



Production Linked Incentive (PLI) Scheme –

*Promotion of
Manmade Fibre
Apparel,
Manmade
Fabrics &
Products of
Technical Textiles*



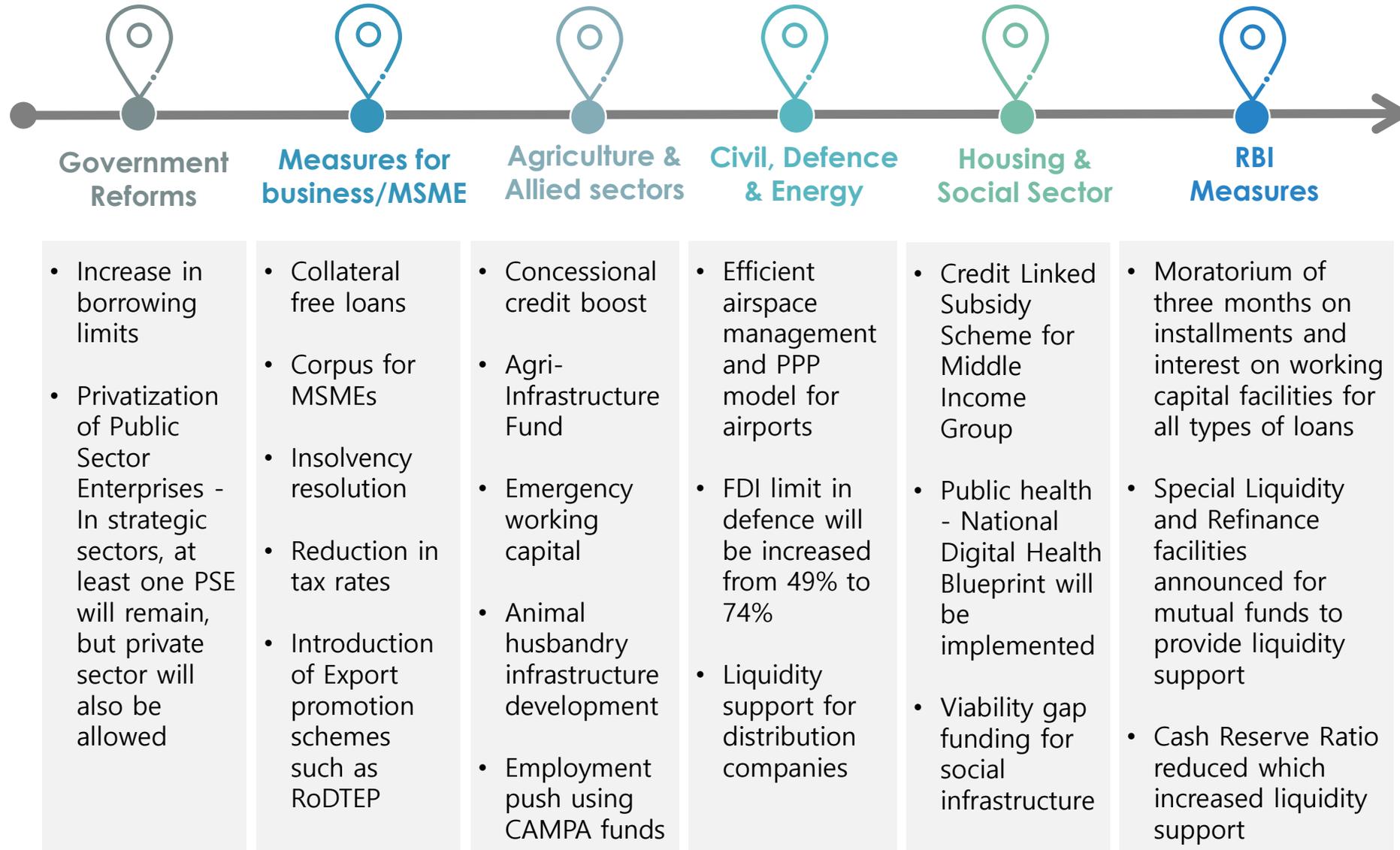
Aatma Nirbhar Bharat Abhiyaan (Self-Reliant India Movement)

The Indian Government announced a special economic and comprehensive package of Rs 20 lakh crore - equivalent to 10% of India's GDP on 12th May 2020, called 'Aatma Nirbhar Bharat Abhiyaan' or 'Self – Reliant India Movement, outlining five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

Following this, the Finance Minister, announced the detailed measures under the economic package through five tranches. Break-up of the Aatma Nirbhar Bharat Abhiyaan economy package:

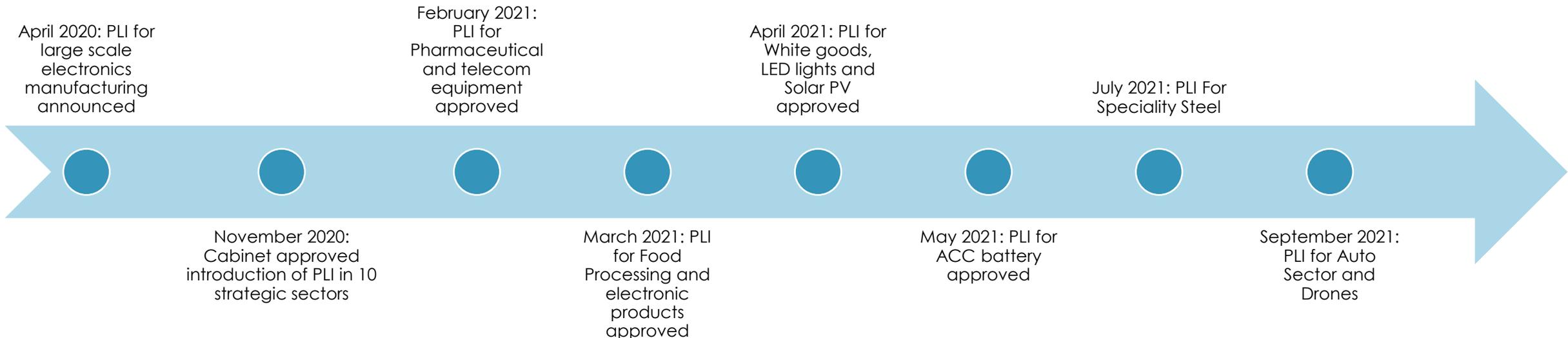
Particulars	Amount (in INR crores)
Stimulus from earlier measures	1,92,800
Stimulus provided by announcements in Part 1	5,94,550
Stimulus provided by announcements in Part 2	3,10,000
Stimulus provided by announcements in Part 3	1,50,000
Stimulus provided by announcements in Part 4 and Part 5	48,100
Sub Total	1,295,400
RBI measures	8,01,603
Grand Total	20,97,053

Summary of key announcements : Aatma Nirbhar Bharat Abhiyaan



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 PLI scheme for large scale electronic manufacturing aims to give companies incentives on incremental sales from products manufactured in domestic units.
- The Union Cabinet chaired by Prime Minister Narendra Modi, on November 11, 2020, approved the introduction of the PLI scheme further for the 10 key sectors which can enhance India’s Manufacturing Capabilities and improve exports.
- The PLI schemes is expected to 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 for a period of 5 years. 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.



Textile PLI Scheme – A Background

- **Purpose of the Scheme**

The Production Linked Incentive (PLI) Scheme is intended to promote production of MMF Apparel & Fabrics and, Technical Textiles products in the country to enable Textiles Industry to achieve size and scale; to become competitive and a creator of employment opportunities for people.

- **About the Scheme**

The scheme has been introduced in two parts as further explained and incentives under the scheme will be available for 5 years period i.e. during FY 2025-26 to FY 2029-30 on incremental turnover achieved during FY 2024-25 to FY 2028-29 with a budgetary outlay of Rs. 10,683 crore.

However, if a company is able to achieve the investment and performance targets one year early then, they will become eligible one-year in advance starting from 2024-25 to 2028-29 i.e. for 5 years.

- **Eligible Products**

The scheme proposes to incentivise 40 products listed as MMF Apparel, 14 products listed as MMF Fabrics and 10 segments of Technical Textiles products listed. Turnover of MMF Apparel, Fabrics and products of Technical Textiles will be counted based on product description in GST invoice at 8-digit HS Code.

Eligibility segments under the Scheme

Part - I

Investment

Minimum ₹300 Crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of Notified lines, shall be eligible to apply for participation in this part of the scheme.

Turnover

Achieve a minimum of ₹600 Crore turnover by manufacturing and selling the products Notified under this scheme.

New registration

Applicant will form a separate company under Companies Act, 2013, before commencement of investment under this scheme.

Part - II

Investment

Minimum ₹100 Crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of Notified lines, shall be eligible to apply for participation in this part of the scheme.

Turnover

Achieve a minimum of ₹200 Crore turnover by manufacturing and selling the products Notified under this scheme.

New registration

Applicant will form a separate company under Companies Act, 2013, before commencement of investment under this scheme.

NOTE - Thus, for getting incentives, both the conditions of minimum investment and minimum turnover should be met.

Incentives under the Scheme

Part - I

Performance Year (FY)	Incentives claim Year (FY)	Incentive (In %)
2024-25	2025-26	15%
2025-26	2026-27	14%
2026-27	2027-28	13%
2027-28	2028-29	12%
2028-29	2029-30	11%

Part - II

Performance Year (FY)	Incentives claim Year (FY)	Incentive (In %)
2024-25	2025-26	11%
2025-26	2026-27	10%
2026-27	2027-28	09%
2027-28	2028-29	08%
2028-29	2029-30	07%

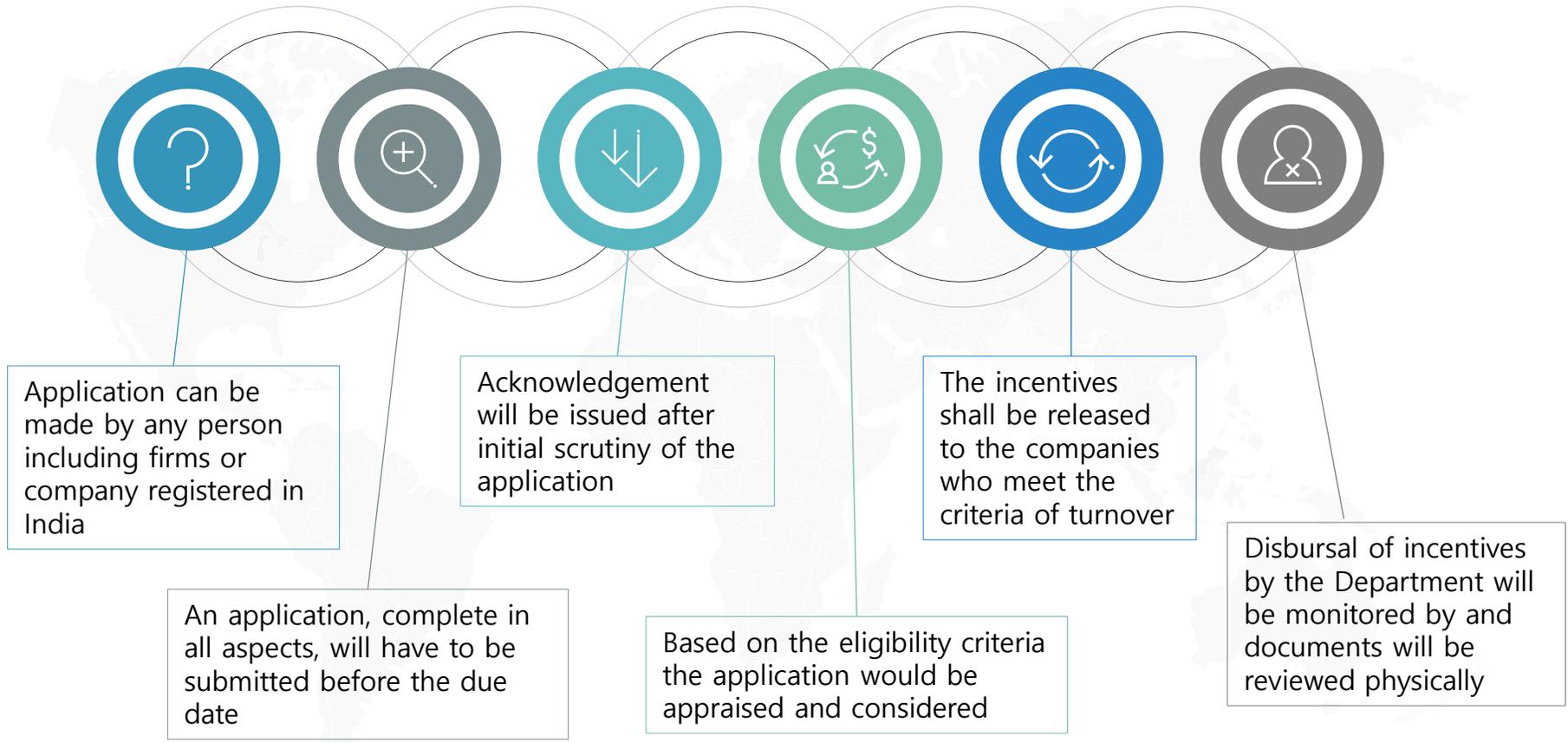
Notes –

- *The participating company is expected to achieve this required turnover after a gestation period of two years, i.e. in FY 2024-2025, that will be termed as year 1 and incentive will be provided on attaining required turnover in the Notified lines of MMF and Technical Textiles.*
- *The gestation period for both parts of the scheme will be of 2 years i.e. FY: 2022-23 to FY: 2023-24.*
- *Incentive in the subsequent years will be provided on achieving a minimum additional incremental turnover of 25% over the immediate preceding year's turnover up to year 5.*
- *Only such sales will be counted, which are transacted through normal banking channel.*

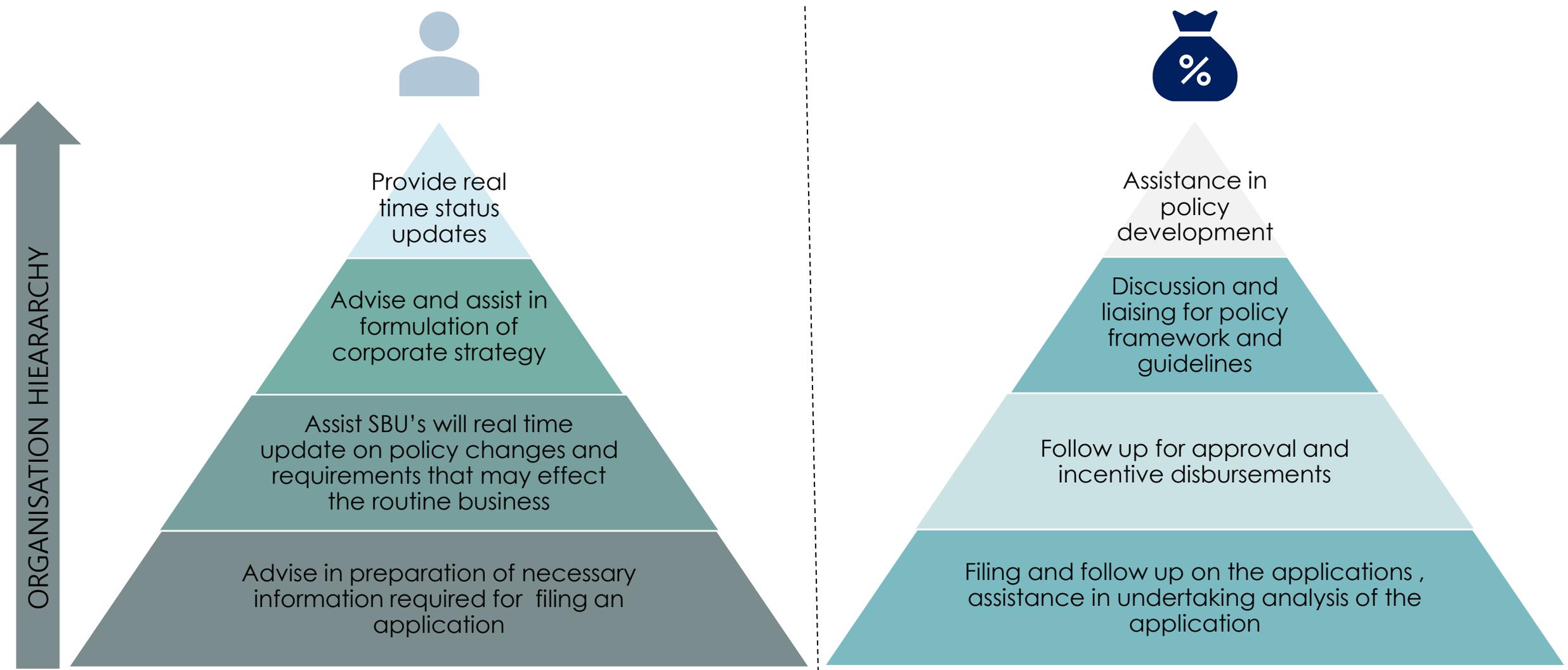
Additional requirements to obtain benefits under the Scheme

- ✓ Only one company of a group will be allowed to be registered for PLI for Textiles and none of their other group companies will be eligible for participation in this scheme as a second participant.
- ✓ Notified products removed from the factory under GST Invoice shall only be taken into account for calculation of incremental turnover provided remittances against such trade are realized / received through normal banking channel;
- ✓ There will be a provision of cap of 10% over the prescribed minimum incremental turnover growth of 25% for the purpose of calculation of incentives from Year 2 onward. Turnover achieved beyond that cap will not be taken into account for calculation of incentive. However, for Year 1 this cap of 10% will be applied over a turnover of two times of investment made under the scheme. Turnover achieved beyond two times of the investment + 10% shall not be accounted for calculation of incentives in Year 1;
- ✓ Only manufacturing company registered in India will be eligible to participate under the scheme. Participating company will have to undertake processing and operation activities in their own factory premises as prescribed in the scheme guidelines. Only project proposals envisaging processing and operation activities able to enhance value by not less than 60% in integrated fibre / yarn to fabric, garment & technical textiles will be selected. However, for proposal of independent fabrics processing house, this required minimum value enhancement will be only 30%;
- ✓ Turnover achieved from trading and outsourced job work will not be accounted. The goods which is manufactured by the company registered under the scheme shall only be eligible for the incentives. In other words, goods manufactured by other manufacturer or unit of same group company shall not be accounted for calculation of incremental turnover;

Scheme – Modus Operandi

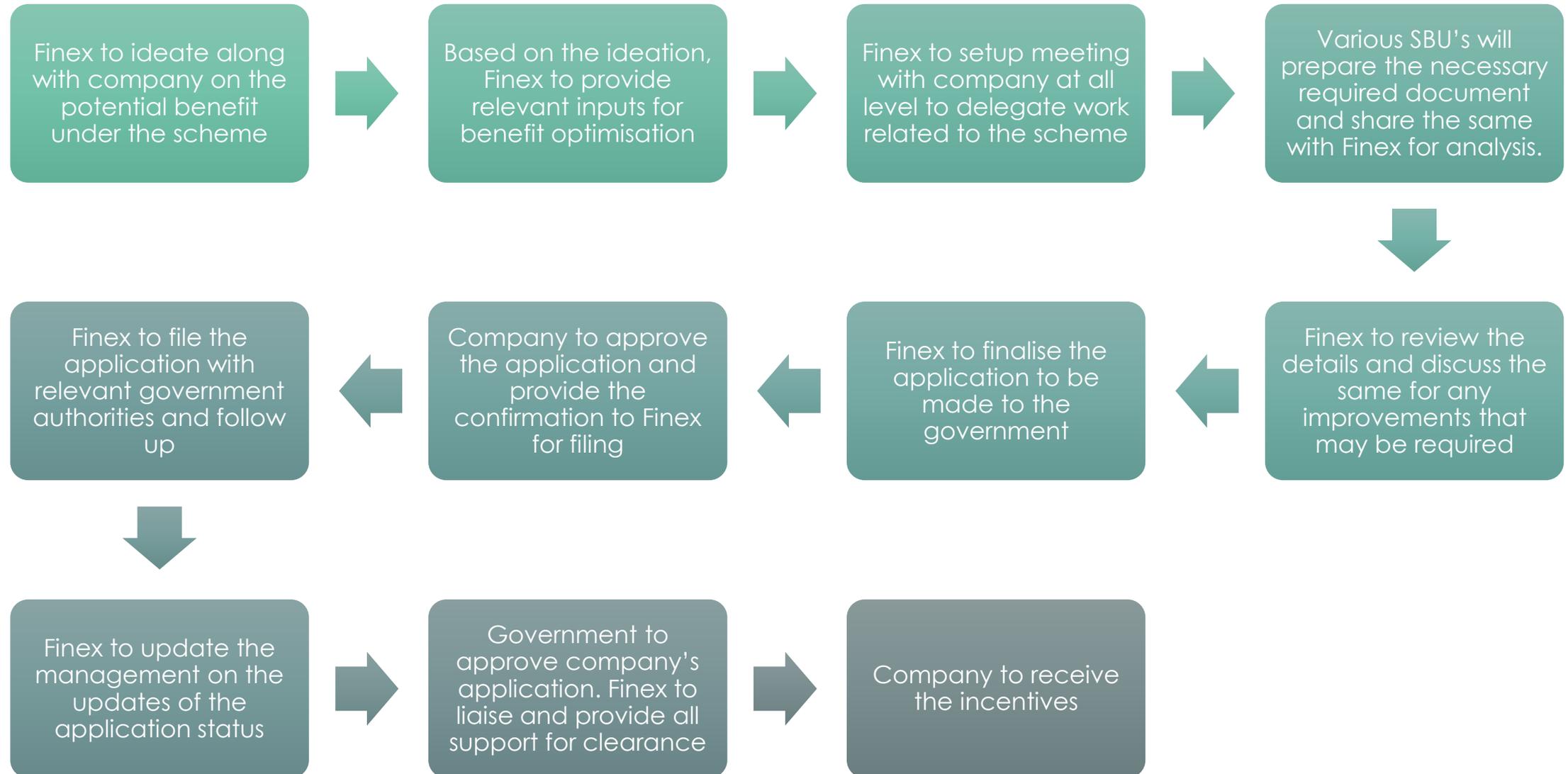


Government Incentives – Our role across Value Chain

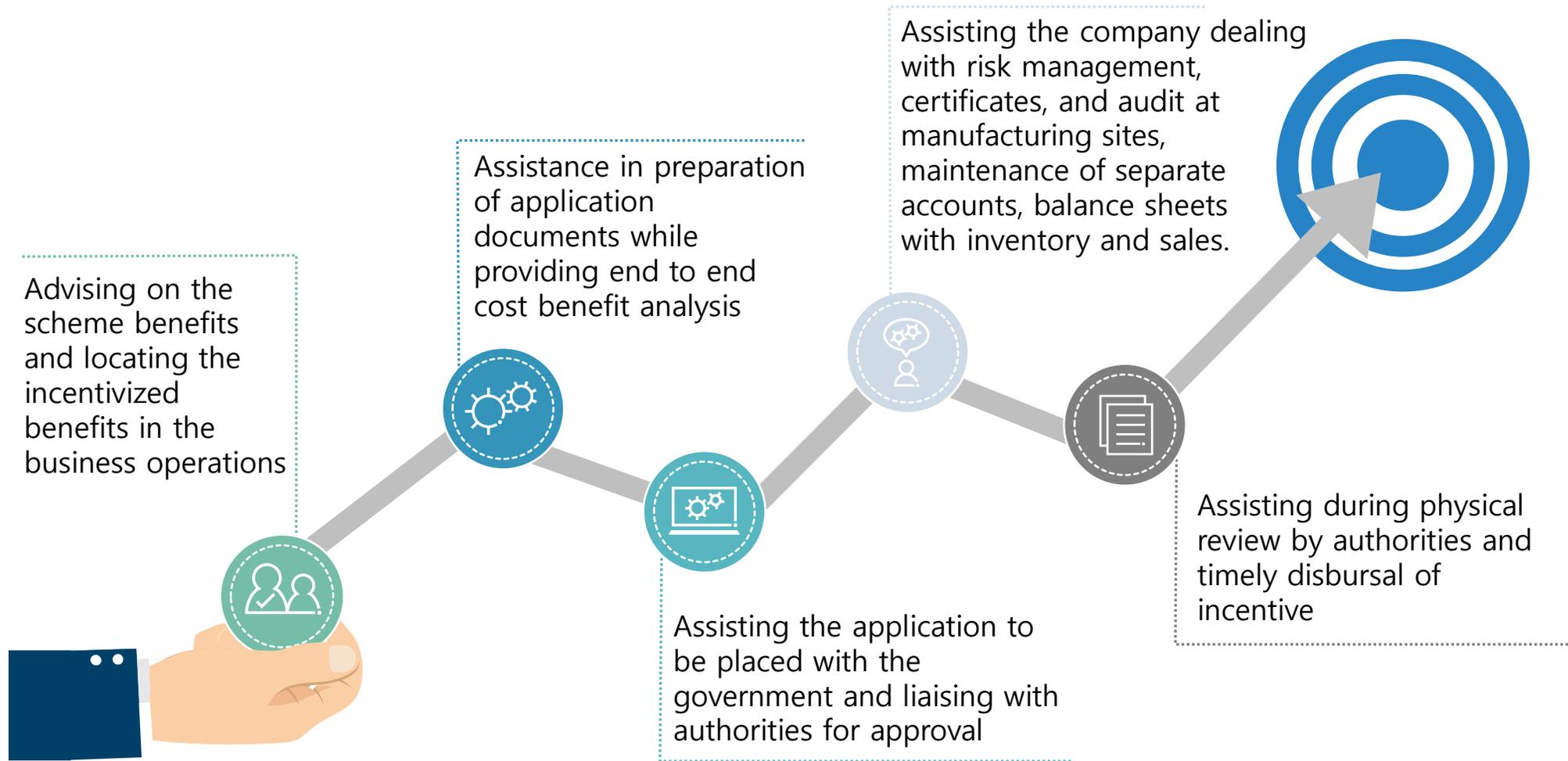


Important Note - Working at all levels helps us guide the business to streamline the application process and optimise the incentives.

Government Incentives – Process



Finex Focused Service Offerings



Why Choose Us?

75+ Satisfied clients **4+** Locations & growing **125K+** Hours consulted

Finex cares about the success of clients, preserve the integrity of our industry, committed to prosperous integration and create a new benchmark of quality.

Ability to scale as your business needs evolve.

Strong track record of delivering value and exceptional service.

We have experience in relevant industry.

Commitment to investment in our professional relationship.

Our team will deliver a quality service and provide the experience to address your needs.



OUR ADVANTAGE

Government Incentives – Breakthroughs



Abhishek Goel

Past Organisations

- EY
- Deloitte
- BDO

Professional Associations

- ICAI - ISACA
- ACFE - ICSI

Areas of Expertise

- Tax & Regulatory
- Government Advisory
- Deal advisory & valuation
- Specialized Audits



**Pradeep Singh, IAS
(Mentor)**

Past Organisations

- IDFC Projects Ltd
- IL&FS
- Government of India

Professional Associations

- Harvard University
- Indian Administrative Services
- Punjabi University

Areas of Expertise

- Public Policy
- Government Advisory
- Infrastructure



Abhishek Jhajharia

Past Organisations

- Deloitte

Professional Associations

- ICAI
- AICPA

Areas of Expertise

- Audit & Assurance
- Ind AS / US GAAP



Raj Abhishek Sharma

Past Organisations

- BDO
- TR Chadha & Co.

Professional Associations

- ICAI
- ICSI

Areas of Expertise

- Audit & Assurance
- Regulatory Support
- Tax Advisory & compliance



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