



सत्यमेव जयते

Government of India

SCHEME GUIDELINES

for

“MOBILE PHONE MANUFACTURING SCHEME”

TARGET SEGMENT-1: INCENTIVISING MOBILE PHONE MANUFACTURING

Notified vide gazette notification no. CG-DL-E-21082026-275648

Dated 21.08.2026

Ministry of Electronics and Information Technology (MeitY)

IPHW Division

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Government of India
Ministry of Electronics and Information Technology (MeitY)
IPHW Division

Dated: 06.10.2026

**Guidelines for Operation of the Mobile Phone Manufacturing Scheme
for Target Segment-1**

1. Background

- 1.1 The Mobile Phone Manufacturing Scheme (hereinafter referred to as 'Scheme') was notified vide gazette notification no. **CG-DL-E-21082026-275648** dated 21.08.2026
- 1.2 In pursuance of para 13 of the said notification, the scheme guidelines are to be laid down for effective implementation of the scheme. In case of any inconsistency between the scheme notification and the guidelines, the provisions of the scheme notification shall prevail.
- 1.3 The guidelines have been prepared after detailed consultations with industry and other relevant stakeholders.

2. Definitions

- 2.1 **Applicant:** An applicant for the purpose of the Scheme is an India registered mobile phone manufacturer including Electronics Manufacturing Service (EMS) provider applying under the Scheme.
- 2.2 **Application:** Application means the form submitted by an applicant in the prescribed format on the online portal, along with supporting documents and application fees.
- 2.3 **Application Window:** It is the time period allowed for filing the application under the scheme.
- 2.4 **Acknowledgement to the application:** is acknowledgement letter issued to the applicant by PMA/ MeitY after *prima facie* scrutiny of the application. Acknowledgement letter issued to the applicant shall not be construed as approval under the Scheme.
- 2.5 **Brand:** It means the name, trademark or other distinctive identity under which a mobile phone is marketed and sold to consumers. The applicability of the term "Brand" to TS-1: Incentivizing mobile phone manufacturing shall be as follows:
 - i. **Existing Brand:** Existing Brands are those brands which have domestic manufacturing and sales of mobile phones during FY 2025-26.

- ii. **New Brand:** Any brand other than the existing brand (as defined in para 2.5 (i) above) shall be considered as a New Brand. Further, any new brand having its ownership with existing brand or its group companies shall not qualify for the purposes of 'new brand' under the scheme.
- 2.6 **Competent Authority:** Competent Authority under the Scheme shall be as defined in Para 19 of these Guidelines.
- 2.7 **EMS Company:** It shall be an Electronics Manufacturing Services (EMS) company, which provides services for manufacture, assembly, testing and integration of electronic products or components on behalf of a brand.
- 2.8 **Financial Year:** Financial Year (FY) begins on the 1st April of a year and ends on 31st March of the following year.
- 2.9 **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 war, strike, public health emergency, riots, crimes (but not including negligence or wrongdoing, predictable/ seasonal rain and any other events specifically excluded).
- 2.10 **Group Company/Companies:** As per FDI Policy Circular, 2020, Group Company/Companies shall mean two or more enterprises which, directly or indirectly, are in a position to:
- i. Exercise twenty-six percent (26%) or more voting rights in another enterprise; or
 - ii. Appoint more than fifty percent (50%) of members of the Board of Directors in another enterprise.
- 2.11 **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.
- 2.12 **Project Management Agency (PMA):** An entity(ies) appointed by MeitY to act on its behalf for receipt, appraisal, issuance of acknowledgement of applications, determination of baselines, verification of eligibility and examination of incentive claims or any other matter which may be assigned by MeitY in accordance with the scheme notification and its guidelines.
- 2.13 **Related Party/Parties:** The term 'related party' shall be defined in Accounting Standard-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.
- 2.14 **Sales:** Sales shall be 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.

i. For export sales:

- a) 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) for the invoice date or actual exchange rate used in invoice, whichever is lower.
- b) 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.

ii. Baseline Sales, Eligible Sales and Threshold Sales shall be considered for computation of incentive under the Scheme. Such sales shall be computed on a brand-wise basis for the mobile phones manufactured in India, in accordance with the definition of "Manufacturing" under Para 2.11 of the Scheme Guidelines. Baseline Sales, Eligible Sales and Threshold Sales for Target Segment-1 are defined as under:

- a) **Baseline Sales:** Baseline Sales for a financial year shall be the total domestic sales of/to the mobile phone brand in the preceding financial year plus an increment of 15%. Therefore, the baseline sales shall be moving in nature.
- b) **Eligible Sales:** Eligible Sales for a particular Financial Year (FY) shall be calculated by subtracting the baseline sales from total sales of/to the mobile phone brand for that FY.
- c) **Threshold Sales:** Threshold sales for a particular Financial Year shall be the minimum additional sales of/to the mobile phone brand over and above the total sales of FY 2025-26.

2.15 **Sourcing of components/ sub-assemblies:**

- i. **Domestic Sourcing/ Localization:** Sourcing of components or sub-assemblies manufactured in India, either directly from domestic manufacturers or through its suppliers for manufacture of mobile phones in India.
- ii. **Sourcing from India for Global Operations:** It shall include sourcing of components/ sub-assemblies manufactured in India for global operations of the brand, whether undertaken directly by the applicant entity or its group companies (resident or non-resident), or indirectly through an unrelated third party.

2.16 **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.

2.17 **Target Segment:** In accordance with Para 5 of the Scheme notification, there shall be two (02) Target Segments (TS) covered under the scheme which are as follows:

- i. TS-1: Incentivizing mobile phone manufacturing
- ii. TS-2: Supporting Indian mobile phone brands

3. Eligibility criteria for selection under TS-1: Incentivizing Mobile Phone Manufacturing:

- 3.1 The applicant (mobile phone manufacturer, including EMS company, registered in India) having a minimum global turnover (including its group companies) of Rs 10,000 crore in FY2025-26 shall be eligible under the scheme.
- 3.2 Where the applicant company and/ or the brand (for which the application is made) is owned or controlled directly or indirectly by an entity or person from a country sharing a land border with India, the application shall be subject to the same compliance processes as applicable in case of Foreign Direct Investment (FDI) policy of the Government of India as amended from time to time. Any such application shall be considered for approval based on such terms and conditions as may be specified by the Government.
- 3.3 If a company follows the calendar year as an accounting year, the turnover shall be calculated and submitted by the applicant on a financial year basis.
- 3.4 An applicant may submit only one application under each Target Segment (TS) of the Scheme. Multiple applications under the same Target Segment shall not be permitted.
- 3.5 In case, an applicant intends to manufacture mobile phones for both Target Segments (i.e global mobile phone brands as well as Indian mobile phone brands), then applicant need to submit separate applications for each Target Segment.
- 3.6 Eligibility under this scheme shall not affect eligibility under any other scheme and vice versa.

4. Selection of Applicants

Selection of the applicants under the scheme shall be done based upon the recommendations of Empowered Committee (EC) and approval of Competent Authority subject to meeting the eligibility criteria, sales projections or any other parameters aligned with the core objective and spirit of the scheme.

5. Incentive period

- 5.1 Incentive period under the scheme shall be consecutive five (05) years starting from FY 2026-27.

- 5.2 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 considered for disbursement.

6. Eligibility criteria for availing incentive for TS-1: Incentivizing Mobile Phone Manufacturing:

i. Threshold sales for existing brands:

To become eligible for availing incentive for a particular Financial Year, the brand shall meet the minimum threshold sales criteria of Rs 5,000 Crores every year over and above the total sales of FY 2025-26. The Financial Year wise thresholds for five (05) years are as follows:

Financial Years	Threshold Sales Over and above the total sales of FY 2025-26 (in Rs crores)
FY 2026-27	5,000
FY 2027-28	10,000
FY 2028-29	15,000
FY 2029-30	20,000
FY 2030-31	25,000

ii. Threshold sales for new brands:

A new brand shall become eligible under the Scheme once total sales of the mobile phone brand in India exceed Rs. 10,000 crores in a financial year. Subsequently, the brand will be required to achieve threshold sales every year as in para 6 (i) above to become eligible for availing incentive under the scheme.

7. Computation of Sales

- 7.1 The date of the invoice for sales of mobile phones shall be considered as the date of sales subject to recognizing revenue in the book of accounts and dispatch of goods. If any invoice issued during an incentive claim period could not be recognized as revenue in the books due to any reason, then it may be claimed in subsequent claim period when it meets the revenue recognition criteria.
- 7.2 In case of return of sales of mobile phones, the sales return shall be adjusted from the gross sale for the period in which the actual return of sales takes place.
- 7.3 In case, an applicant is engaged in trading as well as manufacturing of the mobile phones, for identification of sales of manufactured target segment, the applicant shall maintain the

separate accounting for trading and manufacturing activity. Further, it should provide a statutory auditor certificate for the sales recognized from the manufacturing activity.

- 7.4 The applicant shall maintain a general ledger wise break-up of total revenue appearing in the financial statements. The applicant shall also submit the reconciliation of net sales of mobile phones with operational income as per books of accounts. The applicant shall also provide a statutory auditor certificate for eligible sales for calculation of incentive.
- 7.5 The applicant shall also provide the e-way bill, wherever applicable and GST reconciliation for the sales of the mobile phones duly authenticated and certified by the statutory auditor.

8. Computation of Incentives

- 8.1 The incentives shall be computed on brand-wise basis on 'Eligible Sales' of the mobile phones manufactured in India.
- 8.2 The quantum of incentive for a FY shall be 'Eligible Sales' multiplied by 'incentive rates' for that FY, subject to meeting the threshold sales criteria.

9. Incentive Rate for TS-1: Incentivizing Mobile Phone Manufacturing are as follows:

- 9.1 The Incentive Rate (IR) for a particular Financial Year shall be differential incentive rate applicable to two parts of eligible sales. These would be applicable to eligible sales as below:

- i. The part of Eligible Sales, i.e. upto the difference between the average sale of FY 2025-26, FY 2024-25 and FY 2023-24 and the Baseline Sales for a particular FY, shall be incentivized at the rates as mentioned below:

FY	Incentive rate (in %)
2026-27	2.75
2027-28	2.75
2028-29	2.5
2029-30	2.5
2030-31	2.25

- ii. The remaining Eligible Sales, over and above the sales of para 9.1 (i) above, shall be incentivized as per rates as mentioned below:

FY	Incentive rate (in %)
2026-27	5
2027-28	5
2028-29	4.5
2029-30	4.5
2030-31	4

- 9.2 Where a single brand is manufactured by more than one applicant, the incentive shall be disbursed among the applicants in proportion to their respective manufacturing of the mobile phones or in such other manner as may be prescribed by MeitY/ PMA.

10. Additional incentives on Domestic Sourcing

- i. Additional incentives upto 1.5% shall also be provided on Eligible Sales for domestic sourcing of key components/ sub-assemblies such as display module, camera module, enclosure, batteries (including cells), and USB cables (including connectors).
- ii. The additional incentive rate for domestic sourcing of various components/sub-assemblies shall be as below:

Sub-Assemblies / Components	Additional Incentive Rate for domestic sourcing
Display Module	0.30%
Camera Module	0.30%
Enclosure	0.50%
Batteries (including cells)	0.20%
USB cables (including connectors)	0.20%
Total	1.50%

- iii. To become eligible for claiming additional incentives on domestic sourcing, the applicant(s) shall localize manufacturing of such eligible components/sub-assemblies for at least 25% of the total quantity of such components/sub-assemblies during the relevant financial year. For the purposes of calculating eligibility of 25% of total components, the "Domestic Sourcing" as well as "Sourcing from India for Global Operations" of components for the brand would be considered. However, the incentive would be provided only on the domestic manufacture of mobile phones, which have sourced these components from "Domestic Sourcing". Where a single mobile phone has more than one unit of such components/sub-assemblies of the same or different categories, the percentage of localization shall be determined based upon number of

units sourced domestically out of total units required for manufacturing of mobile phone. All such computation shall be done on a brand-wise basis. Further, the additional incentive on domestic sourcing shall be computed on pro-rata basis.

Illustration 1:

An applicant manufactures 1,00,000 mobile phones of a brand during a financial year, requiring a total of 3,00,000 camera modules. Thus, each mobile phone requires, on average, three camera modules.

In such a case, the applicant would qualify for incentive for sourcing of camera module only if it sources minimum 75,000 (25% of 3,00,000) camera modules from domestic sources (manufacturers of such camera module).

If this applicant sources 90,000 camera modules domestically, then it would be eligible for incentives for domestic sourcing of camera module as it has done 30% (90,000/3,00,000) domestic sourcing.

As the incentives are to be calculated on the sales value of the mobile phones, therefore, such number of camera modules would have to be normalized to number of mobile phones. Using above factor, it is estimated that the applicant is eligible for sales of 30,000 mobile phones (90,000/3).

Accordingly, the additional incentive for domestic sourcing of camera modules on pro-rata basis shall be as follows:

Additional Incentive (Camera Module) = Eligible Sales of mobile phones of the concerned brand $\times$ 30% (% of localization on pro-rata basis) $\times$ 0.30% (additional incentive rate for camera module)

Illustration 2:

Taking the same example as in Illustration 1, if 30,000 out of total 90,000 domestically manufactured camera modules are exported (i.e. Sourcing from India for Global Operations) and remaining 60,000 camera modules are used in mobile phones for domestic manufacturing, then the additional incentive would be provided only on the sales value of mobile phones normalized for 60,000 camera modules. As 60,000 camera modules would have gone in domestic manufacture of 20,000 (60,000/3) mobile phones, therefore the additional incentive at the rate of 0.3% (for camera module) would be provided on eligible sales.

- iv. The additional incentive on domestic sourcing shall be applicable for both target segments. Further, the criteria for computation shall also remain same for both the target segments.
- v. The key components/sub-assemblies, for which additional incentives are available, must be manufactured in India. Further, in the manufacturing of such components/sub-

assemblies, minimum manufacturing process must be undertaken in India as defined in para 11 of scheme guidelines.

11. Minimum manufacturing process for key components/ sub-assemblies

- 11.1 Display module: The manufacturing process must comprise of complete sub-assembly, including Film on Glass (FOG) and Chip on Glass (COG) processes (as applicable), in India. In the display module, the cover glass used in the manufacturing of display module should also be manufactured in India from 2nd year onwards. The final assembly from the semi-assembled product shall NOT be considered for additional incentive.
- 11.2 Camera module: The manufacturing process must comprise of complete sub-assembly including surface mounting of component on substrate, Front on Line (FOL) process & End of Line (EOL) process (as applicable) in India. The final assembly from the semi-assembled product shall NOT be considered for additional incentive.
- 11.3 Enclosure: The enclosure consists of i) back cover and (ii) mid-frame/ mid-plate/ chassis/ case front or integrated variant thereof which are made from metal/plastic/glass/composite/hybrid material in India. Finishing/decoration should be a part of the manufacturing process wherever applicable. In case either of these parts of enclosure are localized, then 0.25% of the incentive would be given for localized part. The localization of this component would be reviewed after 2 years.
- 11.4 Batteries (including cells): The manufacturing process shall comprise the assembly of battery packs using domestically manufactured cells. The cells may either be manufactured by the battery manufacturer in India or sourced from domestic manufacturers, either directly or through domestic suppliers. The manufacturing of battery from imported cells shall NOT be considered for additional incentive.
- 11.5 USB cables (including connectors): The manufacturing process shall comprise cable assembly using domestically manufactured connectors. The connectors may either be manufactured by USB cable manufacturer in India or sourced from domestic manufacturers, either directly or through domestic suppliers. Manufacturing of USB cables using imported connectors shall not be eligible for the additional incentive.
- 11.6 For claiming additional incentive on domestic sourcing, the applicant shall submit documentary evidence such as self-declaration, undertaking/ certificate from the domestic manufacturer, statutory auditor's certificate, or any other documents as may be prescribed by MeitY/ PMA, to establish that the applicant has localized the component/ sub-assemblies from domestic manufacturers. Further, the applicant shall also submit necessary documents from the component/ sub-assembly manufacturer ensuring that the manufacturing process is in compliance with the minimum manufacturing process for each component/ sub-assembly as specified at Para 11.1 to 11.5 above.

A part of the manufacturing process for a component/ sub-assembly may be outsourced by the component/ sub-assembly manufacturer to a domestic manufacturer.

12. Overall Incentive ceiling

- 12.1 Brand-wise incentive ceiling shall be determined based on the annual forecast/commitment submitted by the applicant. The disbursement of incentives would be limited to cumulative annual commitment for the scheme period as submitted by the applicant or the overall budgetary outlay for the scheme, whichever is lower.
- 12.2 The applicant may revise its annual forecast/commitment during the Scheme period, provided these are within the overall cumulative commitment for the scheme period as submitted by the applicant/brand.
- 12.3 At the time of approval, EC shall decide the brand-wise ceiling on incentives based upon the cumulative annual commitment and budgetary outlay.

13. Incentive Outlay and its utilization

- 13.1 The overall incentive outlay of the scheme (including Target Segment-2 as well) shall be Rs 62,300 crores. The incentive outlay shall be fungible among the two target segments based upon the fund requirement and response received under the scheme. The EC shall review the progress under the scheme and may reallocate incentive outlay from one segment to another depending on industry response or performance under each category. However, the overall incentive outlay of the scheme shall be administered as fund limited.
- 13.2 In case of limited budget availability towards the end of the scheme tenure, the incentive shall be disbursed on pro-rata basis based upon brand-wise performance. EC shall review the performance and accordingly decide the proportion for disbursement of incentives.

14. Application submission

- 14.1 The application shall be submitted in the prescribed format on the online portal to the Project Management Agency (PMA) notified under the Scheme. In case the aforementioned online portal is not available, applications may be submitted in physical form to the Joint Secretary (Electronics), Industrial Promotion - Electronics Hardware Manufacturing (IPHW) Division, Ministry of Electronics and Information Technology, Electronics Niketan, 6, CGO Complex, Lodhi Road, New Delhi - 110003.
- 14.2 The application window for Target Segment-1, shall remain open till 31st March 2029 from 15th October 2026. Further, the applications submitted after 31st March 2027 shall be eligible for incentive from the date of approval under the scheme

- 14.3 The application window may be extended/reopened at any time during the scheme tenure based on the scheme performance and response from the industry.
- 14.4 At the time of filing the application(s), the applicant shall submit the details of proposed mobile phone brand(s) to be manufactured as a target segment product under the scheme. In this regard, the applicant shall submit the necessary authorization from the brand.
- 14.5 The applicant shall also provide proposed investment, total sales for FY 25-26 along with the breakup of domestic sales and exports, brand-wise target segment sales for last 3 FY i.e. 2023-24, 2024-25 and 2025-26, projected brand-wise sales, projected employment, manufacturing location(s), localization plan, expected domestic value addition (DVA), project report (in case of new entrant) etc.
- 14.6 On receipt of application, PMA will do a prima facie review of the application and issue an acknowledgement letter.
- 14.7 In case an application is found incomplete, MeitY/ PMA shall raise the query within stipulated timeframe. Further, the applicant needs to submit the requisite information/documents within 15 working days from the date of receipt of query, failing which, the application may be closed under intimation to the applicant.
- 14.8 The application fee shall be accepted electronically only and shall be non-refundable. The application fee details for Target Segment-1 would be Rs. 10,00,000 (Ten lakh Rupees only).

15. Online Portal

- 15.1 The application shall be submitted in the prescribed format on the online portal. The details of online portal shall be published on MeitY website separately.
- 15.2 Upon successful submission of an application, applicant shall receive a unique application no/ application ID, which shall be used for all future activities/communication pertaining to application under the scheme. The applicants are suggested to refer to its unique ID for all future correspondence.
- 15.3 Communication with applicants shall be made through the online portal, including claim submissions and documents etc., if any.

16. Project Management Agency (PMA)

- 16.1 The Scheme shall be implemented through a Project Management Agency (PMA). The PMA shall be responsible for providing secretarial, managerial, and implementation support, and for carrying out such other responsibilities as may be assigned by MeitY from time to time.

16.2 For the implementation of the Scheme, the PMA shall, *inter alia*, be responsible for carrying out the following activities:

- i. Developing and maintaining the online portal and carrying out associated activities for the smooth implementation of the Scheme.
- ii. Developing and maintaining dashboards, Management Information System (MIS) reports, and other analytical reports for monitoring the implementation of the Scheme.
- iii. Receiving, examining, and appraising applications, and issuing acknowledgements.
- iv. Making appropriate recommendations to the EC/MeitY for approval of applications under the Scheme.
- v. Developing Standard Operating Procedures (SOPs) and standardized documents for appraisal and disbursement for the smooth implementation of the scheme.
- vi. Receiving and reviewing the quarterly/monthly reports submitted by the applicants, and compiling data related to all parameters prescribed in scheme notification and guidelines and any other additional information as may be required for monitoring the progress and performance of the Scheme. Further, PMA shall also submit the quarterly/monthly progress reports of the scheme to MeitY.
- vii. Examining and verifying the disbursement claims submitted by applicants, reconciling such claims, computing the incentive payable, and making appropriate recommendations to the EC/MeitY in accordance with the Scheme Notification, Scheme Guidelines and amendments thereof.
- viii. Ensuring that the incentive disbursed under the Scheme does not exceed the approved incentive ceiling or the overall incentive outlay.
- ix. Conducting physical inspection of the applicant's manufacturing facilities, assets, records or other relevant documents, wherever required, for verification under the Scheme.
- x. PMA / MeitY may seek such additional information, documents, or clarifications from the applicant as may be considered necessary.
- xi. Maintaining records relating to applications, approvals, claims, incentives, and other documents under the Scheme.
- xii. Deploying three (03) personnel at MeitY, including two (02) personnel for managerial and implementation support and one (01) personnel for secretarial support.

17. Approval under the scheme

- 17.1 On prima facie scrutiny of the applications, PMA will issue the acknowledgement letter. Acknowledgement of an application shall not be construed as approval under the scheme.

- 17.2 The PMA shall appraise the applications received under the Scheme and, after detailed examination, make appropriate recommendations to the Empowered Committee (EC). The EC shall examine the proposals and deliberate on the recommendations of the PMA. Based on such examinations and deliberations, the EC shall make appropriate recommendations to the Competent Authority for approval, rejection, or modification of the applications.
- 17.3 On approval of competent authority, MeitY may issue approval / rejection letter to the applicant or recommend PMA to issue the same within stipulated time-frame.
- 17.4 The approval letter, inter-alia, shall include the following:
- i. Name of applicant
 - ii. Manufacturing location(s)
 - iii. Date of approval
 - iv. Target segment
 - v. Name of the Brands for which mobile phones shall be manufactured
 - vi. Total Sales including domestic sales and exports for mobile phones in FY25-26, FY24-25 and FY23-24
 - vii. Baseline Sales for FY 26-27
 - viii. Incentive period
 - ix. Target segment specific eligibility criteria
 - x. Yearly projections submitted by the applicant with respect to investment, sales, employment generation, etc. as applicable.
 - xi. Incentive ceiling
 - xii. Expected yearly incentive (Total as well as brandwise to the applicant)
 - xiii. Component / Subassembly wise localization plan & expected domestic value addition (DVA)
 - xiv. To furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter in the prescribed format on the online portal.
 - xv. Any other information/ condition stipulated by EC/ competent authority/ MeitY/ PMA.
- 17.5 The approval letter shall not be construed as a guarantee for the disbursement of incentive. The disbursement of incentive shall be subject to verification of eligibility, examination of the disbursal claim submitted by the applicant, and compliance with all other conditions and criteria specified under these Scheme Guidelines.

18. Empowered Committee (EC)

- 18.1 In accordance with Para 12 of the scheme notification, MeitY shall constitute an inter-ministerial committee chaired by Secretary, MeitY and representatives from NITI Aayog, Department of Expenditure (DoE), Department of Economic Affairs (DEA), Department for Promotion of Industry and Internal Trade (DPIIT), Department of Revenue (DoR) and Directorate General of Foreign Trade (DGFT) not below the rank of Joint Secretary.
- 18.2 The EC shall consider the applications recommended by the Project Management Agency after appraisal and make appropriate recommendations to Competent Authority for approval, rejection, or modification of application.
- 18.3 The EC shall consider the incentive claims examined and recommended by the Project Management Agency (PMA) and make appropriate recommendations to the Competent Authority for approval of the disbursement of incentive.
- 18.4 The EC shall periodically review the performance of approved applicants under the Scheme, including their achievement of investment, production, employment generation, domestic value addition, and other applicable performance parameters.
- 18.5 The EC may recommend any modifications as deemed appropriate for smooth implementation of the scheme for approval of the Competent Authority.
- 18.6 Based on the technological advancement in the mobile phone sector, EC may consider for inclusion of new/ advanced product under target segment.
- 18.7 The EC may review the list of identified components/sub-assemblies in respect of which additional incentive is provided and may recommend the addition, deletion or modification of any component/sub-assembly in such list. Further, the EC may also recommend amendments to the definitions of components/sub-assemblies, having regard to technological developments, emergence of new applications, use of new materials, availability of raw materials from global sources, supply chain challenges, or any other relevant developments that may impact the electronics manufacturing ecosystem.

19. Competent Authority

- 19.1 Hon'ble Minister for Electronics and Information Technology (MEIT) shall be the Competent Authority for approval of individual projects with estimated incentive outgo above Rs 100 crore.
- 19.2 Secretary, MeitY shall be the competent authority for approval of individual projects with incentive upto Rs 100 crore.
- 19.3 Subsequent to the approval of the projects by competent authority, Secretary, MeitY shall be the competent authority for disbursement of incentive for all approved projects.

- 19.4 For any other matters including amendment to scheme/scheme guidelines as per Para 14 of scheme notification, Hon'ble MEIT shall be the competent authority.

20. Disbursement of Incentives

- 20.1 The applicant shall submit the incentive claim, complete in all respects, including all requisite documents in the prescribed format on the online portal. PMA may seek additional data, clarification, or document, as deemed appropriate, for examining and processing of incentive claim.
- 20.2 The applicant may submit their claim on a quarterly basis subject to meeting the eligibility criteria. However, to address the working capital requirements and ease the cash-flows, the applicant may claim early disbursement pending achievement of the threshold sales, subject to submission of equivalent Bank Guarantee (BG) and other documentation as may be required by MeitY/ PMA to safeguard the Government's interest. All such claims shall be duly certified by Statutory Auditor and as well as management representation letter/management undertaking.
- 20.3 In case, incentive claims are submitted based on unaudited financial statements, the follow-up certificates based on the audited account and duly certified by statutory auditors shall be submitted before the submission of incentive claim for next financial year.
- 20.4 Claims for any period shall be made only once, unless withdrawn, and no subsequent part claims shall be allowed for the same period, except where the claim is deferred by PMA for accounting or regulatory rectification. Such cases may be considered with subsequent incentive claim, for the period to which it pertains.
- 20.5 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.
- 20.6 In case of any ambiguity, the PMA may refer such cases to EC for clarification. The decision of EC shall be final in this regard.
- 20.7 The Competent Authority will consider claims for disbursement of incentive, as recommended by the EC.
- 20.8 After ensuring the completion of pre-disbursal formalities from PMA, MeitY shall disburse the incentive to the applicant directly.
- 20.9 In case of excess claims disbursed, the applicant shall reimburse MeitY for any excess incentive disbursed along with interest calculated at 3 years SBI MCLR/base rate per annum or the extant rates prevailing on the date of disbursement, compounded annually, for the period between excess payment and date of refund by the applicant.

- 20.10 If the PMA/ MeitY is satisfied that eligibility under the scheme and/ or disbursement of incentives have been obtained by misrepresentation of essential fact(s) or furnishing of false information, the applicant shall reimburse MeitY, the incentive disbursed along with interest calculated at 3 years SBI MCLR/ base rate per annum prevailing on the date of disbursement, compounded annually, after giving an opportunity to the applicant of being heard.
- 20.11 PMA shall furnish information to MeitY with details of disbursement claims received for incentives, amount to be disbursed, and reasons for rejection/ delay in disbursement of the incentives on a monthly basis.

21. Related Party Transactions (RPT)

- 21.1 The applicant shall comply with the rules under the Companies Act and Income Tax Act related to RPT and submit a statutory auditor certificate in prescribed format on the online portal. For international RPT, the Form 3CEB filed by applicant shall be considered as the reference document. For domestic RPT, the applicant shall submit a management undertaking stating that arm's length price has been considered for RPT and the mechanism to assess the arm's length price is consistent throughout the scheme tenure and the base year. PMA may ask for additional documentation, if required.
- 21.2 The assessment under Income Tax Act and other regulatory statutes takes time to complete and invariably happens long time after claim of the incentive. Therefore, the applicant shall submit an undertaking to PMA/MeitY stating that if any adjustment is made w.r.t related party transaction having an impact on the incentive disbursed, the excess amount disbursed shall be refunded as per para 20.9 of scheme guidelines.
- 21.3 As the Scheme Guidelines permit applicants to file incentive claims on a quarterly basis, while the compliances under the Income-tax Act, 1961 are completed in the subsequent financial year, up to 80% of the incentive attributable to related-party sales and/or investment in claims submitted before the due date for filing Form 3CEB may be considered for disbursal. The applicant shall be required to furnish an indemnity bond prior to the disbursal of such incentive. The balance incentive amount shall be released only after submission of the duly filed Form 3CEB and verification of compliance with the applicable provisions of the Income-tax Act, 1961.
- 21.4 Balance 20% of the incentive shall be released after completion of such compliances and submission of SA certificate as per the standard format of the certificate for related party transactions.

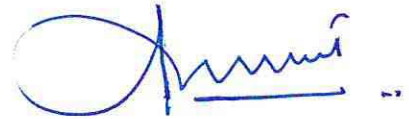
22. Review

- 22.1 EC shall carry out periodic review of the scheme and performance of various applicants under the scheme.
- 22.2 EC may also revoke the approval of applicant(s) for substantial lack of performance in terms of sales after providing him adequate opportunity to explain the reasons for poor performance.
- 22.3 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.
- 22.4 In case of a force majeure event, the EC may recommend to amend, modify, or withdraw any clause(s) under the scheme and its guidelines.

23. Residual

- 23.1 An applicant shall inform the PMA of any change in the shareholding pattern during the tenure of the scheme, after updation with the Registrar of Companies (RoC).
- 23.2 In case of any change in the shareholding pattern of an applicant leading to a successor-in-interest during the tenure of the scheme, PMA shall intimate EC about the same.
- 23.3 The applicant shall submit the following pre-disbursal documents, post approval of incentive claim(s):
 - i. A management undertaking in the prescribed format on the online portal.
 - ii. An Agreement/ Indemnity Bond in prescribed format on the online portal that if at a later stage claim is found to be false or excessive it would be liable to return the amount disbursed with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually.
 - iii. Board resolution to the effect that the applicant agrees by the terms and conditions as laid down in the scheme and its guidelines while securing the incentive amount.
- 23.4 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.
- 23.5 Integrity Pact undertakings are to be furnished by applicants, duly signed by its CEO/MD/Director depicting designation and authorization to do so.

- 23.6 The Integrity Pact undertaking shall be submitted by all applicants whose applications or claims are under consideration for approval or disbursement of incentives on the online portal. The applications or claims of those applicants who do not submit the undertaking shall not be processed and considered. The Integrity Pact 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 the release of funds. The release of incentives shall be withheld until the above-mentioned undertaking is provided.



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