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Electronics Component Manufacturing Scheme (ECMS)

Index

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NITI Aayog Report on Electronics

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- 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 6: India's Electronics Production

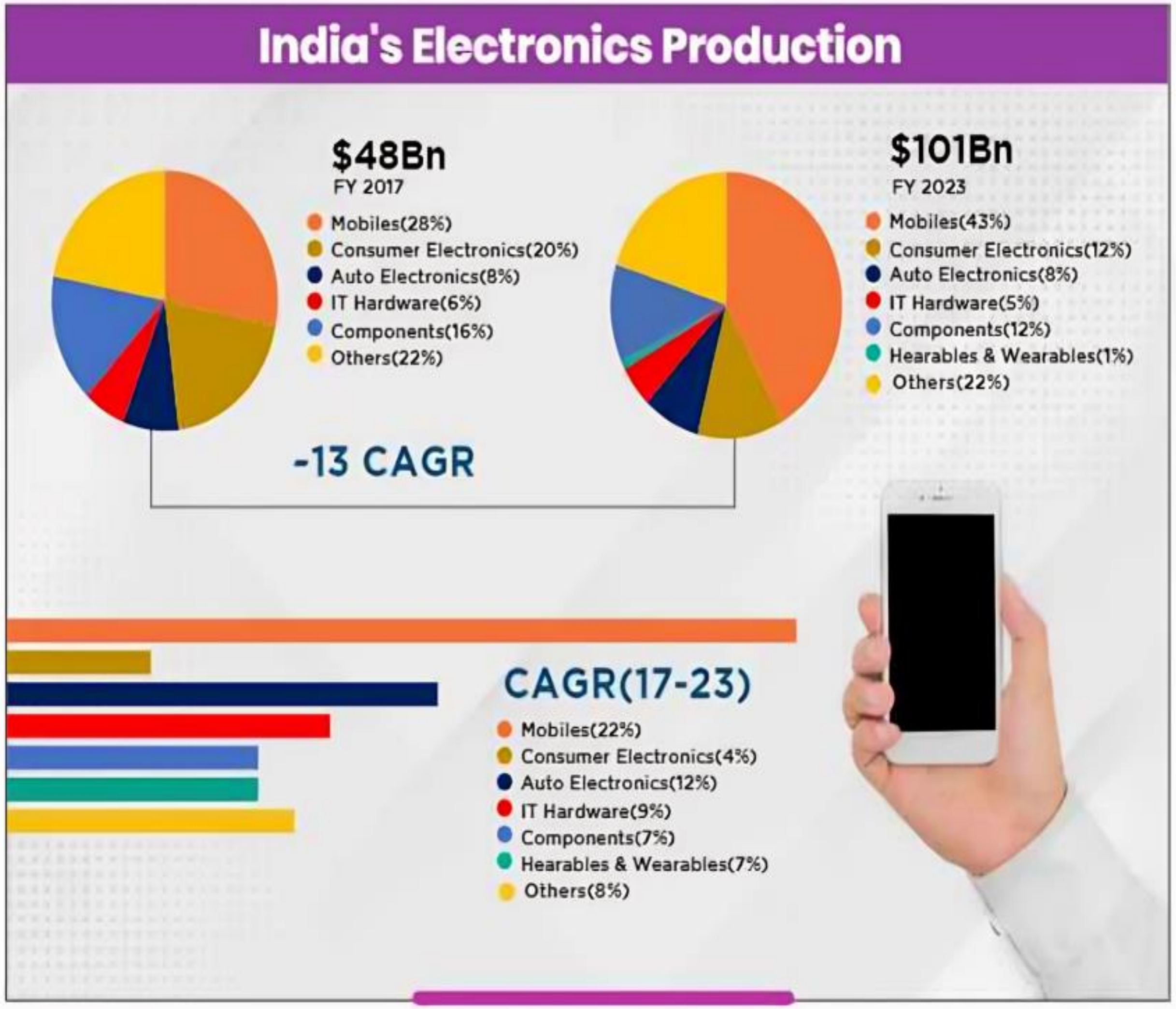
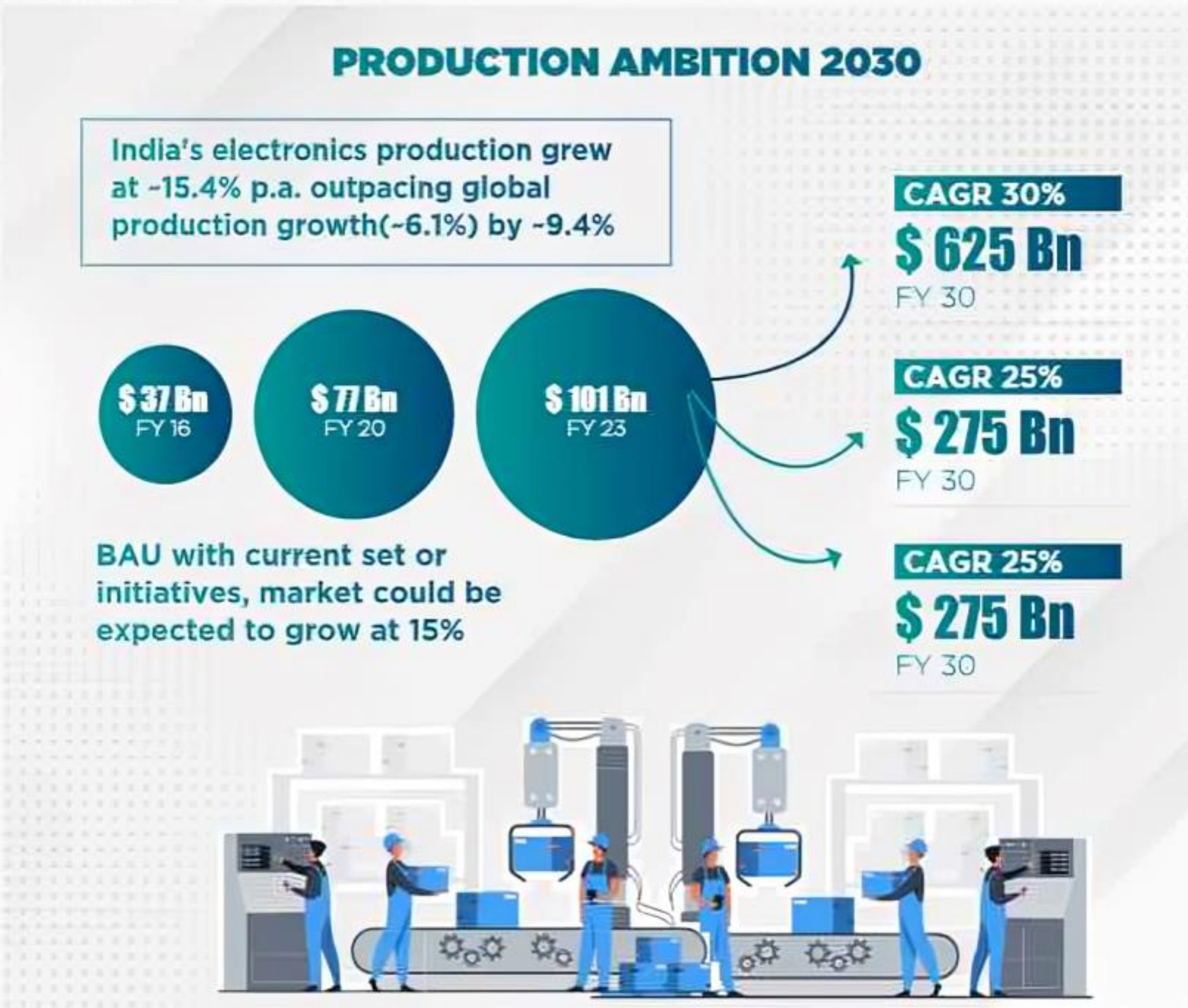
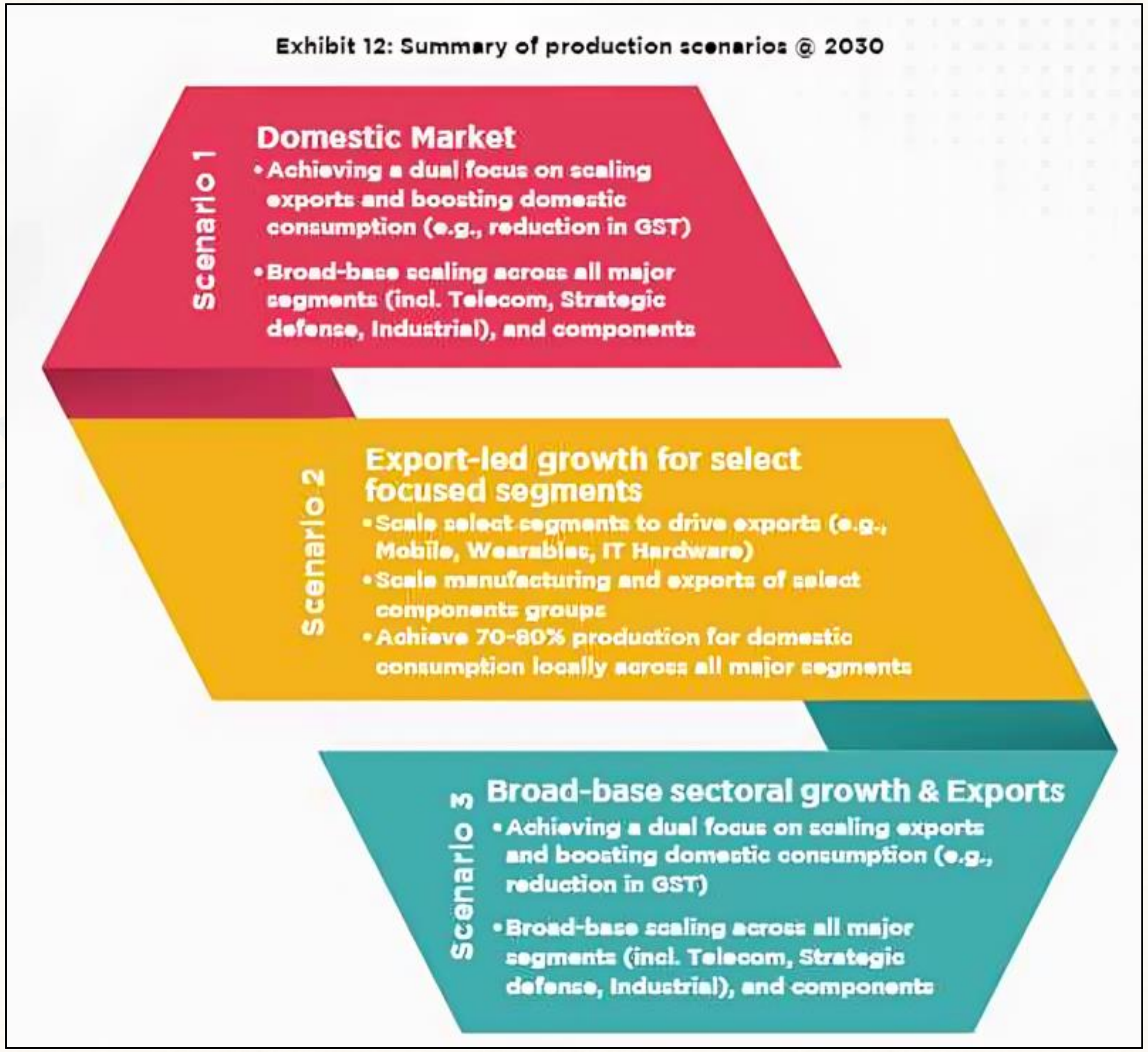


Exhibit 13: India Electronics Vision FY30



NITI Aayog Report on Electronics



About the Scheme: Electronics Component Manufacturing Scheme (ECMS)

Objective

The objective of the proposed scheme is to develop robust component manufacturing ecosystem by attracting investments (global/domestic) across the value chain, leading to 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).

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

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 and brownfield 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):

- 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%**

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.

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

Summary of the Scheme

ECMS – Summary of the Scheme

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(A) Sub-assembly, **(B)** - Bare Components, **(C)** - Selected Bare Components, **(D)** - Supply Chain Ecosystem

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					1st 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%		
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					1st May 2025 to 30th 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		

Type and Quantum of Incentive

ECMS – Type and Quantum of Incentive

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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 ye**ar 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
2	Hybrid incentive	C. Selected bare components
3	Capex incentive	D. Supply chain ecosystem and capital equipment for electronics manufacturing

Disbursement of Incentive

ECMS – Disbursement of Incentive

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- **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).**

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	**≤ 6 layers** 6/6/5/5/4/4 **≥ 8 layers** 10/8/7/6/5/5	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	Parts/components used in manufacturing of sub-assembly (A) and 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%

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*

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

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

DA Marquee Credentials – Central Incentive Schemes

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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
PLI Scheme	Performance Linked Incentive Scheme
CFC	Common Facility Centre
SIA	State Implementing Agency
CPSU	Central Public Sector Unit
PMA	Project Management Agency
PIA	Project Implementing Agency
PRC	Project Review Committee
SPSU	State Public Sector Unit
ICDC	Industrial Corridor Development Corporation
GC	Governing Council
DA	Darda Advisors LLP
TOT	Transfer of Technology

CA	Competent Authority
Dept.	Department
EGoS	Empowered Group of Secretaries
FY	Financial Year
GST	Goods and Service Tax
PLI	Production Linked Incentive
PMA	Project Management Agency

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