

₹8,083 cr for PLIs: The lion's share goes to electronics

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The Union Budget 2023-24 has earmarked ₹8,083 crore for production-linked incentive (PLI) schemes, the bulk of the money going to large-scale electronics manufacturing, pharma, auto and auto components, and food processing.

Of the 13 PLI schemes covered in these segments, 10 of them account for 99 per cent of the money the Budget has earmarked across government ministries and departments. The allocation is a substantial jump from the revised Budget estimates for these schemes in FY22-23, which is pegged at ₹4,800 crore.

The lion's share of the money — ₹4,499 crore — has been allotted to PLIs in large-scale electronics manufacturing, including big-ticket mobile devices. This is because five global (including three vendors of Apple Inc) and an equal number of home-grown mobile makers have committed to be eligible for incentives with a minimum incremental sales of ₹50,000 crore in FY24 (double of FY23) upto a maximum ceiling of ₹120,000 crore (compared to ₹75,000 crore in FY 23).

The pharma sector has got the second largest PLI allotment — ₹1,200 crore. Most of it is meant for pharmaceutical products, and ₹100 crore each has been earmarked for medical devices and for the promotion of domestic manufacturing of critical key starting materials, amongst others.

The Budget has also allotted ₹604 crore to PLI schemes in auto and auto components. Compare this to ₹10.74 crore allotted to the sector in FY22-23, the first year of the PLI scheme for which the bills will be raised for payment in FY 24. In food processing, the PLI allocation has been nearly doubled to ₹1,530 crore.

There are PLIs for which the Budget has not allotted new money. One example of this is telecom. In FY23 an amount of ₹90.25 crore was earmarked for PLIs in telecom products, but there is no allocation for FY24. Equipment makers said

this is because the earlier scheme was revamped in June 2022 to promote the entire value chain of telecom production. Approvals for new players under the scheme were cleared in October last year. Advanced chemistry storage batteries have got an allocation of only ₹1 crore because the three eligible players signed an agreement with the government for the ₹17,500 crore scheme in June.

The PLI scheme, which is the government's flagship programme to encourage manufacturing, is moving quickly, numbers show. Till December end, 717 applications had been approved for 13 schemes. Data from implementing agencies shows that about ₹47,500 crore (\$6 billion) of actual investment has been made; there have been sales worth ₹3.85 trillion (\$47 billion) of eligible products, and employment has been generated for 300,000 people. A 106 per cent achievement of actual investment has been reported versus the corresponding projections for FY22.



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PLI schemes and amount earmarked in the Budget 2023-24

₹1,200 cr Pharma, bulk drugs and medical devices	₹4,499 cr Large scale electronic manufacturing including mobile devices
₹33 cr Drones	
₹65 cr White goods	
₹146 cr IT hardware	₹604 cr Auto & auto components
₹1,530 cr Food processing	₹5 cr Textiles

Source: Budget documents FY23-24