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A Comprehensive Study of Production-Linked Incentive (PLI) Scheme, as a Catalyst for Indian Economy

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Abstract: ***The recovery of the Indian economy after the Covid-19 pandemic has sent a message that the country is fast emerging as a key driver of global growth. The National Statistical Office's estimate released on January 6, 2023 says that the economy will grow at 7% in financial year 2022-23. In the current international economic scenario where global value chains (GVCs) are being reset, India has seen a strategic opportunity to become a prominent global manufacturing player. A progressive policy approach is being taken by the Indian government to improving the ease of doing business like scrapping 1, 500 irrelevant laws, introducing a competitive corporate tax regime, the availability of skilled labour, the presence of large consumer markets with raising per capita incomes. India has potential to enhance exports of quality products. A stable multi-party democracy make India a favourable manufacturing destination. India has to reduce global dependency on a single-source country, which was witnessed during the last decade. To achieve this strategic vision, the government introduced the production-linked incentive (PLI) scheme in 14 key manufacturing sectors, with an outlay of ₹1.97 lakh crore in November 2020. This is a well-laid-out scheme with consideration for investment, production volumes, enhanced exports with domestic value addition, and employment generation. Incentive rates for the scheme have been designed in a tapering format to motivate and encourage industries to improve their existing potential and become drivers of self-sustaining drivers of an ecosystem and thrives well even after the conclusion of the incentive regime. While applicants are incentivised to perform on several indicators, the government ensures the necessary support for regulatory approvals along with the availability of facilities to applicant companies through Centre-state coordination. In addition, the encouragement to invest in research and development for quality product development enables our industries to align with emerging global trends.***

Keywords: PLI-Potential LinkIncentive scheme, GVC-Global value Chain, SFURTI-Scheme of Fund for regeneration Industries, EC-Empowered Committee, MEITY-Ministry of Electronics Information Technology, DPEIIT-Department of Industry and internal Trades, DGFT-Director General of Foreign Trade, DOT-department of Telecommunication, NPA-Non Performing Assets, MSME-Medium Small and Micro Enterprises, CPE-Customer premises Equipment, NCLT-National Company Law Tribunal, IOT-Internet of Things, EGOS-Empowered group of Secretaries, ToT-Transfer of Technology, LACM-Large Scale electronic Manufacturing, TUFs-Technology Up gradation Fund scheme, API-Active Pharmaceutical Ingredients, PV-Photo Voltaic (Modules of Batteries), SS-Speciality Steel.

1. Introduction

The government announced the PLI (production-linked incentive) scheme November 2020 for 14 sectors, such as telecommunication, white goods, textiles and pharma with an outlay of Rs 1.97 lakh crore. The government has disbursed only Rs 2, 900 crore till March 2023, out of Rs 3, 400 crore claims received. Till March 23only 733 applications were approved in 14 sectors with expected investment of Rs 3.65 lakh crore. Although he PLI scheme was first introduced in 2020 for three sectors and more were added to it later. In its first three years, the PLI scheme has been launched for different sectors at different times The PLI schemes are the cornerstone of the government's push to domestic manufacturing. By subsiding production, the government aims to boost exports, curb cheap imports and generate jobs by creating global manufacturing champions. Sectors under PLI Scheme.

Table 1: Sectors under PLI Scheme with allocated fund

Sr. No.	Sectors under PLI Scheme	Nodal Ministry	Allocation in Cr.
1	Mobile Manufacturing and Specified Electronic Components	(Department of Telecom	12, 195
2	Critical Key Starting materials/Drug Intermediaries & Active Pharmaceutical Ingredients.	Department of Pharmaceuticals	15000
3	Manufacturing of Medical Devices	Department of Pharmaceuticals	15000
4	Automobiles and Auto Components.	Components Department of Heavy Industries	57042
5	Pharmaceuticals Drugs	Department of Pharmaceuticals	15, 000
6	White goods	Department of Promotion of Industry and Internal Trade	6238
Table	Specialty Steel	Ministry of Steel	6322
8	Food products.	Products Ministry of Food processing Industries	10900
9	Textile Products	MMF segment and technical textiles Ministry of Textiles	10, 683
10	Telecom & Networking Products.	Ministry of Electronics and Information Technology	5, 0000
11	Solar PV modules	modules Ministry of new and renewable energy	4500
12	Advance chemistry cell battery	NITI Aayog and Department of heavy industries	18100
13	Educational Institutions/ Government – aided	Ministry of Education Government Of India	4500

It is important to understand that aid /subsidy granted under PLI scheme is not without cost it carries the soft interest load. The interest rate charged for loans taken against PLI schemes is 10% per annum. Some of the important factors to note with regards to the payment of interest are: The policyholder has to pay the interest on a half-yearly basis at the prescribed rate.

To apply for PLI scheme one has to register on the PLI portal. By visiting the PLI portal (https://pli-eda. gov. in/) and create an account by providing your basic details. Fill in the application form: The application form may require you to provide details such as your company name, address, production targets, investment plans etc.

The PLI scheme benefits our ecosystem in multi dimensions to quote:
PLI scheme focuses on advanced technologies, it is likely to upgrade the skills of the existing labour force.
PLI scheme replace technologically obsolete machinery and make the manufacturing sector globally competitive.
PLI scheme enhanced production volumes cater to increasing consumer demand. Best example may be telecom and networking products, where timely intervention by the scheme will enable faster adoption of 4G and 5G products across India.
PLI scheme in green technologies, India can pioneer green policy implementation with a reduced carbon footprint.
Due to better productivity PLI will create a thrust in free trade agreements for better market access.
PLI scheme increased sales will create more demand better logistical connectivity. The PM Gati Shakti plan provides multimodal connectivity to manufacturing zones across India, making logistics and operations efficient. Cluster parks with plug-and-play infrastructure have also been introduced to support manufacturing in different regions.

Inclusive approach powered through close cooperation with the states is empowering industries and artisans in the hinterland of Bharat to be a part of the India growth story. The one-district-one-product initiative launched to support artisans and manufacturers at the district level and SFURTI, a cluster-based scheme to make traditional industries more productive, profitable, and capable of generating sustained employment, are few examples. So that factors of competitive disadvantage are being transformed into short-term and long-term competitive advantage for India and Indian industry.

The pandemic and its resultant global socioeconomic challenges have reaffirmed that the scheme's objectives for achieving strategic, sustainable, and inclusive economic growth for India are well considered. The scheme and its associated ecosystem have ensured that India is well-positioned to develop resilient GVCs, which will continue to provide national security in the evolving global scenario. Indian manufacturers now feel emboldened to move out of their comfort zone with a clear vision of becoming global champions even as India marches towards its emergence as Vikasit Bharat.

Lastly, an inclusive approach powered through close cooperation with the states is empowering industries and artisans in the hinterland of Bharat to be a part of the India growth story. The one-district-one-product initiative launched to support artisans and manufacturers at the district level and SFURTI, a cluster-based scheme to make traditional industries more productive, profitable, and capable of generating sustained employment, are cases in point. Thus, factors considered a competitive disadvantage are being holistically transformed into short-term and long-term competitive advantage for India and Indian industry. The Scheme shall extend an incentive of 4% to 6% to eligible companies on incremental sales (over base year i. e.2019-20) of manufactured goods.

Abbreviations:
Production-Linked Incentive (PLI)
Large-scale electronics manufacturing (LSEM)
Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
Global Value chain (GVC)
Project Management Agency (PMA)
Micro small and Medium Enterprises (MSME)
Department of Telecommunications (DoT).
National Company Law Tribunal (NCLT)
Non-performing Assets (NPA)
Customer Premises Equipment (CPE).
Internet of Things (IoT).
Empowered Group of Secretaries (EGoS)
Transfer of Technology (ToT).
Empowered Committee (EC)

Objectives of the Scheme (PLI)
The pandemic and its resultant global socioeconomic challenges have reaffirmed that the PLI scheme's objectives for achieving strategic, sustainable, and inclusive economic growth for India are well considered. The scheme and its associated ecosystem have ensured that India is well-positioned to develop resilient GVCs, which will continue to provide national security in the evolving global scenario. Indian manufacturers now feel emboldened to move out of their comfort zone with a clear vision of becoming global champions even as India marches towards its emergence as Vikasit Bharat (developed India). To consolidate the objective scheme works as catalyst for higher productivity for affordable consumption, to increase employment, Technology up gradation, to invite domestic private and foreign investment, efficient use of internal /external resources, to increase exports and to make cheaper and better products to control imports. This scheme works to reduce down the import bills and boost up domestic production. PLI Yojana invites foreign companies to set up their units in India and encourages domestic enterprises to expand their production units.

Eligibility Criteria of PLI scheme
The Scheme has different eligibility criteria for different sectors keeping in view the technology benefits and economic benefits. To quote for automobile sector the criteria is

Eligibility Criteria	AUTO OEMA
Global group* Revenue (from automotive and/or auto component manufacturing)	Minimum Rs.10, 000 crore
Investment	Global Investment of Company or its Group*Company (ies) in fixed assets (gross block) ofRs.3, 000 crores.

Scheme Outlay and Tenure:
The Scheme will be implemented within the overall financial limits of Rs.12, 195 Cr only (Rupees Twelve Thousand One Hundred and Ninety-Five Cr only) over a period of 5 years. The scheme is effective from 1st April, 2022. The investment will be permitted to be made in made in India from 01.04.2022 onwards and up to Financial Year (FY) 2025-2026 only, subject to qualifying incremental annual thresholds. The support under the Scheme shall be provided for a period of five (5) years, i. e. from FY 2022-23 to FY 2026-27.

Incentive Outlay of the Scheme:
As per sec 8.1 The expected annual incentive outlay and cumulative incentive outlay under the Scheme is as follows:

Table 2: Incentive Outlay of the Scheme

Financial Year	Total Incentive *(INR Crore)*
Year 1	5, 334
Year 2	8, 064
Year 3	8, 425
Year 4	11, 488
Year 5	7, 640
Total	40, 951

Empowered Committee (EC):
An Empowered Committee (EC) comprising, CEO NITI Aayog, Secretary Economic Affairs, Secretary Expenditure, Secretary MeitY (Ministry of Electronics & Information Technology), Secretary Revenue, Secretary DPIIT and DGFT has been formed.

The EC will consider applications, as found eligible by the Project Management Agency under the Scheme for approval.

The EC will consider claims, as examined and recommended by the Project Management. Agency, for disbursement as per the laid down procedure.

The EC will conduct a periodic review of eligible companies with respect to their investments, employment generation, production and value addition under the Scheme.

The EC may revise incentive rates, ceilings, target segments and eligibility criteria as deemed appropriate during the tenure of the Scheme.

The EC will also be authorized to carry out any amendments in the Scheme Guidelines.

Detailed constitution, functioning and responsibilities of the EC will be elaborated in the Scheme.

Salient Features of the Scheme (First Window)
1) Consolidated Gross Revenue, both in India and overseas, of the Applicant and its Group Companies, in the electronics, IT/ITES including software, telecom and networking segments, for the period of the Base Year i. e.01.04.2019.
2) The global revenue is Consolidated Gross Revenue.
3) The Global revenue includes from contact manufacturing and all the revenues in the electronics, IT/ITES including software, telecom and networking segments.
4) In case applicant is unable to provide statutory certificate at the time of application, the applicant may submit the said Information certified by the Managing Director of the applicant company during the online application submission. However, the said certificates from Statutory Auditors as per the indicative formats may be submitted within 60 days from the date of the Letter of Approval from PMA.
5) The incentives for eligible sales over base year be calculated in two categories the MSME and Non-MSME Category is given below calculation for incentive over the base year (FY2019-20)
   Basis of Computation-
   Assessment of incremental investment and sales of manufactured goods shall be based on details furnished to the Departments / Ministries / Agencies along with Statutory Auditor certificates. Functional Guidelines will be issued by MeitY in consultation with concerned Departments / Ministries.

6) Base line turnover is required to be provided for each product. Whether incremental turnover will be considered product wise or for company wise. To quote if a company is manufacturing 5 products at present and in future it manufactures only 3 whether base line for only such 3 products will be considered to calculate incremental turnover or all 5 products.

As defined under clause 9.1 of the Scheme Guidelines, the baseline will be considered for all the products covered in the scheme target segments net of taxes. For Example, if in the base year, the company is manufacturing 5 products under the Scheme Target Segment, the baseline will be considered for all 5 products for calculating incremental turnover, irrespective of whether the company produces only 3 of those 5 products in the claim year.

Illustration to calculate incentives for eligible sales over base year be calculated:
A sample calculation for incentive over the base year (FY2019-20) for Applicant Companies in the MSME and Non-MSME Category is given below:

MSME
Assumption: Base Year (FY2019-20) Sales in Scheme Target Segment – INR 100 crore & Committed Investment – INR 20 crore

Table 3: Calculation of Incentive Outlay in the Scheme

Year	Min investment	Actual sales	Min Net incremental sale	Max net incremental sale	Net incremental sale over base year	Incentive rate	Incentive
Year 1	4	200	12	80	100	7%	5.60
Year 2	8	240	24	160	140	7%	9.80
Year 3	14	300	42	280	200	6%	12
Year 4	20	300	60	400	200	5%	10
Year 5	-	350	60	400	250	4%	10
TOTAL	-	-	-	-	-	-	**47.40**

In Y1, due to net incremental sales more than 20 times the minimum investment, the company is getting incentive only for 20 times the minimum investment value i. e.20 * (20% of sales)

Non-MSME

Assumption: Base Year (FY2019-2020) Sales in Scheme Target Segment – INR 10000 crore & Committed Investment – INR 1000 crore

Table 4: Calculation of Incentive Outlay in the Scheme (Non MSME)

Year	Min investment	Actual sales	Min Net incremental sale	Max net incremental sale	Net incremental sale over base year	Incentive rate	Incentive
Year 1	200	11000	600	4000	1000	6%	60
Year 2	400	12000	1200	8000	2000	6%	120
Year 3	700	12000	2100	14000	2000	5%	0
Year 4	1000	13000	3000	20000	3000	5%	150
Year 5		13500	3000	20000	3500	4%	140
TOTAL							**470**

In Y3, due to net incremental sales less than the minimum requirement, the company is not getting incentive.

Further, an additional incentive of 1% over and above the applicable rates of incentive for products qualified under Design-led Manufacturing, as defined at Clause 2.8A, in each year.

7) If company adds any additional product which it is not manufacturing currently and baseline for such product is zero. Whether all turnover pertaining to said product will be considered as incremental. All turnover pertaining to the additional product will be considered for calculation of net incremental sales, provided the product is covered under the Scheme Target Segment and mentioned in the approval letter issued to the Applicant company by the PMA (as per clause 10.6.3)
8) In case there is any plant, machinery or equipment which is common for target product and other product, the cost of such equipment will be regarded as eligible investment. The usage of such machinery for manufacturing of other products also is not prohibited. However, the applicant must submit a declaration about usage of machinery for each year during the period that such applicant is claiming incentive under the scheme.
9) Under the PLI scheme if a company is MSME during the time of application. However, during the duration of the scheme, the company moves out of MSME category as per scheme clause the status of applicants as MSMEs or non-MSMEs will be determined at the time of selection only and it will remain so during the entire duration of the scheme.

   However. If an entity is under MSME as per MSME act, with Rs.20 crore investment in plant & machinery or equipment as on 31.3.2021. The applicant entity is eligible to make commitment of investments of more than Rs.30 crore in plant & machinery or equipment i. e. more than Rs.50 crore in plant & machinery or equipment which is the limit of investment.

   It will not be eligible for incentive under MSME category in case its turnover exceeds Rs.250 crore. However, the applicant can apply in non-MSME category, if the total investment (including the existing and committed investment) in plant & machinery or equipment would be more than Rs.50 crore. At the cost of repetition it is mentioned that status of applicants as MSMEs or non-MSMEs will be determined at the time of selection only and it will remain so during the entire duration of the scheme, hence you will be eligible for incentive as applicable to MSMEs, on any sales even if turnover exceeds Rs.250 crores. (Clause3.8)
10) A company claim incentive for the products under scheme target segment manufactured at location other than mentioned in the application within India with prior intimation to department before commencement of manufacturing activity at the new location.
11) The claim can only be filed for the products covered under the approval letter issued to the applicant company. New product cannot be added at a later stage. Companies would need to predict all products which it will manufacture in future and take approval in the application. For example if a company files application with 5 categories of products. In future it manufactures 7 products, only approved products are allowed.
12) For telecom and networking products the production linked incentive (PLI) scheme would promote telecom and networking products manufacturing in India and accordingly, a financial incentive is proposed to boost domestic manufacturing and attract investments in the target segments of telecom and networking products in order to encourage “make in India”. The scheme is also expected to boost export of telecom and networking products “made in India”.
13) For Telecom and networking products Scheme will be implemented within the overall financial limits of Rs.12, 195 Crores only (Rupees Twelve Thousand One Hundred and Ninety-Five Crore only) over a period of 5 years. The scheme will be effective from 1st April,

2021. The investment will be permitted to be made in made in India from 01.04.2021 onwards and up to Financial Year (FY) 2024-2025 only, subject to qualifying incremental annual thresholds. The support under the Scheme shall be provided for a period of five (5) years, i. e. from FY 2021-22 to FY 2025-26.

14) The PLI Scheme for Telecom and Networking Products Manufacturing In India. The applicant for the purpose of the Scheme is a company registered in India under the Companies Act 2013, proposing to manufacture goods covered under Scheme Target Segments.

The Applicant can set up new or use existing manufacturing facility (ies) to manufacture goods covered under the Scheme Target Segments. The aforesaid manufacturing can be carried out at one or more locations in India, which will however be prior intimated to Department of Telecommunications (DoT). The Applicants who are declared as Non-Performing Asset (NPA) as per RBI guidelines or wilful defaulter or reported as fraud by any bank, financial institution or non-banking financial company etc. would be considered as ineligible. There should not be any insolvency proceedings admitted against the Applicant in the etc.

15) There are two categories of applicants under the PLI scheme for telecom and networking products

a) MSME: Companies registered as Micro, Small & Medium Enterprises (MSME) with the Ministry of MSME, Government of India. b) Non MSMEs: Companies which do not fall under the MSME category will be classified as Non MSMEs. The Non MSMEs category shall be further sub-divided in two categories:

a) Domestic Company: As per the FDI Policy 2020, a company is considered as 'Owned' by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and / or Indian companies, which are ultimately "owned" and "controlled" by resident Indian citizens. Such a company will be defined as "Domestic Company" for the purpose of these guidelines.
b) Global Company: Global company means a company which does not qualify as Domestic Company as defined above and is having business in one or more than one country either by itself or including its Group Companies.

16) The eligibility criteria for the applicants under the telecom and networking products manufacturing in India to be eligible under the PLI Scheme for Telecom and Networking Products manufacturing in India the applicant must have-

a) Minimum Global Revenue defined as per the Scheme Guidelines for Global, Domestic and MSME Companies.
b) Eligibility will be subject to achievement of a minimum threshold of cumulative incremental investment over a period of four years and incremental sales of manufactured goods (covered under Scheme Target Segments) net of taxes (as distinct from traded goods) over the Base Year (FY2019-2020). The cumulative investment can be made at one go, subject to annual cumulative threshold as prescribed for four years being met. An applicant company is expected to meet all the minimum threshold conditions to be eligible for disbursement of incentive. The Company/entity may invest in single or multiple eligible products to meet minimum incremental investment and sales threshold.
c) There will be a minimum investment threshold of Rs.10 Crores for MSME an Rs.100 Crores for others other than cost of Land and building.

Total number of beneficiaries will be limited owing to the fixed ceiling of the budgetary outlay.

17) For investment net sales of goods manufactured in India Baseline for investment in the Scheme will be as on 31/03/2021. Base year for net sales of goods manufactured in India (covered under the scheme target segment) will be from 01.04.2019 to 31.03.2020.

18) The PLI Scheme Target Segments consists of Specified Telecom and Networking Products which will be allowed to be manufactured under this Scheme. The list of products have been classified under 5 categories mentioned below:

- 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, Routers.
- Any Other Product-As decided by the Empowered Group of Secretaries (EGoS)

19) The applicant company and its group companies has to mention Global Revenue (Consolidated Gross Revenue, both in India and overseas) as Per the PLI Scheme for Telecom and Networking products in the electronics, IT/ITES including software, telecom and networking segments, for the period of the Base Year i. e.01.04.2019 to 31.3.2020.

20) As per the Scheme Guidelines, Group Company means two or more enterprises which, directly or indirectly, are in a position to:

a) Exercise twenty-six percent or more of voting rights in other enterprise; or
b) Appoint more than fifty percent of members of board of directors in the other enterprise.

21) In case any group company of the applicant is located in a country where FY doesn't match with FY as in India, they would provide revenues of the company for the period of the base year, instead of their FY.

22) In case of Group companies of Applicant, whose revenues for the Base year have not been consolidated in INR, the revenue in the respective currency shall be converted to INR at an average of currency exchange rates as on April 01, 2019 and March 31, 2020.

23) As Per PLI Scheme for Telecom And Networking Products the following will be the eligibility qualification criteria for Global revenue –

a) MSMEs: Global Revenue should be more than Rs.10 Crore in the base year (201920).
b) Domestic Companies: Global Revenue should be more than Rs.250 Crore in the base year.
c) Global Companies: Global Revenue should be more than Rs.10, 000 Crore in the base year. In case of Group companies of Applicant, whose revenues for the Base year have not been consolidated in INR, the revenue in the respective currency shall be converted to INR at an average of currency exchange rates as on April 01, 2019 and March 31, 2020.

24) Investment under the PLI Scheme for Telecom and Networking Products can be made in the Scheme Target Segments, capitalized in the books of accounts of the Applicants from FY 2021-22 to FY 2024-25 under the following categories:
a) Plant, Machinery, Equipment and Associated Utilities.
b) Research and Development.
c) Transfer of Technology (ToT) Agreements.

25) All non-creditable taxes and duties would be included towards the expenditure incurred on eligible category of investment as per the PLI Scheme for Telecom and Networking Products.

26) The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, will not be considered for determining eligibility under the Scheme. However, expenditure incurred on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible.

27) There will be a cap on the eligible investment made in Research & Development and the Transfer of Technology Agreements as mentioned below:
a) Expenditure incurred on R&D shall not exceed 15% of the total committed investment.
b) Expenditure incurred on Transfer of Technology shall not exceed 5% of the total committed investment.

28) A non-refundable application fee of INR 1, 00, 000 would be payable for each application. The application fee, as specified, would be accepted electronically only.

Amendments in PLI scheme Dated 20-06-2022 (Second window)

1) The amendments Dated 20-06-2022 are applicable for both, the existing PLI beneficiaries and new companies applying under the 2nd window of applications. These companies can claim additional incentives of 1% over and above the applicable rates of incentive for products qualified under Design-led Manufacturing, (Clause2.8A) and under normal rates applicable for PLI Scheme, for the products not complying with Design-led Manufacturing criteria.

   In respect of the existing PLI beneficiary, they have to give a declaration for specific products that satisfy the Design-led criteria, during the current application window. Based on their eligibility, these specific products will be listed under Design-led manufacturing and will be treated accordingly for the period of this scheme.

   However, in the case of existing companies, the total year-wise incentive payable shall be limited to the year-wise incentive amount already approved for the company.

2) If a new applicant manufactures a mix of products i. e. some products complying with the criteria defined under (clause 2.8a) and some non-complying products, then new applicant companies who apply for a mix of products & declare that only some of them would comply with Design-led manufacturing criteria; shall be treated as non-compliant Design-led manufacturers.

   Their applications will be considered as per amendment dated 20th June 2022 (Clause 2.3). However, these companies will get priority over companies in whose case all the products are non-compliant with the Design-led manufacturing criteria.

   Further, such companies have to demonstrate their capabilities to comply with Design-led manufacturing criteria at the time of scrutiny of application.

3) If An Applicant Company At The Time Of Application Submits That All Its Products Comply With The Design-Led Criteria (As Defined In Clause 2.8A), But At A Later Stage Some Of The Products are Found Non-Compliant, Then applicant companies who now apply for all products complying with Design-led criteria should give a certificate declaring that all the products manufactured by them under this Scheme satisfy the Design-led Manufacturing criteria as defined in Clause 2.8A, to be given priority over manufacturers not compliant with Design-led criteria at the time of ranking for selection under the Scheme.

   Such companies have to demonstrate their capabilities to comply with Design-led manufacturing criteria at the time of scrutiny of the application. If any product fails to satisfy some of the Design-led Manufacturing criteria at a later stage, then they will be eligible for incentives at normal rates as applicable to the PLI Scheme for those particular products.

4) An existing PLI beneficiary company apply for revision of committed investment / net incremental sales forecast in the existing approval under the scheme the existing PLI beneficiary company which intends to revise the committed investment / net incremental sales forecast has the option to apply as a fresh applicant. If approved under new scheme the PLI company has to exit from the existing approval and forego their investment made during financial year 2021-22.

5) An existing PLI beneficiary company claim incentive for FY 2021-22 with the achieved investment / net sales figures and also apply for new application under design-led PLI for the remaining 4 years with a higher

committed investment / net incremental sales forecast then the existing company can claim the incentive for FY 2021-22 with the achieved investment / net sales figures under normal rates of PLI scheme and higher rates for products for the rest of the four years only complying with design-led manufacturing criteria but within the year-wise incentive amount approved for the company subject to submission of declaration for products which satisfy the design-led criteria during the current application window.

If these companies want to revise the committed investments/net sales they have to apply as a fresh company and on selection have to forego investment as per the amended Guidelines. The existing company cannot revise committed investment / net incremental sales forecast without participation and selection under the window provided now.

6) The Existing PLI Beneficiary Company, choice of 5 consecutive years of incentives has to be made in the current application window i. e. open till 25.08.2022.

7) For Telecom And Networking Products Application can be made under following two categories:

a) MSME: Companies registered as Micro, Small & Medium Enterprises (MSME) with the Ministry of MSME, Government of India.

b) Non MSMEs: Companies which do not fall under the MSME category will be classified as Non MSMEs. The Non MSMEs category shall be further sub-divided in two categories:
   - Domestic Company: As per the FDI Policy 2020, a company is considered as ‘Owned’ by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and / or Indian companies, which are ultimately “owned” and “controlled” by resident Indian citizens. Such a company will be defined as “Domestic Company” for the purpose of these guidelines.
   - Global Company: Global Company means a company which does not qualify as Domestic Company as defined above and is having business in one or more than one country either by itself or including its Group Companies.

8) The Eligibility Criteria For The Applicants Under The PLI Scheme For Telecom And Networking Products Manufacturing In India Applicants have to satisfy the following criteria to be eligible under the PLI Scheme for Telecom and Networking Products manufacturing in India:

9) The claim can only be filed for the products covered under the approval letter issued to the Applicant Company. New product cannot be added at a later stage. For example if a company files application with 5 categories of products. However, in future it manufactures 7 products. whether all products need to be added in the application.

10) What Will Be The Baseline For Investment & Net Sales Of Goods Manufactured In India?

Baseline for investment in the Scheme will be as on 31/03/2022. Base Year for Net Sales of Goods Manufactured in India (covered under the Scheme Target Segment) will be from 01.04.2019 to 31.03.2020

11) What Are The Eligible Categories Of Investment As Per The PLI Scheme For Telecom And Networking Products?

Investment under the PLI Scheme for Telecom and Networking Products can be made in the Scheme Target Segments, capitalized in the books of accounts of the Applicants under the following categories:

a) Plant, Machinery, Equipment and Associated Utilities.
b) Research and Development.
c) Transfer of Technology (ToT) Agreements.

12) As per the amendments to the Scheme Guidelines dated 20-06-2022, the limits on the eligible investment made in Research & Development and the Transfer of Technology Agreements have been removed.

13) The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, will not be considered for determining eligibility under the Scheme. However, expenditure incurred on civil works associated with installation and erection of plant, machinery, equipment, and associated utilities shall be eligible.

14) In case there is any plant, machinery or equipment which is common for target product and other product, the cost of plant and Machinery for target product will be taken into account for PLI scheme.

15) In case there is any plant, machinery or equipment which is common for target product and other product, the cost of such equipment will be regarded as eligible investment.

The usage of such machinery for manufacturing of other products also is not prohibited. However, the Applicant must submit a declaration about usage of machinery for each year during the period that such Applicant is claiming incentive under the Scheme.

2. Review & Analysis of Scheme

The government is regularly reviewing its Production-Linked Incentive (PLI) scheme and considering reopening the window for some sectors. The PLI scheme aims to boost Indian manufacturing by subsiding production to better compete with other countries. Currently available in 14 manufacturing sectors. So far the results of the scheme are mixed.

The government is reviewing its Production-Linked Incentive (PLI) scheme today to address structural problems as well as snags. The government might consider reopening the window for several sectors and also extending it to more sectors.

As on date the PLI scheme is available in 14 manufacturing sectors to quote mobiles, medical devices, telecom & networking products, automobiles and auto components – large-scale electronics manufacturing; electronics and technology products; bulk drugs; medical devices; pharmaceuticals; telecom and networking products; food items; and drones etc.

Incentive claims of over Rs.3, 420 crore have been received under the scheme for eight sectors – large-scale electronics manufacturing; electronics and technology products; bulk drugs; medical devices; pharmaceuticals; telecom and networking products; food items; and drones, of which over Rs.2, 800 crore have already been disbursed. The highest disbursal of Rs.1, 649 crore was made in large-scale electronics manufacturing, followed by pharmaceuticals at Rs.652 crore, and food products at Rs.486 crore.

Rajesh Kumar Singh, the Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) said recently that government expect the disbursement to pick up. . . Projects are on the ground, and investments and employment are happening. The disbursement will follow. . . But yes, but there is a lag he confessed.

There was an increase of 76 per cent in foreign direct investment in the manufacturing sector in 2021-22 ($21.34 billion) compared to 2020-21 ($12.09 billion).

The PLI scheme for large-scale electronics manufacturing (LSEM) saw successful results, with 97% of mobile phones sold in India now being made here. As of September, the PLI scheme for LSEM attracted investments of Rs.4, 784 cr and generated 41, 000 additional jobs.

As one of the earliest ones, the ministry of electronics and information technology's PLI scheme for large-scale electronics manufacturing (LSEM) saw successful results, with 97% of mobile phones sold in India now being made in India. Furthermore, they are also being "Made in India for the World" as we witness a sharp growth in smartphone exports by 139% over the last three years. As of September 2022, the PLI scheme for LSEM attracted investments of Rs.4, 784 cr, with a total production of Rs.2, 03, 952 cr, while also generating 41, 000 additional jobs. In the medium-term, the scheme is expected to bring in additional production to the tune of Rs.10.69 lakh cr and generate 700, 000 jobs. Similar in the pharma sector PLI with 35 imported active pharmaceutical ingredients or key chemical inputs for drugs being developed in India.

In addition, other sectors, such as food products, telecom and networking products, and drones are reporting successes with visible growth in investment, employment, and production. Over 600 foreign and domestic firms have been selected across 14 key sectors. In the years 2021-22 and 2022-23 enthusiastic industry participation is visible.

The successes are the evidence that scheme is leading to the development of a potent ecosystem that is self-sustaining.

This is a well-laid-out scheme with consideration for investment, production volumes, enhanced exports with domestic value addition, and employment generation. Incentive rates for the scheme have been designed in a tapering format to motivate and encourage industries to unlock their inherent potential and become drivers of an ecosystem that is self-sustaining and thrives well even after the conclusion of the incentive regime. While applicants are incentivised to perform on several indicators, the government ensures the necessary support for regulatory approvals along with the availability of facilities to applicant companies through Centre-state coordination. In addition, the encouragement to invest in research and development for quality product development enables our industries to align with emerging global trends.

3. Conclusion & outcome of the Study:

The government of India like most of the governments of world always make strategies suitable to their industrial and economic environments to boost the production level efficiently. Their endeavour is to achieve better and higher level of usable production with min cost of production. To meet out the consumption of highly populated country like India and to substitute the existing import and to increase the level of exports government always make to incentivise the service and manufacturing units. Before PLI govt of India implemented many subsidy/ incentive schemes like TUFS (technology up gradation Fund Scheme) in 2007. Export promotion is always the priority of govt. PLI scheme has been initiated to increase the productivity with efficiency to increase the exports, to substitute the imports and to meet out our domestic demands with our domestic production. First three years of PLI scheme are the years of successful take-off. Government evaluated the scheme in different sectors as successful move towards objectives with small lagging in speed. In a press release, on 13 June 2023 Shri Rajesh Kumar Singh, secretary in the Department for Promotion of Industry and Internal Trade, The production-linked incentive (PLI) scheme for smartphone manufacturing has resulted in local value addition of 20 per cent within a span of two-three years. Few sectorial results are as under:

PLI Schemes have transformed India's exports basket from traditional commodities to high value-added products such as electronics & telecommunication goods, processed food products etc. As on 30.04.2023, 733 applications have been approved in 14 Sectors with expected investment of Rs.3.65 Lakh Cr.

The progress in the area of solar photovoltaic (PV) India performed unexpected and unusual success through the Production Linked Incentive (PLI) Scheme (Tranche-II). The main contributor of the success are, Green power arms of Reliance Industries Ltd, Tata Power Company Ltd, and JSW Energy Ltd for the setting up of solar photovoltaic (PV) module manufacturing capacities under the government's as per business –Standard. com dated 28 March 2023.

Large foreign and domestic investment has started to come in the area of IT hard ware. An additional investment of Rs.2430 cr in Electronics manufacturing is expected. As per MEITY Govt. of India announcement, May 30, 2023 dueto PLI Scheme 2.0 for IT Hardware has been approved with a budgetary outlay of ₹ 17, 000 cr. The scheme is expected to lead to total production of about Rs.3.35 lakh cr it will create 75000 direct job.

According to web site of Money control web site (10 June 23) the approval for setting up compound semiconductor and display fabs assembly and test units under MeiTY, the PLI scheme-'Modified Programme for Semiconductors and Display Fab Ecosystem', announced in December 2021 with a total outlay of Rs.76, 000 cr. It was tweaked in September last year to woo global investors with more attractive incentive support.

Further India is highly based on Imports grid-scale battery storage for the grid scale-batteries. Government of India has drafted the scheme expected to be released up Sept 2023. The government is working on a production-linked incentive (PLI) scheme worth as much as Rs.15000 cr to encourage the setting up of grid-scale battery storage. (Import substitution scheme).

As per the Ministry web site pib. gov. in press release dated 21 Feb 2023: In a bid to make the pharmaceutical sector self-reliant, India has started the production of 22 active pharmaceutical ingredients (API) or bulk drugs used for the manufacturing of life-saving drugs and high-end medical devices like CT scan and MRI machines, under the Production Linked Incentive (PLI) scheme.

As the outcome of study The PLI scheme will help India to be self-reliance country with most advance use of technology most efficient use of production factors.

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