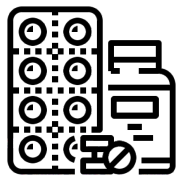
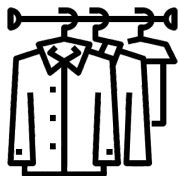




Production Linked Incentive (PLI) Scheme Steering India to a Manufacturing Mammoth



White Goods



India's Best Performing and Most Customer Centric PMS

What Is Production Linked Incentive (PLI)?

The PLI is an old and popular tool with governments to stimulate the production of goods that the country sees as necessary for social good, taxes, or employment-generation reasons. PLIs are essentially the incentives for companies to boost products. They could be in the form of tax rebates, import and export duty concessions, or maybe easier land-acquisition terms. Generally, the benefits of a PLI scheme are passed on to the final consumers of the goods in terms of lower prices. Through their implementation, it is hoped that economies of scale are created so that domestic manufacturing becomes competitive. The resultant benefits include job creation, export capabilities, and lessening the import dependency – particularly in critical sectors and high-tech goods.

Production linked incentive (PLI) schemes were first introduced in India in March 2020, targeting three industries – mobile manufacturing and electric components, pharmaceutical (critical key starting materials/active pharmaceutical ingredients), and medical device manufacturing. The PLI concept has since expanded with schemes rolled out for multiple sectors to boost India's manufacturing capabilities and encourage export-oriented production. The Government introduced this scheme to reduce India's dependence on China and other foreign countries. It supports the labour-intensive sectors and aims to increase the employment ratio in India by developing local supply chain capacities, introducing new downstream operations, and incentivising investments in high-tech production.

In addition to the three schemes announced earlier in March 2020, the Government Of India introduced 10 new PLI schemes in November 2020 and 1 new PLI scheme in September 2021. Honourable Finance Minister Nirmala Sitharaman has announced an outlay of INR 1.97 Lakh Crores for the Production Linked Incentive (PLI) Schemes across 14 key sectors to create national manufacturing champions and to create 60 lakh new jobs and additional production of 30 lakh crore during the next five years.

14 Product Linked Incentive Schemes On The Go

March 2020

- Key Starting Materials (KSMs)/Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs): Department of Pharmaceuticals
- Large Scale Electronics Manufacturing: Ministry of Electronics and Information Technology
- Manufacturing of Medical Devices: Department of Pharmaceuticals

November 2020

- Electronic/Technology Products: Ministry of Electronics and Information Technology
- Pharmaceuticals drugs: Department of Pharmaceuticals
- Telecom & Networking Products: Department of Telecommunications
- Food Products: Ministry of Food Processing Industries
- White Goods (ACs & LED): Department for Promotion of Industry and Internal Trade
- High-Efficiency Solar PV Modules: Ministry of New and Renewable Energy
- Automobiles & Auto Components: Department of Heavy Industry
- Advance Chemistry Cell (ACC) Battery: Department of Heavy Industry
- Textile Products: MMF segment and technical textiles: Ministry of Textiles
- Specialty Steel: Ministry of Steel

September 2021

- Drones and Drone Components: Ministry of Civil Aviation

How Will PLI Scheme Steer India Through Its Journey Of Becoming A Production Mammoth?

•**Employment Generation:** Large-scale manufacturing requires a large labour force. PLI schemes are expected to utilize India's human capital and enable upskilling, further minimizing unemployment and unskilled labour.

•**Surging Exports and Substituting Imports:** PLI schemes aim to plug the gap between the highly skewed Indian import-export basket, mainly characterized by heavy imports of raw materials and finished goods. The PLI schemes enable the domestic manufacture of goods, thereby causing a reduction in reliance on imports in the short term and expanding the quantum of exports from India over the long term.

•**Economies Of Scale:** The incentives are directly proportional to the production capacity/incremental turnover which will further compel investors to create large scale manufacturing facilities.

PLI Schemes For White Goods

White goods refer to heavy consumer durables or large home appliances, traditionally available only in white. They include instruments such as washing machines, air conditioners, stoves & refrigerators. The white goods industry in India is highly concentrated. Indian appliance and consumer electronics (ACE) market reached INR 76,400 crore (~\$10.93 bn) in 2019. The appliances and consumer electronics industry are expected to double to reach INR 1.48 lakh crore (~\$21.18 bn) by 2025.

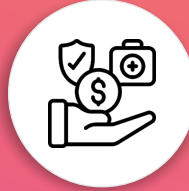
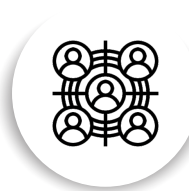
The Indian LED lights market includes divisions for general lighting, automotive lighting and backlighting in residential, commercial and industrial applications. The Indian LED lighting market is projected to expand its revenue at a 12% CAGR.

The main goal of the PLI plan is to increase efficiency, eliminate sectoral barriers, and make Indian manufacturing competitive worldwide. It is intended to develop a whole component ecosystem in India and integrate it into the international supply chains. The plan is anticipated to draw in foreign capital, create a significant number of new jobs, and boost exports.

The investments in air conditioners will enable the fabrication of components along the whole value chain, even those not sufficiently produced in India. For example, specific high-value AC parts like compressors, copper tubing, and aluminum stock for foils are now only minimally manufactured. Other parts must be produced in greater quantities, including display units, brushless direct current motors, valves, and control assemblies for indoor units (IDU) or outdoor units (ODU). All these components will now be manufactured in India in significant amounts. Similarly, LED Chip packaging, LED Drivers, LED Engines, LED Light Management Systems, PCBs including metal clad PCBs, Wire wound inductors, etc., will be manufactured in India in high quantities, a huge step forward for Atmanirbhar Bharat in important sectors of the economy.

Understanding The Scheme

- Highlights

 Eligibility 1. Indian / Foreign / JV company 2. Threshold of cumulative investment 3. Threshold of incremental sales	 Tenure of the Scheme 5 years from FY 2021-22 to FY 2028-29. An applicant may opt for any one of the following initial investment (gestation) periods: 1. 1 April 2021 to 31 March 2022 2. 1 April 2021 to 31 March 2023	 Incentive The scheme will extend an incentive of 4-6% on incremental turnover over base year (2019-20) of goods sold in India and exported to global markets, to eligible companies for a period of 5 years.	 Target Segments a. High value and/ or Low value intermediaries for production of AC & LED Lights b. Each target segment will have two categories of investments: Large and Normal
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Target Segments - Air Conditioner

Sr. NO.	Air Conditioners	Eligible Products
1	ACs (Components)	1. High-value Intermediates of ACs 2. Low-Value Intermediates of ACs 3. A combination of (i) and (ii)
2	High Value Intermediates of Acs	1. Compressor 2. Copper Tube (plain and/ or grooved) 3. Aluminum Stock for Foils or Fins for heat exchangers
3	Lower Value Intermediates of Acs	1. Control Assemblies for IDU or ODU or Remotes 2. Display panel (LCD/LED) 3. Motors 4. Cross Flow Fan (CFF) 5. Valves & Brass components 6. Heat exchangers 7. Sheet Metal components (viii) Plastic Moulding components

Target Segments: LEDs

Sr. NO.	LED	Eligible Products
1	LED (Core Components)	1. LED Chip Packaging 2. Integrated Circuits (ICs) 3. Resistors 4. Fuses 5. Large – scale investments in LED components
2	LED (Components)	1. LED Chips 2. LED Drivers 3. LED Engines 4. LED Modules 5. Printed Circuit Boards (PCB) including metals clad PCBs 6. Mechanicals - Housing 7. Wire Wound Inductors 8. Drum Cores 9. Drum Cores 10. Heat Sinks 11. Diffusers 12. Ferrite Cores 13. LED Light Management Systems (LMS) 14. Resistors 15. Fuses 16. Capacitors 17. Laminate for PCBs and Metal clad PCBs 18. Metallized films for capacitors

Scheme Outcome

42 applicants with committed investments of INR 4,614 crore have been provisionally selected as beneficiaries under the PLI scheme. The selected applicants include 26 for Air Conditioner manufacturing with committed investments of INR 3,898 crore and 16 for LED Lights manufacturing with committed investments of INR 716 crores. The approved investments of Rs. 4,614 crores are likely to generate net incremental production of around Rs. 81,254 crore and direct employment of about 44 thousand people.

Applicants advised to obtain FDI Approval

- Hi-Volt enterprises private Limited
- MIDEA India Private Limited
- Hajer Appliance (India) Private Limited
- Chenfeng Tech Private Limited
- Halonix Technologies Private Limited
- Fulham (India) Private Limited

Applicants advised to obtain FDI Approval

- Panasonic India New
- Om Rudra Metatech
- Adsun Lighting
- Inventronics SSL India

Applicants provisionally selected under the PLI Scheme for White Good	
Air Conditioners	LED Lights
• DAIKIN AIRCONDITIONING INDIA PRIVATE LIMITED • AMBER ENTERPRISES INDIA LIMITED • PG TECHNOPLAST PRIVATE LIMITED • EPAC DURABLES SOLUTIONS PRIVATE LIMITED • HINDALCO INDUSTRIES LIMITED • METTUBE INDIA PRIVATE LIMITED • IL JIN ELECTRONICS INDIA PRIVATE LIMITED • BLUE STAR CLIMATECH LIMITED • HAVELLS INDIA LIMITED • JOHNSONS CONTROLS HITACHI AIR CONDITIONING INDIA LIMITED • VOLTAS LIMITED • NAPINO AUTO AND ELECTRONICS LIMITED • EPAVO ELECTRICALS PRIVATE LIMITED • IFB INDUSTRIES LIMITED • LUCAS-TVS LIMITED • DIXON DEVICES PRIVATE LIMITED • SYRMA TECHNOLOGY PRIVATE LIMITED • PANASONIC INDIA PRIVATE LIMITED • VIRTUOSO OPTOELECTRONICS LIMITED	• UNIGLOBUS ELECTRICALS & ELECTRONICS PRIVATE LIMITED • RADHIKA OPTO ELECTRONICS PRIVATE LIMITED • DIXON TECHNOLOGIES SOLUTIONS PRIVATE LIMITED • STOVEKRAFT LIMITED • COSMO FERRITIES LIMITED • SURYA ROSHNI LIMITED • SYSKA LED LIGHTS PRIVATE LIMITED • COSMO FILMS LIMITED • SORIN TECH PRIVATE LIMITED • SKYQUAD ELECTRONICS AND APPLIANCES PRIVATE LIMITED • R K LIGHTING PRIVATE LIMITED • LUKER ELECTRIC TECHNOLOGIES PRIVATE LIMITED • SIGNIFY INNOVATIONS INDIA LIMITED

Expand PLI scheme to TV, washing machine, refrigerators': CEAMA

The Consumer Electronics and Appliances Manufacturers Association (CEAMA) has called out to the government to broaden the scope of Product-Linked Incentive (PLI) and Phased Manufacturing Programme (PMP) schemes in the electronic appliances segment to make the government's 'Make in India' campaign successful.

Currently, the PLI scheme has been approved for only air conditioners. However, CEAMA has requested to expand it to refrigerators, washing machines, televisions and small appliances. "The widening of the scope of PLI and PMP schemes is enough to make the Centre's 'Make in India' campaign successful in the electronic segment," CEAMA President Eric Broganza said.

The industry body said the PLI scheme for air-conditioners has supported growth in manufacturing in the sector. Most industry players clocked double-digit value growth during festival season this year with strong demand for premium products. "The volume growth has also been good. Overall, the industry is estimated to have clocked volume growth of about 8-10 per cent during the festival season. This growth was largely fuelled by strong demand for the mid and premium segments.," he added.

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