

Production Linked Incentive Scheme('PLI')

Cabinet approves PLI Scheme for 10 key sectors

For discussion purposes only

March 2021

Production linked incentives (PLI) schemes

Key parameters

Scheme intent

- ▶ Encourage domestic manufacture
- ▶ Promotion of exports
- ▶ Higher import substitution
- ▶ The Government of India has identified thrust sectors for the PLI schemes

Scheme metrics

- ▶ Eligibility based on specified investment and/or capacity and/or sales turnover criteria
- ▶ Investors chosen from applicant pool based on above and other qualitative factors by the 'Project Management Agency' (PMA) appointed by the Government
- ▶ Chosen applicants given recurring incentive as a percentage of sales turnover for a specified duration
- ▶ 3 key stages involved i.e application, appraisal by PMA for approval and disbursal applications

Scheme status

- ▶ Already notified for mobile phones, pharmaceutical drugs and medical devices
- ▶ Schemes approved for additional 10 sectors

Already in place for Electronics and Pharma industry

Electronics

Scheme provides aggressive financial incentive to promote electronic manufacturing (mobile phones & specified electronic components).

Scheme extends an incentive which will be a 4%-6% on incremental sales of goods manufactured over the base year.

Only major criteria being new investment in manufacturing facility in India

Pharma

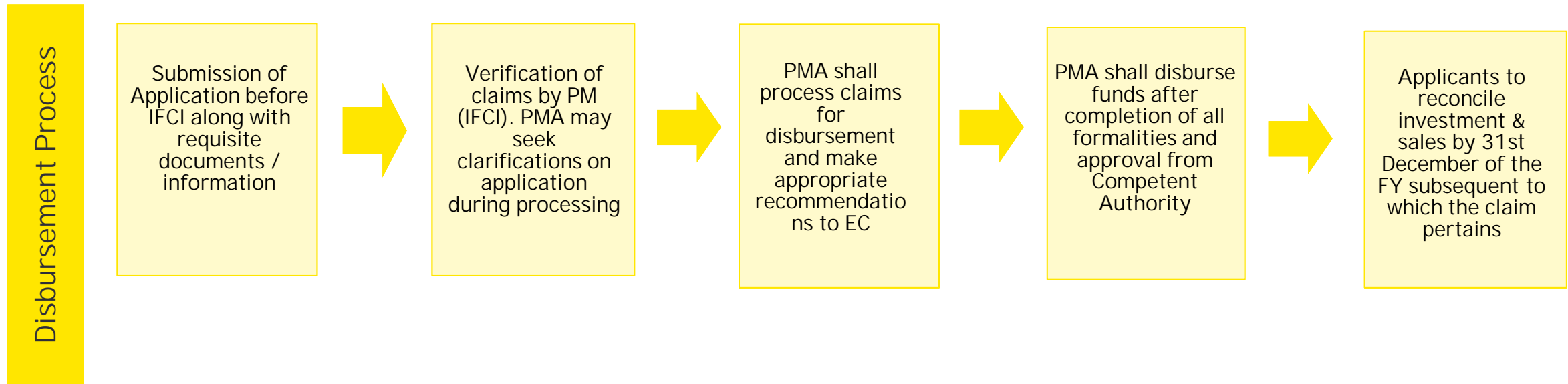
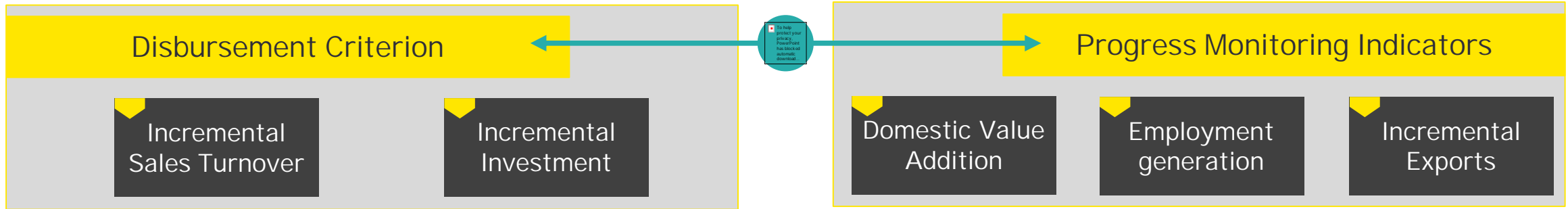
Target Segment – Medical Drugs and Medical Devices

Incentive – Medical Drugs (5%-20%) & Medical devices (5%) on incremental sales of goods manufactured over the base year

Investment – 20 cr. to 400 cr. (KSM/DI/API) & 180 cr. (medical devices)

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Disbursement



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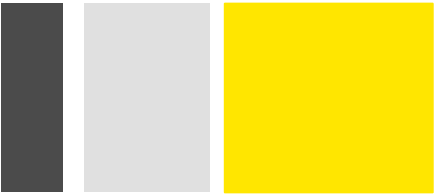
Indicative product coverage and budget outlay

| Sector | Products covered | Budget outlay (INR crore) |
|------------------------------------|---|---------------------------|
| Advance Chemistry Cell Battery | <ul style="list-style-type: none"> • ACC Batteries | 18,100 |
| Electronics and Technology Project | <ul style="list-style-type: none"> • Semiconductor Fab • Display Fab • Laptops / Notebooks • Servers • IoT Devices • Specified Computer Hardware | 5,000 |
| Automobiles and Auto Components | <ul style="list-style-type: none"> • Automobile and Auto Components | 57,042 |
| Telecom and Networking Equipments | <ul style="list-style-type: none"> • Core Transmission Equipment • 4G/5G, Next Generation Radio Access Network and Wireless Equipment • Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment • Enterprise equipment: Switches, Router | 12,195 |
| Textile Sector | <ul style="list-style-type: none"> • Man-Made Fibre Segment • Technical Textiles | 10,683 |
| Food Products | <ul style="list-style-type: none"> • Ready to Eat / Ready to Cook (RTE/ RTC) • Marine Products • Fruits & Vegetables • Honey, Desi Ghee, Mozzarella Cheese, Organic eggs and poultry meat | 10,900 |

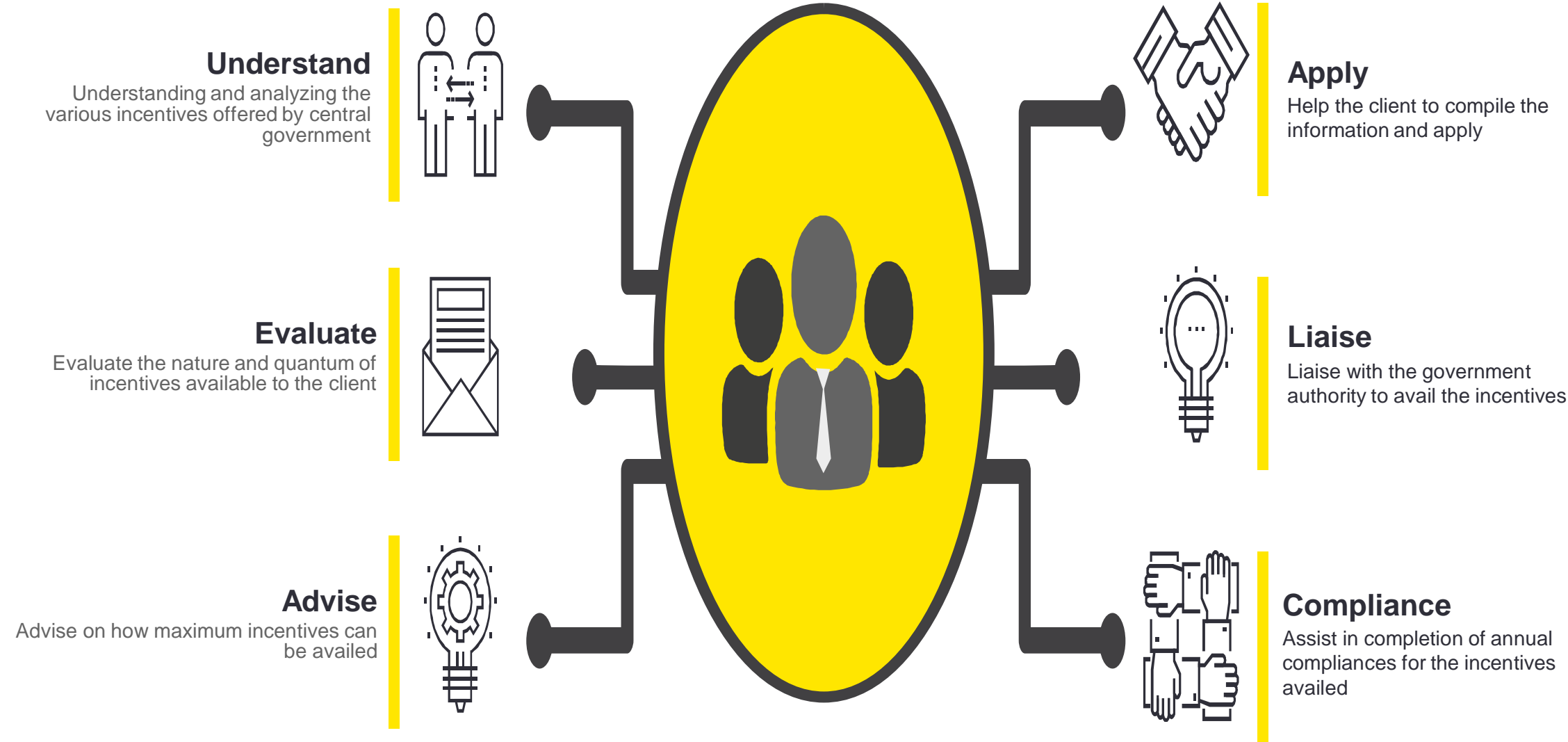
Production linked incentives (PLI) schemes

Indicative product coverage and budget outlay

| Sector | Products covered | Budget outlay (INR crore) |
|--|---|---------------------------|
| Pharmaceutical Drugs | <p>Category 1</p> <ul style="list-style-type: none"> • Biopharmaceuticals • Complex generic drugs • Patented drugs or drugs nearing patent expiry • Cell based or gene therapy products • Orphan drugs, Special empty capsules, Complex excipients <p>Category 2</p> <ul style="list-style-type: none"> • Active Pharma Ingredients (APIs) /Key Starting Materials (KSMs) and/Drug Intermediaries (DIs) <p>Category 3</p> <ul style="list-style-type: none"> • Repurposed Drugs • Auto-immune drugs, Anti-cancer drugs, Anti diabetic drugs, Anti Infective drugs, Cardiovascular drugs, Psychotropic drugs and Anti-Retroviral drugs • In-vitro Diagnostic Devices (IVDs) • Phytopharmaceuticals • Other drugs not manufactured in India, other drugs as approved | 15,000 |
| High efficiency solar photovoltaic modules | <ul style="list-style-type: none"> • Solar PVs | 4,500 |
| White Goods | <ul style="list-style-type: none"> • Air Conditioners and Light Emitting Diodes | 6,238 |
| Steel Products | <ul style="list-style-type: none"> • Coated Steel, High Strength Steel • Steel Rails, Alloy Steel Bars & Rods | 6,322 |



Role of EY - Assistance in Incentive Schemes



Thank you

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