

CLAIM PAYOUT DELAYS

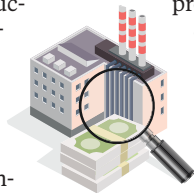
PLI nodal agencies under review

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Concerned over “considerable delays” in issuing incentives to eligible companies under the flagship production-linked incentive (PLI) scheme for various sectors, the Cabinet secretary-led committee has advised the government’s think tank, NITI Aayog, to review the functioning of the nodal agencies involved with the scheme.

In a recent meeting of the



empowered group of secretaries (EGoS) chaired by Cabinet Secretary Rajiv Gauba, an institutional mechanism headed by the Aayog was suggested to review the project management agencies (PMAs) involved with the PLI scheme. PMAs offer support to relevant ministries towards scheme implementation, scrutinising applications, determining eligibility for incentives, and conducting site visits of manufacturing units.

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STATUS CHECK

Disbursement under PLI for FY24 (in ₹ cr)

	Target	Revised target	Disbursement achieved*
Pharmaceutical drugs	2,203	1,600	263
Large-scale electronics	6,212	4,499	1,134
Telecom & networking products	863	367	NIL
Food products	1,127	1,291	NIL
Bulk drugs	52	21	NIL
Manufacturing of medical devices	121	75	NIL
White goods	79	79	NIL
Drones & drone components	60	32	NIL
IT hardware	321	321	50
Automobile & auto components	604	Tenure extended by 1 year	NIL

* As on Dec 2023

Source: Minutes of the meeting of PLI scheme review

improvement over the 6.4 per cent Y-o-Y growth in Q2FY24.

The combined net profits of the 954 companies were up 22.8 per cent Y-o-Y to ₹2.47 trillion in Q3FY24, thanks to faster growth in earnings reported by public-sector oil-marketing companies and auto makers.

PLI...

According to B V R Subrahmanyam, chief executive officer (CEO) of NITI Aayog, who was part of the meeting, an initial review of the functioning of PMAs and the respective ministries revealed a hold-up in key areas. "There are considerable delays in the processing of incentive claims. Further, PMAs have not completed onboarding an adequate number of subject matter experts as directed in the earlier meeting," the minutes of the EGoS meeting read.

Business Standard has reviewed a copy of the minutes. *Business Standard* had reported earlier that the actual disbursement will fall short of the government estimate pegged at ₹11,000 crore. According to the minutes, the disbursement target for the current financial year has been revised downwards to ₹8,285 crore. Some of the PLI schemes have witnessed slower-than-expected progress. A major reason is the inability of beneficiary companies to claim incentives as they were unable to fulfil the obligations prescribed by the government. In some cases, the gestation period is expected to end this year, after which incentives

can be claimed in the next financial year.

According to the minutes, the EGoS underlined the need for a common template to monitor the processing of claims by beneficiary companies under the said PLI scheme. "The Department for Promotion of Industry and Internal Trade (DPIIT) may examine each PLI scheme guideline, in consultation with individual ministries/departments, and propose an institutional mechanism like the empowered committee under the CEO of NITI Aayog to amend/interpret guidelines if required, for timely processing of claims," the minutes stated.

Towards this, the EGoS asked the Aayog to conduct a quarterly review of the incentive processing and the number of site visits by PMAs/officials of ministries/departments, which the secretary of the respective ministry/department and DPIIT will monitor. It also directed the Aayog to hold regular reviews of PMAs to ensure the effective flow of regulations.

The PLI scheme covers 14 sectors, including mobile phone, drone, telecommunications, textile, automotive, white goods, pharmaceutical drug, among others. These are managed by five PMAs: the Industrial Finance Corporation of India, Small Industries Development Bank of India, Metallurgical and Engineering Consultants (India), Indian Renewable Energy Development Agency, and Solar Energy Corporation of India.

While these 14 schemes were rolled out between 2020-

21 and 2021-22, incentive disbursement to companies participating in the scheme started only in the last financial year. As on date, ₹4,415 crore has been paid out to the beneficiaries, of which ₹2,968 crore was paid in 2022-23, and only ₹1,447 crore was paid until December.

Of the ₹1,447 crore incentive during the current financial year, close to 78 per cent was distributed to beneficiaries under the PLI scheme for mobile phones.

The remainder was given to beneficiaries under pharmaceutical and information technology hardware schemes.

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