

Status of Production-Linked Incentive Schemes;

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US\$ 500 billion in 5 years;

Nine PLI schemes have been approved by the cabinet so far

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In the **Union Budget 2021-22**, presented on 1st February 2021, the Finance Minister announced an outlay of **INR 1.97 Lakh Crores** for the **Production-Linked Incentive (PLI) Schemes for 13 key sectors**, to create national manufacturing champions and generate employment opportunities for the country's youth. This means that minimum production in India as a result of PLI Schemes is expected to be over US\$ 500 billion in 5 years.

PLI Schemes are a cornerstone of the Government's push for achieving an **Atmanirbhar Bharat**. The objective is to **make domestic manufacturing globally competitive** and to **create global Champions in manufacturing**. The strategy behind scheme is to offer **companies incentives on incremental sales from products manufactured in India**, over the base year. They have been specifically designed to **boost domestic manufacturing in sunrise and strategic sectors**, curb cheaper imports and **reduce import bills**, improve **cost competitiveness** of domestically manufactured goods, and enhance domestic capacity and exports.

The first three PLI Schemes were approved earlier in March, 2020 and these were followed by another **10 New PLI Schemes** in November, 2020. Of these, the previous three **Schemes have been notified**, and six of **the ten New Schemes** have also been approved by the Cabinet as below:

- i. Electronic/Technology Products – **MeitY** (*notified on 3 March 2021*)
- ii. Pharmaceuticals drugs – **D/o Pharmaceuticals** (*notified on 3 March 2021*)
- iii. Telecom & Networking Products - **D/o Telecommunications** (*notified on 24 Feb 2021*)
- iv. Food Products - **Ministry of Food Processing Industries**
- v. White Goods (ACs & LED) – **DPIIT**
- vi. High Efficiency Solar PV Modules - **MNRE**

Another four **Schemes** are in process of obtaining Cabinet approval as below:

- i. Automobiles & Auto Components – **D/o Heavy Industry**
- ii. Advance Chemistry Cell (ACC) Battery – **D/o Heavy Industry**
- iii. Textile Products: MMF segment and technical textiles – **M/o Textiles**
- iv. Specialty Steel - **M/o Steel**

It is to be noted that of the previously notified **3 PLI Schemes**, the **update on their implementation** is as

below:

• **MeitY: Mobile Manufacturing and Specified Electronic Components – 16 applications worth Rs. 35,541 crore** under this scheme have been approved.

• **D/o Pharmaceuticals : Critical Key Starting materials/Drug Intermediaries and Active Pharmaceutical Ingredients –47 applications** with committed investment of **Rs. 5,400 crore** have finally been approved.

• **D/o Pharmaceuticals: Manufacturing of Medical Devices –14 applications** are approved with committed investment of **Rs. 873.93 crore**

I. Status of Previously Notified PLI Schemes (3) is given below:

A. MeitY - Mobile Manufacturing and Specified Electronic Components

i. Major achievements in PLI being implemented: The scheme extends an incentive of 4% to 6% on incremental sales for a period of five years subsequent to the base year. The scheme was notified on 01.04.2020; last date for application was 31.07.2020 and the scheme commenced on 01.08.2020. The scheme has received a very encouraging response. 16 applications were approved under the first round of the scheme (5 companies under Global Champions Category, 5 companies under Domestic Champions Category and 6 companies under the Electronic Components category) with an incentive outlay of INR 36,440 crore. As per the Quarterly Review Reports for the quarter ending December 2020, in the first 5 months of scheme operation and despite challenging times, the applicant companies have produced goods worth ~INR 35,000 crore and invested ~INR 1,300 crore under the scheme. Additional employment generation during this period stands at around 22,000 jobs.

After the success of the First Round of PLI Scheme, the Second Round of PLI Scheme has been launched on 11.03.2021, which focuses on building a vibrant and robust electronic component manufacturing ecosystem. The last date for application was 31.03.2021. Under the Second Round, incentive of 5% to 3% shall be extended on incremental sales (over base year, i.e., 2019-20) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four years. Applications received under the Second Round of PLI Scheme for Large Scale Electronics Manufacturing are in the process of appraisal.

ii. Response of major industry leaders for products: The approved companies under the PLI Scheme for Large Scale Electronics Manufacturing include Samsung, Foxconn Hon Hai, Rising Star, Wistron and Pegatron. Out of these, 3 companies namely Foxconn Hon Hai, Wistron and Pegatron are contract manufacturers for Apple iPhones. Apple (37%) and Samsung (22%) together account for nearly 60% of global sales revenue of mobile phones and this scheme is expected to increase their manufacturing base manifold in the country. Indian companies including Lava, Bhagwati (Micromax), Padget Electronics, UTL Neolyncs and Optiemus Electronics were approved under the scheme. These companies are expected to expand their manufacturing operations in a significant manner and grow into national champion companies in mobile phone production.

iii. What kind of value addition will be brought in by the PLI- new types of industries, encouragement to MSMEs/ancillarisation, etc: The PLI Scheme for Large Scale Electronics Manufacturing also focuses on building a vibrant and robust electronic components manufacturing ecosystem. This step will further strengthen product manufacturing in India for multiple sectors such as IT Hardware, LED Products, Automotive, Medical Devices, Solar Cells, Energy Storage, etc. for which

other PLI Schemes are going to be implemented.

- iv. **Expected outcomes in terms of increase in investment, production, exports and employment:** Over the next five years, the Scheme is expected to lead to a total production of about INR 10.5 lakh crore. More than 60% of production is expected to be exported. The scheme is also expected to bring in additional investment of INR 11,000 crore. Value addition is expected to go up from 20-25% presently to 35-40% by 2025. The scheme will generate approximately 2 lakh direct employment opportunities in next 5 years along with creation of additional indirect employment of nearly 3 times the direct employment.

B. D/o Pharmaceuticals - Critical Key Starting Materials (KSMs)/ Drug Intermediates And Active Pharmaceutical Ingredients (APIs)

- i. **Major achievements in PLI being implemented:** With an objective to attain self-reliance and reduce import dependence in these critical Bulk Drugs - Key Starting Materials/ Drug Intermediates and Active Pharmaceutical Ingredients in the country, the Department of Pharmaceuticals had launched a Production Linked Incentive (PLI) Scheme for promotion of their domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four different Target Segments (In Two Fermentation based - at least 90% and in the Two Chemical Synthesis based – at least 70%) totaling 41 products with a total outlay of Rs. 6,940 cr. for the period 2020-21 to 2029-30.
- ii. **Response of Industry Leaders:** In the PLI Scheme for Bulk Drugs, the major successful players/ participants include M/s. Aurbindo Pharma Group, M/s. Hetero Group, M/s. Karnataka Antibiotics and Pharmaceuticals Limited, M/s. KinvanPvt. Ltd, M/s. Natural Biogenex Private Limited, etc. These include global players with strong presence in advanced markets.
- iii. **Expected outcomes in terms of increase in investment, production, exports and employment:** In total 215 applications have been received for the 36 products spread across the 4 Target Segments for the PLI schemes for Bulk Drugs from all over the country. Out of these, 47 applications have been approved by the Government, with a total Committed Investment of Rs. 5,366.35; Maximum Incentive proposed for disbursement: Rs. 6,000 crore and Expected Employment Generation of about 12140.

C. D/o Pharmaceuticals - Manufacturing Of Medical Devices

- i. **Major achievements in PLI being implemented:** With an objective to boost domestic manufacturing, attract large investment in Medical Device Sector, the Department of Pharmaceuticals had launched a Production Linked Incentive (PLI) Scheme for Promotion of Domestic Manufacturing of Medical Devices to ensure a level playing field for the domestic manufacturers of medical devices with a total financial outlay of Rs.3,420 cr. for the period 2020-21 to 2027-28.
- ii. **Response of Industry Leaders:** In the PLI Scheme for Medical Devices, the major successful players/ participants include M/s. Siemens Healthcare Private Limited, M/s. Wipro GE healthcare Private Limited, M/s BPL Medical Technologies Private limited, M/s Nipro India Corporation Private Limited, M/s. Sahajanand Medical Technologies Private Limited, M/s. Integris Health Private Limited, M/s. Poly Medicure Limited, etc.
- iii. **Expected outcomes in terms of increase in investment, production, exports and employment:** In total 28 applications have been received spread across the 4 Target Segments for the PLI schemes for Medical Devices from all over the country. Out of these, 14 applications have been approved by the

Government, with a total Committed Investment of Rs.873.93 crore; Maximum Incentive proposed for disbursement: Rs.1,694 crore and Expected Employment Generation of about 4212.

II. Status of recently approved PLI Schemes (6) is given below:

A. DPIIT - White Goods (ACs & LED)

1. **Major achievements in PLI being implemented:** The PLI Scheme for White Goods shall extend an **incentive of 4% to 6% on incremental sales** of goods manufactured in India for a period of five years to companies engaged in manufacturing of Air Conditioners and LED Lights. PLI Scheme is designed to create complete component ecosystem in India and make India an integral part of the global supply chains. The scheme will be instrumental in making manufacturing in India globally competitive by removing sectoral disabilities, creating economies of scale and ensuring efficiencies. The scheme is expected to attract global investments, generate large scale employment opportunities and enhance exports substantially. It will also lead to investments in innovation and research and development and upgradation of technology. The Scheme is expected to be instrumental in achieving growth rates that are much higher than existing ones for AC and LED industries, develop complete component eco-systems in India and **create global champions** manufacturing in India. A number of global and domestic companies, including a number of MSMEs are likely to benefit from the Scheme.

1. **Response of the major Industry leaders for products under PLI:** The Scheme has been prepared in consultation with relevant stakeholders such as manufacturers of Air Conditioners and LED Lights Manufacturers and related Industry Associations and they are looking forward to the scheme being launched.

• **iii. How to undertake global reach:** Promotion of the scheme overseas specifically targeted at identified global majors in relevant fields by Project Development Cell (PDC) of DPIIT, in coordination with Invest India. This would also include disseminating mailers to the Embassies of India in home countries of identified global majors in ACs and LED Lights industry. This would be followed by Workshops/ Webinars by **CII, FICCI, ASSOCHAM, RAMA, CEAMA and ELCOMA** for raising awareness about the scheme.

• **iv. Value addition brought in by the PLI:** As per the Industry, the Value addition **for AC Industry** will increase from current level of **20-25% to 75%** and **for LED Lights Industry** from **40% to 70-75%**; This would also result in starting manufacturing of components or sub-assemblies which are not manufactured in India presently

1. **Outcome of the Scheme:** It is estimated that over the period of five years, the PLI Scheme will lead to: - **incremental investment** of Rs. 7,920 crore; **incremental Production** worth Rs. 1,68,000 crore; **exports** worth Rs 64,400 crore ; earn **direct and indirect revenues** of Rs 49,300 crore and ; create additional **four lakh** direct and indirect **employment** opportunities.

B. MNRE - High Efficiency Solar PV Modules

i. **Major achievements in PLI being implemented by Department/Ministry:** Presently, solar capacity addition in the country depends largely upon imported solar PV cells and modules as the domestic manufacturing industry has limited operational capacities of solar PV cells and modules. Major achievement of this PLI Scheme for High Efficiency Solar PV Modules is the likely **reduction of import dependence** in a strategic sector like electricity.

ii. **Response of major industry leaders for products under PLI:** Industry stakeholders, consulted at the

preparation stage of this Scheme, have shown overwhelming response, and are willing to set-up large, vertically integrated manufacturing capacities which will help to achieve economies of scale, thereby becoming globally competitive.

- **iii. How to undertake global reach:** In order to undertake global reach of this Scheme, MNRE will again interact with global industry leaders, write to various solar manufacturer's associations, as well as requesting the various Indian embassies abroad to inform the potential investors in their respective countries.
 - **iv. What kind of value addition will be brought in by the PLI – new types of industries, encouragement to MSMEs/ancillarisation etc.:** Manufacturers will be incentivized for higher efficiencies of solar PV modules and also for sourcing their material from the domestic market. Thus, the PLI Scheme will help not only in setting up of domestic manufacturing capacities in upstream stages of solar PV manufacturing, like polysilicon and wafers which are presently absent in the country, but is likely to **augment the entire solar PV manufacturing ecosystem**, including **boost to ancillary units and MSMEs**.
- v. Expected outcomes in terms of increase in investment, production, exports and employment:** The outcomes/ benefits expected from the scheme are - Additional 10,000 MW **capacity** of integrated solar PV manufacturing plants.; Direct **investment** of around 17,200 crore in setting up solar PV manufacturing projects; Direct **employment** of about 30,000 and Indirect employment of about 1,20,000 persons; **Import substitution** of around 17,500 crore every year; Demand of 17,500 crore over 5 years for '**Balance of Materials**' such as, Solar Glass, EVA, Backsheet, Junction Box, Ribbon etc. will lead to development of new types of industries where MSMEs will play a major role; Provide impetus to **Research & Development** to achieve higher efficiency in solar PV modules.

C. MoFPI – Food Products

- 1. Major achievements in PLI being implemented by Department/Ministry:** Production Linked Incentive Scheme for Food Processing Industry was approved by the Cabinet on 31.3.2021 for implementation during 2021-22 to 2026-27 with an outlay of Rs 10,900 crore. The scheme is essentially meant for Indian companies and subsidiaries of MNCs operating in India with minimum sales of food products manufactured in India. The scheme will encourage investment in four food segments viz. Ready to Cook/ Ready to Eat (RTC/RTE) including millet based foods, Processed Fruits & Vegetables, Marine Products, Mozzarella Cheese. The objective of the scheme is to support creation of **global food manufacturing champions**; support Indian brands of value-added food products in the international markets; increase employment opportunities for off-farm jobs and ensuring remunerative prices of farm produce and higher income to farmers.
- 1. Response of major industry leaders for products under PLI:** The scheme has been well received by the Industry including **Nestle, ITC, Britannia, Keventer Agro, and Amul**.
- **iii. How to undertake global reach:** Companies would be reached out through Indian Missions abroad. Industry Associations would be supporting to organise Webinar to attract potential investors to avail opportunities under PLIS.
 - **iv. What kind of value addition will be brought in by the PLI – new types of industries, encouragement to MSMEs/ancillarisation etc.:** As the incentive is based on sales, subject to minimum investment, higher value addition is inbuilt in the scheme. Further, product specific incentive is extended

for value added Marine products viz. Canned, Battered & breaded, Pickles, Sausages etc. Role of contract Manufacturing has been recognized under the scheme and the scheme provides for Investment criteria to be met by the food majors and their contract manufacturers jointly. These products are extended 10% incentives for all the six years of scheme duration. Small and medium enterprises (SME), in the four segments will also be supported for manufacture innovative and organic products. This segment has been earmarked an outlay of Rs. 250 crore. The scheme envisages for holistic development of the sector.

1. **Expected outcomes in terms of increase in investment, production, exports and employment:** The outcomes/ benefits expected from the scheme are - **Expansion** of food processing capacity: Rs 33,494 crore; **Exports:** Rs 27,816 crore; Generation of **employment:** 2.5 lakh persons.

D. D/o TELECOM - Telecom & Networking Products (Notified)

- i. **Major achievements in PLI being implemented by DoT:** Department of Telecommunications has notified the PLI Scheme for Telecom and Networking products on 24th February 2021 with financial outlay of Rs. 12,195 Crores, over five years for Telecom and Networking Products. PLI Scheme in Telecom and Networking Products will make India a global hub of manufacturing telecom equipment including Core Transmission Equipment, 4G/5G Next Generation Radio Access Network and Wireless Equipment, Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices, Other Wireless Equipment and Enterprise equipment like Switches, Routers etc.

The investor will be incentivized for incremental sales up to 20 times the committed investment enabling them to reach global scales and utilize their unused capacity and ramp up production. The core component of this Scheme is to **offset the huge import** of telecom equipment worth more than Rs. 50 thousand crores and reinforce it with “Made in India” products both for domestic markets and exports. The target is to Make India a **preferred global manufacturing destination** for telecom products and making India a net exporter of telecom and networking products.

- ii. **Response of major industry leaders for products:** Most of the world telecom industry leaders are keen to expand or set up manufacturing base in India and are positive with the kind of incentives proposed in the Scheme. The companies like Ericsson Sweden and Nokia Finland are keen to expand their existing operation in India for global supply chain. Global telecom companies like Samsung South Korea, Cisco USA, Ciena USA, and Engineering Manufacturing Services (EMS) companies like Jabil USA, Foxconn Taiwan, Sanmina USA & Flex USA have shown interest to set up manufacturing in India for Telecom & Networking Products for domestic as well as export markets. Indian manufacturers like VVDN Technologies Gurugram, Dixon Noida, HFCL, Coral Telecom & Sterlite have also shown interest in the Scheme.
- iii. **How to undertake global reach:** An extensive **outreach program** with the support of Invest India team for the Scheme is being planned, covering - One to one meeting with potential investors; Participation in global outreach events organized by industry associations; Webinars with Consultants & Embassy officials, Law firms/ banks// research organisations/ industry associations; Creation of collaterals/flyers for the scheme in different languages; Microsite for the scheme on Invest India website.; Separate interactive website for Applications as well as selected vendors for the entire Scheme interface; Support translation of scheme into multiple languages.
- iv. **What kind of value addition will be brought in by the PLI- new types of industries, encouragement to MSMEs/ancillarisation etc.:** The Scheme is investment linked which will enable the vendors to invest in backward integration thereby increasing the value addition in country. Global

vendors will bring in their component suppliers and develop ancillaries. The scheme has a special category for MSME recognising the fact that MSMEs play an important role in the telecom manufacturing eco system. For MSMEs, one percent (1%) higher incentive is proposed in initial 3 years. Minimum Investment threshold for MSME has been kept at Rs. 10 crore.

v. **Expected outcomes in terms of increase in investment, production, exports and employment:** It is estimated that full utilisation of the Scheme funds is likely to lead to incremental production of around ₹ 2.4 Lakh crore with exports of around ₹ 2 Lakh crore over 5 years. It is also expected that Scheme will bring investment of around ₹ 3,000 crore and generate huge direct and indirect employment.

E. MEITY- IT Hardware (Notified)

i. **Major achievements in PLI being implemented by Ministry of Electronics and Information Technology:** The PLI Scheme for IT Hardware was notified on 03.03.2021. The last date for application is 30.04.2021. The scheme shall extend an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment (Laptop, Tablets, All in one PCs, Servers) to eligible companies, for a period of four years. The scheme is likely to benefit major global as well as domestic manufacturers of IT hardware products, namely, Laptops, Tablets, All-in-One PCs, and Servers. This is an important segment to promote manufacturing as there is huge import reliance for these items at present.

ii. **Response of Industry Leaders:**

• **iii. Undertaking Global Reach:** The Global outreach plan mainly includes a two pronged approach. I) **Identification and focused approach to Global Champion companies** - The decision makers of global champion companies are identified and reach out is done through various channels, e.g., Indian Embassies abroad, Foreign Embassies in India, Electronics Industry Associations, Bank networks, Consultants, Supply chain companies, etc. One-to-one physical or VC meetings are conducted at various levels involving Minister, Secretary and Joint Secretary MeitY. The relevant materials, viz., Scheme Notification and Guidelines are translated into foreign languages (Korean, French, German, Mandarin, Japanese, Hebrew, etc.) and are shared with relevant stakeholders for wider dissemination. II) **Promotion of the schemes through relevant stakeholders to reach a greater audience** - Various Webinars, Round table and Panel discussions are organised through various stakeholders, like Indian Embassies abroad, Foreign Embassies in India, Electronics Industry Associations, OEMs and their Supply chain partners, Banks and consultant networks, etc. where details of the schemes are explained through Presentation and Q&A sessions. This approach helps in reaching out to new companies.

• **iv. What kind of value addition will be brought in by the PLI- new types of industries, encouragement to MSMEs/ancillarisation etc.:** The scheme is likely to benefit major global as well as domestic manufacturers of IT hardware products, namely, Laptops, Tablets, All-in-One PCs, and Servers. This is an important segment to promote manufacturing as there is huge import reliance for these items at present.

v. **Expected outcomes in terms of increase in investment, production, exports and employment:** Over the next 4 years, the PLI Scheme for IT Hardware is expected to lead to total **incremental production** of up to INR 3,26,000 crore, out of which more than 75% is expected to be exported. Also, it is expected that **Domestic Value Addition** for IT Hardware will rise to 20% - 25% by 2025 from the current 5% - 10%, due to the impetus provided by the scheme. The scheme will generate approximately 1.8 lakh **employment** opportunities in next 4 years.

F. M/o Pharmaceuticals -Pharmaceuticals drugs (Notified)

- i. Major Achievements in PLI Being Implemented by Department/Ministry:** The scheme is at initial stage of implementation. It was approved by Cabinet on 24.02.2021. The scheme guidelines have been drafted and are in the process of issuance for inviting applications. The guidelines are proposed to be issued in the ongoing week.
- ii. Response of Major Industry Leaders for Products Under PLI:** Response can be ascertained after the issuance of guidelines and response in terms of applications which will be received under the scheme.
- iii. How to Undertake Global Reach:** Consultations have been done with Pharma associations which represents interests of foreign MNCs in India. Few foreign MNCs are **expected to participate in the scheme.**
- iv. What Kind Of Value Addition Will Be Brought In By the PLI – New Types Of Industries, Encouragement To MSMEs/Ancillarisation Etc:** The PLI scheme envisages product diversification and incentives will be given for efforts of the participants which go for high value added products which are listed under the scheme.It also envisages to make the country self-reliant in many of the intermediate products.It is proposed to meet the objective of enhance manufacturing capabilities in the country by supporting firms with the potential of becoming global champions. However, given the nature of the sector, there will also be a provision for supporting some MSMEs within the Scheme.
- v. Expected Outcomes In Terms Of Increase In Investment, Production, Exports And Employment:**
The expected outcomes (approx.) under the scheme (cumulative over a period of 6 years) are as follows-
- Incremental sales- Rs 2,94,000 crore
 - Exports- Rs 1,96,000 crore
 - Investments- Rs 15,000 crore
 - Employment- 1,00,000 jobs

YB/SS

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