



Electronics Component Manufacturing Scheme (ECMS)

Get Started

Empowering Domestic Electronics Manufacturing
Presented by: OSGAN Consultants Pvt. Ltd.
April 2025

Electronics Component Manufacturing Scheme: FY 2025–26



ELIGIBILITY

Greenfield & Brownfield investments in the target segment



SCHEME PERIOD

First Year: FY 2025–26 / FY 2026–27
(if 1-year gestation opted)
Tenure: 6 years
Optional Gestation: 1 year



On **March 28, 2025**, the Union Cabinet approved the Electronics Component Manufacturing Scheme. The scheme was notified on **April 8, 2025**



Application Window

From 1st May 2026, for:

- 3 Months – (may extend)
- (A) Sub-assemblies
- (B) Bare components
- (C) Selected bare components
- 2 Years – (may extend):
- (D) Supply ecosystem & capital equipment

Online Portal- (www.ecms.meity.gov.in)

ECMS – Scheme Overview & Objective

The **Electronics Component Manufacturing Scheme (ECMS)** is a flagship initiative of the Government of India, launched under the **Ministry of Electronics and Information Technology (MeitY)**, to create a robust ecosystem for domestic electronics component and sub-assembly manufacturing.

Objectives:

The objective of the proposed scheme is to establish a strong and competitive component manufacturing ecosystem by attracting both domestic and international investments across the electronics value chain. This initiative aims to enhance **domestic value addition** and expand India's share in global electronic exports by effectively integrating its electronics industry with **global value chains (GVCs)**.

Scheme Budget

Total Budget Allocation: ₹22,919 crore (includes administrative expenses)

The financial outlay is flexible across target segments, allowing MeitY to reallocate funds based on demand and industry response.

Coverage – Target Segments under ECMS

The ECMS scheme categorizes target segments into four major groups:

A. Sub-Assemblies

- Display module sub-assemblies
- Camera module sub-assemblies

B. Bare Components

- Non-SMD passive components for electronic use
- Electro-mechanical components for electronics
- Multi-layer Printed Circuit Boards (PCBs)
- Li-ion cells for digital applications (excluding energy storage and mobility)
- Enclosures for mobile, IT hardware, and related devices

C. Selected Bare Components

- High-Density Interconnect (HDI), Modified Semi-Additive Process (MSAP), and Flexible PCBs
- Surface-Mount Device (SMD) passive components

D. Supply Chain & Capital Equipment

- Components used for manufacturing items listed in Segments A, B, and C
- Capital goods employed in electronics manufacturing, including their parts and sub-assemblies

Key Incentive Modalities

ECMS provides performance-based fiscal incentives to strengthen domestic electronics component manufacturing. Disbursement is linked to incremental sales, investment, and employment.

The scheme includes three incentive types—turnover-linked, capex, and hybrid—tailored to industry-specific needs, with conditions to ensure accountability.

Types of Incentives:

01

Turnover-linked incentives are calculated on the **net incremental sales** over the base year and are disbursed only upon meeting both sales and cumulative investment thresholds. An additional **1% of the total incentive rate** is contingent upon achieving the prescribed employment benchmarks; failing to do so results in a deduction of that 1% from the eligible incentive.

02

Capex incentives are provided on eligible **capital expenditure** for manufacturing target segment products. Disbursement requires meeting investment thresholds and starting commercial production. Of the **25% rate**, **5%** is conditional on meeting cumulative employment thresholds; if unmet, the incentive is reduced by that amount.

03

Hybrid Incentive combines turnover-linked and capex benefits, applicable only to Segment C, offering flexibility for capital- and scale-intensive products.

Target Segment Overview: ECMS Investment & Incentive Highlights

Segment A: Sub-Assemblies

- Display Modules: ₹250 Cr Investment | ₹1200 Cr Sales | 300 jobs | Incentive: 4%–1%
- Camera Modules: ₹250 Cr Investment | ₹900 Cr Sales | 450 jobs | Incentive: 5%–2%

Segment B: Bare Components

- PCBs, Electro-mechanicals, Li-ion Cells, Enclosures: Investment from ₹50 Cr to ₹500 Cr with incentives ranging from 4% to 10%

Segment C: Selected Components

- HDI/MSAP PCBs: ₹1000 Cr Investment | Incentive: 8%–4% (Turnover), 25% (Capex)

Segment D: Supply Chain

- Materials & Capital Goods: ₹10 Cr+ Investment | 25% Capex Incentive

Target segments and incentive rates

Segment	Target Segment	Minimum Investment (₹ Cr)	Turnover Linked Incentive (%)	Capex Incentive (%)
A – Sub-assemblies	Display module sub-assembly	250	4 / 4 / 3 / 2 / 2 / 1	NA
	Camera module sub-assembly	250	5 / 4 / 4 / 3 / 2 / 2	NA
B – Bare Components	Non-SMD passive components	50	8 / 7 / 7 / 6 / 5 / 4	NA
	Electro-mechanicals	50	8 / 7 / 7 / 6 / 5 / 4	NA
	Multi-layer PCB (≤ 6 layers)	50	6 / 6 / 5 / 5 / 4 / 4	NA
	Multi-layer PCB (≥ 8 layers)	50	10 / 8 / 7 / 6 / 5 / 5	NA
	Li-ion cells (excl. storage & mobility)	500	6 / 6 / 5 / 5 / 4 / 4	NA
	Enclosures (Mobiles, IT hardware)	500	7 / 6 / 5 / 4 / 4 / 3	NA
C – Selected Bare Components	HDI / MSAP / Flexible PCBs	1000	8 / 7 / 7 / 6 / 5 / 4	25%
	SMD passive components	250	5 / 5 / 4 / 4 / 3 / 3	25%
D – Supply Chain & Capital Equipment	Input components for A/B/C segments	10	NA	25%
	Capital goods (including sub-assemblies)	10	NA	25%

Segment	Target	Investment (₹ Cr)	Sales (₹ Cr)	Employment	Type	Incentive Rate
A	Display Module	50–250	200–1200	50–300	Turnover	4% → 1%
A	Camera Module	50–250	150–900	75–450	Turnover	5% → 2%
B	Non-SMD Passive Components	10–50	15–90	30–180	Turnover	8% → 4%
B	Electro-mechanicals	10–50	15–90	30–180	Turnover	8% → 4%
B	Multi-layer PCB (≤6 / ≥8 layers)	10–50	15–90	15–90	Turnover	6% / 10% → 4% / 5%
B	Li-ion Cells (Digital only)	100–500	200–1200	100–600	Turnover	6% → 4%
B	Enclosures (Mobile / IT Hardware)	100–500	200–1200	120–720	Turnover	7% → 3%
C	HDI / MSAP / Flexible PCB	200–1000	200–1200	200–1200	Hybrid (T + C)	Turnover: 8% → 4%, Capex: 25%
C	SMD Passive Components	50–250	75–450	100–600	Hybrid (T + C)	Turnover: 5% → 3%, Capex: 25%
D	Supply Chain (A/B/C components)	10	—	10 (~1 per ₹ Cr)	Capex	25%
D	Capital Goods for Electronics Mfg.	10	—	20 (~2 per ₹ Cr)	Capex	25%

Tenure Of The Scheme

Aspect		Details
Total Scheme Duration	————→	6 years (FY 2025–26 to FY 2030–31)
Optional Gestation Period	————→	1 year (FY 2025–26), if opted
Application Window – Segments A, B, C	————→	Opens from 1st May 2025 for 3 months (extendable/reopenable based on response)
Base Year for Sales Calculation	————→	FY 2024–25 (or FY 2025–26 if opting for gestation)
Base Year for Investment Tracking	————→	From the date of scheme notification
Application Window – Segment D	————→	Opens from 1st May 2025 for 2 years
Investment Validity – Segment D	————→	Eligible investments allowed for 5 years from date of application acknowledgment

Eligibility Criteria

The scheme supports both **Greenfield and Brownfield investments** across target segments. Separate applications are required for each product; duplicate applications for the same product are ineligible.

Applicants, including group companies and JVs, must meet prescribed financial criteria and submit a **self-certified declaration**.

Eligibility is based on **global ESDM or manufacturing revenue**, as well as technological and financial capability, as detailed in the scheme guidelines.

General Criteria:

- Separate application for each product line
- Majority stake required for JV
- Technological capability proof (ToT, binding agreements, in-house capacity)

Examples:

- Display/Camera Modules: ₹250 Cr Manufacturing Revenue
- PCBs/Enclosures/Li-ion Cells: ₹150–750 Cr Global ESDM Revenue
- Flexible PCBs/HDI: ₹500 Cr Minimum Revenue

Key Process Flow

1. Application & Approval

- Applications must be submitted via the official online portal.
- The Project Management Agency (PMA) will appraise submissions, issue acknowledgments, and forward recommendations to the Governing Council (GC).
- The GC evaluates proposals and submits final advice to MeitY.
- MeitY grants approvals or rejections based on GC recommendations.

2. Baseline & Quarterly Progress Reporting (QPRs)

- Baseline data (sales in India by applicant/group/JV) is required to calculate turnover-linked incentives.
- Baseline must be finalized within 35 working days.
- Quarterly reports must be self-certified and submitted online within 30 days of each quarter's end.

3. Review Mechanism

- GC may cancel approvals in cases of:
 - No investment in the first year or investment below 50% of required levels.
 - Significant underperformance in sales.
- Revocation makes future incentive claims ineligible.
- Applicants will have a chance to present justifications before revocation.

4. Incentive Disbursement

- Claims must be submitted with supporting documentation.
- PMA conducts audits and recommends disbursement.
- MeitY processes approved claims via bank transfer.
- For related party sales, 80% of the incentive is disbursed upfront; remaining 20% is released post-compliance verification.

Investment Eligibility Parameters

General Terms

- For **Target Segments (A), (B), and (C)**: Only investments made on or after the scheme notification date are eligible.
- For **Segment D**: Investments made within **five years** from the date of acknowledgment (or as prescribed) are allowed.
- Land and building costs are not eligible.
- The invoice date serves as the investment date and must be capitalized in project books.
- Expenditure on Technology Transfer (ToT) and royalties can be included in investment but are not eligible for incentive.
- Maintain a Fixed Asset Register (FAR) with tagged assets for the project/unit.

Eligible Investment Categories

1. Plant, Machinery, and Equipment

- Includes tools, dies, moulds, jigs, fixtures, and spares used in manufacturing, assembly, or packaging.
- Related costs like freight, insurance, erection & commissioning are allowed up to 7.5% of base cost.
- Leased machinery must qualify as a financial lease (AS-19/Ind AS-116).
- Used/refurbished equipment must have a minimum 5-year life and a Chartered Engineer certificate.

2. Research & Development (R&D)

- Covers in-house R&D aligned to target segments.
- Includes design, prototyping, and all development stages.

3. Associated Utilities (AU)

- Includes clean rooms, HVAC, water/air systems, effluent plants, captive power, etc.
- Also includes IT/ITES systems like ERP software, servers, and tech infrastructure for production.

Required Documentation

- **CE Certificate** validating cost reasonableness, installation, and equipment condition.
- **Statutory Auditor Certificate** confirming asset capitalization and production start.

Product-Specific Requirements

Display/Camera Modules: Full local assembly (including FOG, COG, FOL, and EOL stages) is mandatory. Semi-assembled imports are not eligible.

PCBs: Annual localization of input materials (e.g., chemistry) is mandatory. Only fully localized PCBs qualify for incentives.

Li-ion Cells: Must be $\leq 10,000$ mAh and used in digital applications. Annual domestic sourcing of cathode, anode, and electrolyte is required.

Enclosures: Should involve metal/plastic/glass enclosures with domestic finishing and forming processes.

Other Eligibility Parameters

1. General:

- Contract manufacturing (CM) is not eligible.
- Limited job work by domestic vendors is allowed, but cannot constitute a major part of manufacturing.
- ECMS eligibility is independent of other government schemes.
- However, overlapping benefits are not permitted—incentivized investment/sales under other schemes are not eligible here.

2. Sales-Related:

- Invoice date defines sales recognition per books and dispatch.
- Sales returns must adjust gross sales in the same financial year.
- Separate accounts required for trading and manufacturing.
- Reconciliation must match GST and e-way bill records.
- JVs use base-year sales of older entity for incremental calculations.
- Pre-invoice or ineligible-period sales allowed only if recognition norms are met.

3. Employment-Related:

AE = Avg. monthly headcount (total over 12 months \div 12).

Only EPFO-recorded staff in approved project counted.

Apprentices/casual labor not eligible.

For capex: AE in any 12 months (within 2 years post-production) minus trailing 12-month AE.

For sales: AE in claim year minus base year AE (FY basis).

Strategic Significance

- Strengthens India's manufacturing base
- Aligns with Make in India & Atmanirbhar Bharat goals
- Creates jobs, fosters innovation, and builds global supply chain links

With **OSGAN** by your side, you'll maximize ECMS benefits with confidence and compliance.

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