



Make in India: Incentive schemes

August 2020



Incentives scheme for manufacture of specified medical devices

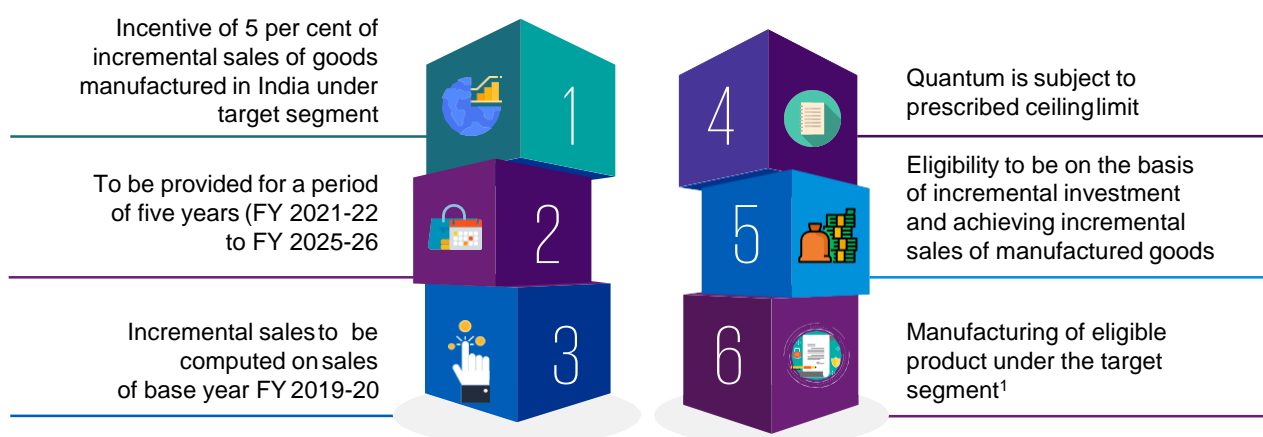
India has been largely dependent on imports of medical devices to meet its domestic demand.

With the aim to compensate for the manufacturing disabilities, the Government of India has notified a scheme called 'Production linked incentive scheme' which proposes to provide impetus to the sector by way of financial incentives.

Furthermore, in order to provide necessary infrastructure support, particularly with respect to providing common testing and laboratory facilities/centre at once place, Government has also an announced incentive scheme for creating a Medical Device Parks.

These medical device parks aim to significantly reduce the manufacturing cost and create a robust ecosystem for medical device manufacturing in the country.

Production Linked Incentive Scheme



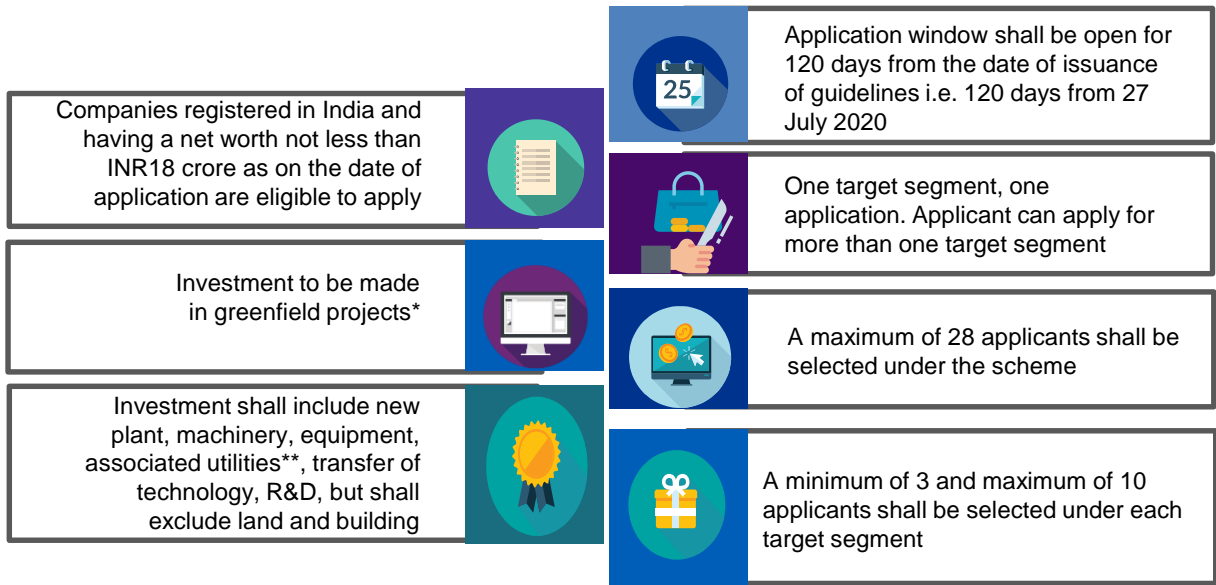
Target segment and eligibility conditions (Detailed list of products specified in the guidelines)

1. Cancer care/ Radiotherapy medical devices
2. Radiology and imaging medical devices (both ionising and non-ionising radiation products) and nuclear imaging devices
3. Anesthetics and cardio-respiratory medical devices including catheters of cardio respiratory category and renal care medical devices
4. All implants including implantable electronic devices like cochlear implants and pacemakers

Target Segment	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
		<i>(Amounts in INR crore)</i>				
Specified Medical Devices	Incentive rate (as a percentage of incremental sales)	5%	5%	5%	5%	5%
	Minimum incremental investment over FY 2019-20 (180 over 3 years)	60	120	180	-	-
	Minimum incremental sales over FY 2019-20	120	240	360	460	560
	Maximum incentive per applicant within a target segment	8	17	27	32	37

1. Guidelines on PLIS for promotion of domestic manufacturing of medical devices dated 27 July 2020, issued by Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals is available at <https://pharmaceuticals.gov.in/sites/default/files/Guidelines>

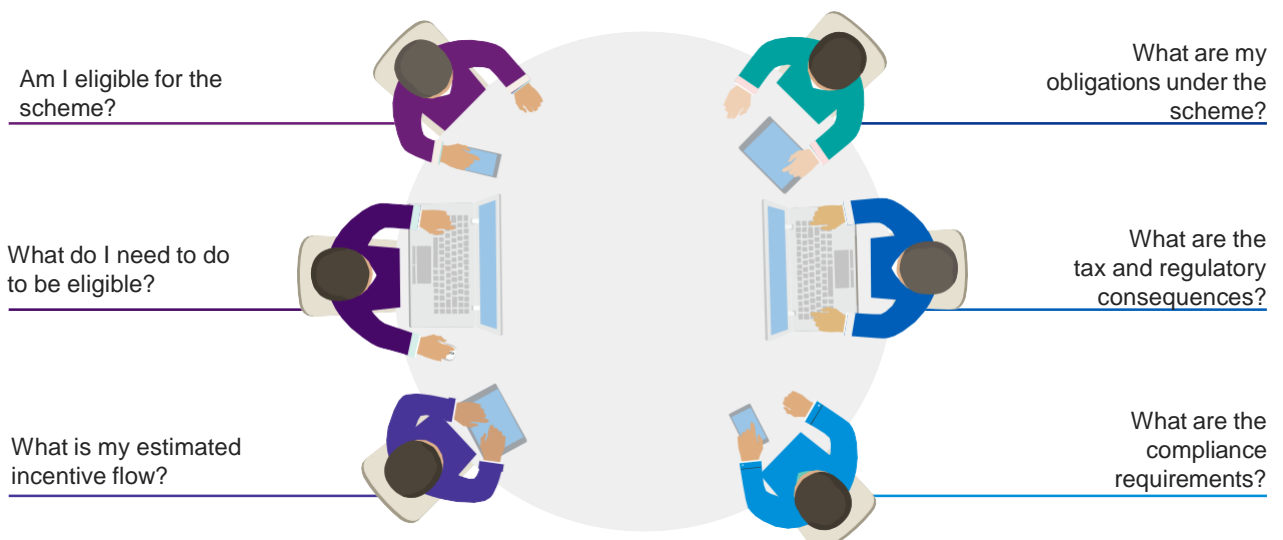
Eligibility criteria, application and selection



* Investment in new production facility or in a new plant in the premises of an existing production facility.

** Existing manufacturer may use existing ancillary utilities for manufacture of eligible products, however, the investment already made on such utilities shall not qualify for threshold investments

Key questions to consider



Our service offerings

Planning advisory

- Supply chain re-engineering or expansion of business
- Allied tax and regulatory advisory
- In-bond Manufacturing/SEZ/EHTP advisory, evaluation of funding options, entity structuring
- Representation before authorities for clarifications

On-going support

- Support on compliances
- Classification of qualifying goods, rate of duties
- Assistance in obtaining the benefit of import under FTA and/or PTA
- Valuation under customs – SVB and assistance in obtaining AEO accreditation

Application and implementation

- Application assistance under the schemes
- Representing before authorities for the above applications
- Assistance in getting the incentives disbursed
- Support on compliances post obtaining approval under the scheme
- Representation before authorities for clarification sought at the time of periodic review undertaken post obtaining approval



SEZ – Special economic zone

FTA – Free trade agreement

SVB – Special valuation branch

EHTP - Electronic hardware technology park

PTA – Preferential trade agreement

AEO – Authorised economic operator

Why KPMG in India?

- A committed team of experienced professionals that acts as a trusted advisor for clients
- Given our focus on industry specialisation, the team keeps track of developments in the sector and is well versed with common issues faced by the industry
- Experienced in assisting clients on similar incentives
- We are well connected within KPMG International's network of member firms around the world and keep track of developments in global markets
- Utmost importance is given to client and data confidentiality with stringent internal controls and internal risk policies.

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