

Production Linked Incentive (PLI) Scheme

- *Pioneering 'Aatmanirbhar Bharat'*

Production Linked Incentive (PLI) Scheme – A Background

In order to boost domestic manufacturing and cut down on import bills, the central government in March 2020 introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units. Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.

The Production Linked Incentive (PLI) Scheme intends to promote manufacture of Telecom and Networking Products in India and proposes a financial incentive 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 will also encourage exports of telecom and networking products 'Made in India'.

Central government introduced the PLI scheme for mobile manufacturing as well as pharmaceutical ingredients and medical devices. While the scheme for mobile and allied equipment was notified on April 1, 2020 the guidelines for the latter were notified on July 1, 2020.

The PLI schemes will have a huge role to play in achieving size and scale in manufacturing, as these schemes incentivize incremental production. The total budgetary outlay for these schemes is Rs. 1.96 lakh crores or \$26 billion. On average 5% of the production value is provided as an incentive. This implies that the minimum production in the country as a result of the PLI schemes stands to be around \$520 billion in five years.

The PLI schemes must also be seen in conjunction with a host of other government initiatives taken recently. 29 Central Labor Laws have been rationalized into 4 Labor Codes. The MSME definition has been revised, raising investment limits upwards, enabling MSMEs to get bigger and more productive. The business environment is only getting easier, as we jumped 79 positions in the World Bank's Ease of Doing Business Index. Infrastructure investments are continuing in earnest with the Rs. 1 lakh crore National Infrastructure Pipeline.

As part of Atmanirbhar Bharat 3.0, a demand boost for residential real estate has also been given, by raising the cap on the differential between circle rates and agreement value, which will help in clearing unsold inventory, benefiting owners and developers, both. Infrastructure remains a priority area. As part of Atmanirbhar Bharat 3.0, Rs. 6,000 crores equity was infused in the National Investment & Infrastructure Fund. The PLI schemes introduced will go a long way in ensuring India's competitiveness in these sectors.

Key Sectors - Implementation of PLI Scheme

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in the following key sectors for Enhancing India's Manufacturing Capabilities and Enhancing Exports – 'Atmanirbhar Bharat'.

Sectors	Implementing Ministry / Department	Approved financial outlay over 5 Yr Period (In Cr.)
Automobiles & Auto Components	Department of Heavy Industries	57,042
Pharmaceuticals and Pharmaceuticals drugs	Department of Pharmaceuticals	15,000
Advance Chemistry Cell Battery	NITI Aayog and Department of Heavy Industries	18,100
Telecom & Networking Products	Department of Telecom	12,195
Food Products	Ministry of Food Processing Industries	10,900
Textile Products: MMF segment and technical textiles	Ministry of Textiles	10,683
Speciality Steel	Ministry of Steel	6,322
White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	6,238
Electronic/Technology Products	Ministry of Electronics and Information Technology	5,000
High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4,500

Source: Press information Bureau

Sector-wise Implementation



- *Product Line: Automobile and Auto components*

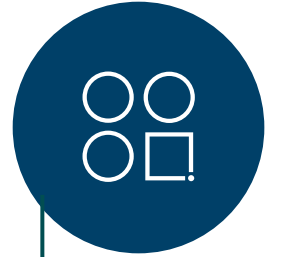
Automobile & Auto Components

- INR 8,562 Bn Industry, expected to reach INR 21,768 Bn by 2026.
- Emerging global sourcing hub.
- Aftermarket segment is expected to reach INR 2,322 Bn by 2026.
- Auto component industry in India is expected to grow INR 14,512 Bn by 2026.



Technology Products

- One of the largest & growing markets in the world.
- Expected to reach INR 29,024 Bn by 2026.
- 5 G rollout, smart city initiatives, IoT, industry 4.0 increasing disposable income will continue to drive double digit growth in the electronics sector.



- *Product Line: Semiconductor Fab, Display Fab, Laptop/ Notebooks, etc.*

Sector-wise Implementation



- *Product Line: Biopharmaceuticals, Complex generic drugs, Repurposed Drugs, etc.*

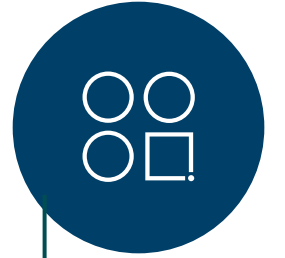
Pharmaceutical Drugs

- An industry with potential to become INR 5,442 Bn in five years.
- Largest vaccine producer in the world.
- Third largest market for APIs.
- Exports in 180+ countries.
- 20% generic export medicine share globally.



Medical Devices

- Fourth largest medical device market in Asia.
- Expected to reach INR 3,628 Bn by 2026.
- Socio-economic changes and increasing disposable income will derive the sector in next five years.



- *Product Line: Cancer care / Radiotherapy, Radiology, Implants, etc.*

Sector-wise Implementation



- *Product Line:*
ACC Battery

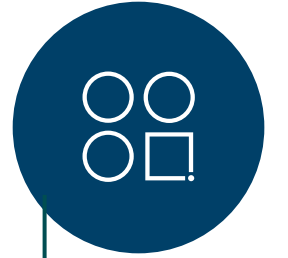
ACC Battery

- Enormous growth potential to meet India's clean energy goals.
- India has imported INR 87 Bn worth of batteries in 2020 making this industry highly dependent on import. With growing demand of consumer electronics, focus on renewable energy mix and electric vehicle, the demand for batteries will further increase.



Telecom & Networking Products

- 5G introduction, IoT and Industry 4.0 will make India an attractive investment destination for telecom equipment manufacturers.
- Industry was around INR 1,814 Bn in 2020 depending on imports.
- Government promoting the industry to become a major original equipment manufacturer.



- *Product Line:*
Core Transmission Equipment, Enterprise equipment, etc.

Sector-wise Implementation



- *Product Line:*
Ready to Eat /
Ready to Cook,
Fruits & Vegetables,
Honey, etc.

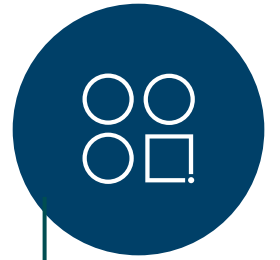
Food Products

- One of the leading food processing markets in the world to reach INR 38,820 Bn by 2026.
- Globally ranked first in milk production, livestock population and other agricultural commodities.
- Globally ranked second in production of fish, fruits and vegetables.



Textile Products

- Second largest manufacturer of textiles and clothing at INR 16,180 Bn.
- Abundance of raw material and labor.
- Competitive manufacturing costs.
- Rising per-capita income and preferences for brands.
- Increased focus on technical textiles.



- *Product Line:*
Man-made Fiber
Segment &
Technical Textiles

Sector-wise Implementation



- *Product Line:*
Coated Steel,
High Strength
Steel, Steel Rails,
Ally Steel Bars &
Rods.

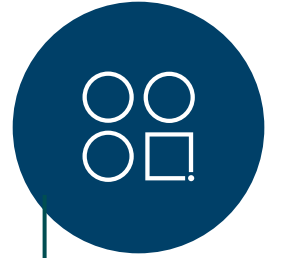
Specialty Steel

- Second largest steel producer of the world.
- India's per-capita steel consumption is one third of global average.
- As per the national steel policy 2017 India would require crude steel capacity of 300 million tons p.a. to meet projected demand.



High Efficiency Solar PV Modules

- Among the fastest growing solar markets in the world with 13 times increment of solar power capacity in the last six years 26 GW in 2014 to 346 GW in 2020.
- Fifth largest installed capacity of solar power in the world.
- Expected to add 50+ GW of capacity in next 3 years.



- *Product Line:*
Solar PVs

Sector-wise Implementation



- *Product Line: Bio-pharmaceuticals, complex generic drugs, patented drugs or drugs nearing patent expiry and cell based or gene therapy products etc.*

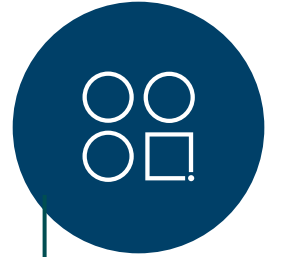
Pharmaceuticals

- Third largest in the world by volume and is worth INR 2956 Bn.
- Exports to more than 200 countries including highly regulated markets contributing 3.5% of total drugs and medicine exported globally.
- Total incremental sales of INR 2.94 Lac crore and total incremental exports of INR 1.96 Lac crore are estimated from 2022-23 to 2027-28.



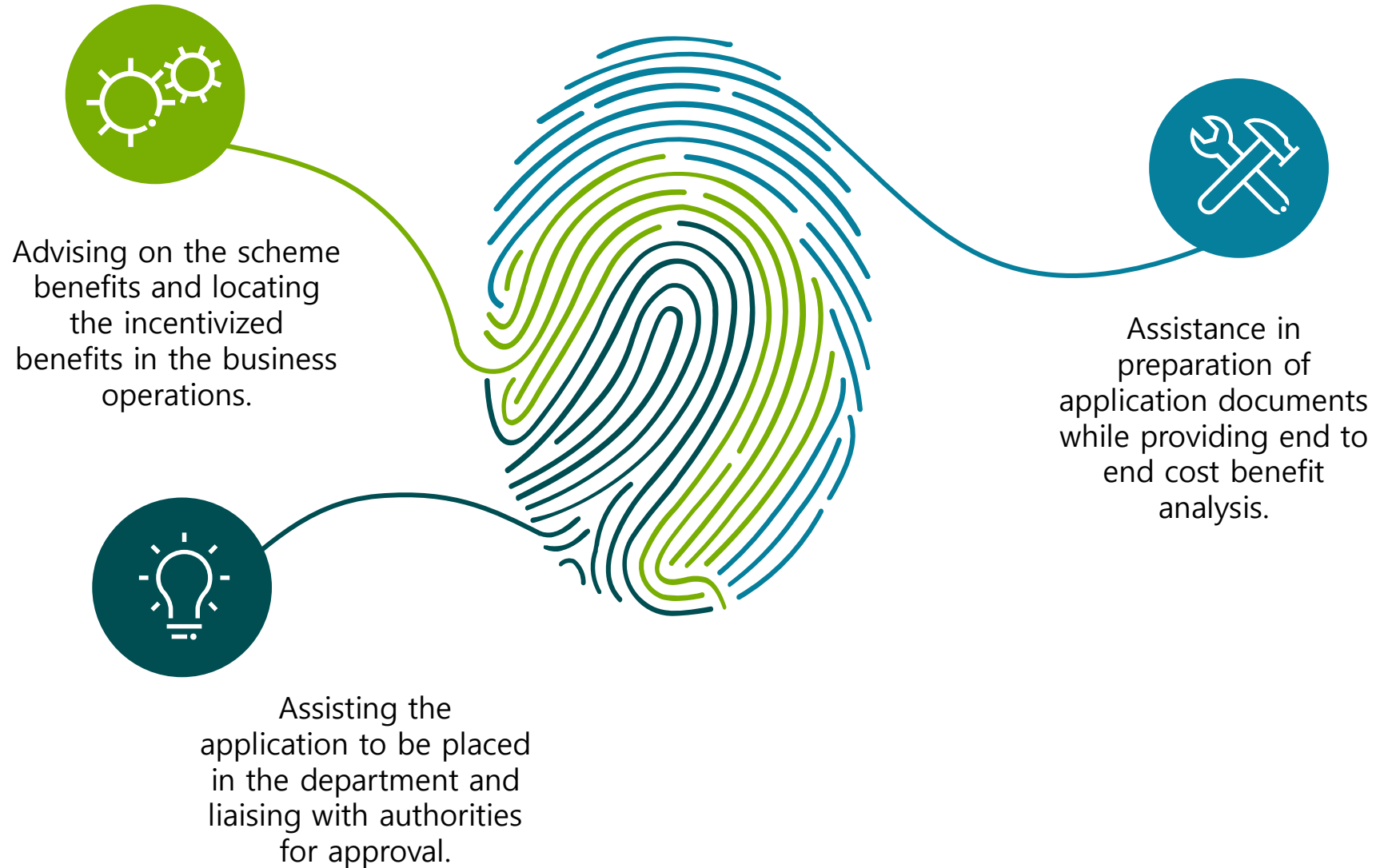
IT Hardware

- The vision of National Policy on Electronics is to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities and creating an enabling environment for the industry to compete globally.
- The market for IT Hardware is dominated by 6-7 companies globally which account for about 70% of the world's market share.



- *Product Line: Laptops, Tablets, All-in-One PCs and Servers*

Finex Focused Offerings



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Abhishek Goel

Professional Associations

- Institute of Chartered Accountants of India
- Institute of Company Secretaries of India
- ISACA
- ACFE

Areas of Expertise

- Tax & Regulatory
- Deal advisory & valuation
- Audit & assurance
- Risk Advisory

Abhishek is a Chartered Accountant, Company Secretary and holds graduate degree from University of Delhi.

Abhishek has over 6 years of experience in handling Tax and Regulatory matters with EY, Deloitte and BDO. He has extensive experience dealing with various cross border issues including International Taxation, Transfer Pricing, and Exchange Regulations.

Abhishek is actively involved with various MNC's and startups right from incorporation to raising rounds of funding.

Some of his select engagements include:-

- Overseeing the compliance and finance operations of various MNC's and startups.
- Handling day-to-day tax related activities of Multinational clients which includes day-to-day advisory with respect to withholding tax, filing of various forms and finalizing the income tax and withholding tax computations.
- Advising clients on various international tax issues such as exposure to permanent establishment, place of effective management, advisory with respect to cross border transactions, etc.
- Handling Transfer Pricing compliance as well advisory of the Multinational Groups including preparation of transfer pricing reports as well as group transfer pricing study.
- Assisting clients in various regulatory and secretarial compliances which includes filing of various forms with MCA/ RBI such as FLA return, FC-GPR, etc.
- Assisting clients in handling litigation and representation before tax authorities for assessments and appeals.

Meet your expert



Raj Abhishek Sharma

Professional Associations

- Institute of Chartered Accountants of India

Areas of Expertise

- Direct, Indirect and International taxation
- Due diligence and transaction advisory
- Cross border transaction advisory
- Startup funding and advisory
- Inbound Investment advisory

Raj Abhishek is a Chartered Accountant and graduate in commerce from Delhi University.

He has spent more than 4 years working with BDO India LLP, K.G Somani & Co., KGS Advisors LLP as head of Tax & Regulatory department, including his internship from T.R. Chadha & Co. working in special audits department dealing in forensic audits and due diligence.

Has diverse experience in independently dealing of complex tax issues, suggesting tax optimization strategies, as well as liaising with Revenue and other regulatory authorities.

Has been actively involved in preparation of Accountant's Report, transfer pricing documentation, strategic transfer pricing planning advice relating to international transactions and submissions before the tax authorities.

Some of his select engagements include:-

Handling core domestic, transfer pricing and international tax advisory, litigation and compliance related matters.

Conducting due diligence of various companies in India and Ethiopia and opining on the acquisitions, takeovers and complex tax matters.

Handling audits on behalf of banks conducting concurrent audits and lender financial audits and also being appointed as specialized monitoring agencies by consortiums or lead banks.

Handling day-to-day tax related activities of Multinational clients which includes day-to-day advisory with respect to withholding tax, filing of various forms and finalizing the income tax and withholding tax computations.

Assisting clients in their day to day compliance manual and advising on their financing activities to help streamline their financial management.

A close-up photograph of a person's hand in a dark suit sleeve, reaching out towards the viewer. The hand is positioned on the left side of the page, with the fingers slightly curled as if offering a handshake or a document.

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