Just 1/5th of auto PLI firms have products cleared for incentives

Report card

Some key original equipment manufacturers and their PLI position

	PLI-approved models
Bajaj Auto	22
M&M	21
Tata Motors	19
TVS Motor Co.	6
Ola Electric	5
Hero MotoCorp	1
Eicher Motors	1

Auto majors with no PLI-approved vehicles: Ashok Leyland, Hyundai Motor, Kia India, PCA Automobiles, Suzuki, Piaggio, Elest, HOP Electric

Source: MHI data as on July 31

SURAJEET DAS GUPTA
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More than two years after its launch, only 16 of the 84 firms eligible under the ₹25,938 crore production-linked incentive (PLI) scheme for automobiles and auto components have products that have met the required domestic value addition (DVA) criteria to qualify for incentives.

These companies have received clearance for 107 model and component variants, having met the DVA threshold, based on data available till July 31. However, with China tightening restrictions on exports of critical rare earth materials, which is crucial for manufacturing electric motors in India, achieving the 50 per cent localisation target is likely to become even more challenging. This has prompted the auto industry to urge the government to exclude electric motors from the DVA calculation.

The scheme, which was launched initially from April 1, 2022, to March 2027, was extended for a year to 2028 (started from April 1, 2023). However, the first OEM model to be approved under the scheme for achieving the required 50 per cent DVA threshold was only cleared on August 17, 2023.

The data on companies whose models have cleared the DVA criteria and received incentive approvals paints a telling picture. Among the "Champion OEMs", which include manufacturers of electric four-wheelers, two-wheelers, and three-wheelers, and new auto entrants (such as Ola Electric), only seven out of 20 companies have secured DVA clearance for their models. This is despite the fact that 15 of these firms already have EVs on the road, while four companies do not yet have a single electric model.

In the Champion OEM category for four-wheelers (excluding two- and three-wheelers), only Tata Motors, Mahindra & Mahindra, Eicher Motors, and Pinnacle Mobility have secured DVA clearance, out of a total of 10 players. Turn to Page 3 ▶

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Others, including Suzuki, Ashok Leyland, Hyundai, Kia, and PCA Automobiles, have yet to receive approval for any electric model. The performance in the auto components category is even weaker. Only nine of 64 eligible companies have received DVA clearance.

What makes the situation more difficult is that at least three companies have received clearance to manufacture traction motors or wheel rims integrated with hub motors. But they now face challenges due to China's ban on rare earth material exports, making domestic production increasingly difficult.

To encourage fresh investments, the government had carved out a separate segment under the PLI scheme for new non-automotive investors. But apart from Ola Electric, none of the other five firms in this category have received DVA clearance for even a single model.

The only area where the PLI scheme has seen big success is in the electric two- and three-wheeler space under the Champion OEM category. Three of the four eligible companies (barring Piaggio) have already received DVA clearance for several of their models.

In terms of financial disbursement, the Union Budget for FY25 initially allocated ₹3,500 crore for the scheme. However, the revised estimates sharply reduced this figure to ₹346.87 crore. As of December 2024, cumulative disbursements under the scheme stood at ₹322 crore, according to a government release in March. For FY26, the government has earmarked an allocation of ₹2,818 crore under the PLI scheme.