Secretaries
FY	Financial Year
DA	Darda Advisors LLP
TOT	Transfer of Technology

GST	Goods and Service Tax
PLI	Production Linked Incentive
PMA	Project Management Agency
CE	Chartered Engineer (CE)
Target Segment (A)	Sub-assemblies
Target Segment (B)	Bare components
Target Segment (C)	Selected bare components
Target Segment (D)	Supply chain ecosystem and capital equipment
Target Segment (E)	Sub-assembly - Telecom

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