

# PLI outlay for electronics, auto and pharma increased

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The Centre has significantly increased the expenditure outlay for the production-linked incentive schemes (PLI) related to manufacturing in electronics, automobiles and the pharmaceutical industry.

The expenditure allocation for PLI schemes for auto OEMs and component manufacturers saw the largest rise, growing from ₹484 crore as per last year's revised numbers to ₹3,500

crore allocated for the 2024-25 financial year. This is largely due to the fact that the disbursement of incentives will start only in FY24-25.

Similarly, Centre's PLI schemes for electronics and IT products, namely smartphones and laptops, also saw a significant increase in outlay. Going from a revised allocation of ₹4,650 crore to ₹6,200 crore allocated for the 2024-25 period, the revised numbers for the 2023-24 period were quite similar to the outlay estimated for that Budget at ₹4,645 crore.

Outlay allocation for PLI schemes in the pharmaceutical space also jumped from ₹1,696 crore in 2023-24 period to ₹2,143 crore in the 2024-25 Budget.

Part of this increase in outlay of PLI scheme disbursements can be attributed to the nature of the scheme itself. To incentivise increasing production every year, the Centre committed to increase its subsidies every year as firms increase localised production. PLI for the electronics industry is going on for three years, with global firms

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largely meeting their targets every year. For auto, disbursement for incentives will commence only in the coming 2024-25 fiscal year. Nevertheless, experts wel-

comed the increased allocation expenditure outlay planned for the coming fiscal.

"The Budget allocation for the PLI scheme under MeitY has been increased from ₹4,650 crore to ₹6,200 crore. This is a testament to the fact that the ICT hardware and electronics manufacturing sector is one of the major focus areas of the government. At the same time, it is an uplift to the very spirit of the industry," said Harsh Vardhan Srivastava, Deputy Director General, Manufacturers Associ-

ation Information Technology, an industry union for manufacturers of electronics and IT goods.

"Enhanced budgetary outlays for PLI schemes for both automobiles/components and ACC battery storage would support cash flows/credit metrics for Automotive OEMs and ancillaries and support investments towards a local EV ecosystem," said Shamsher Dewan, Senior Vice President and Group Head - Corporate Ratings, ICRA.

With inputs from Aroosa Ahmed