Investment push slows down in key PLI sectors

Outlay growth 'significantly slow' in textiles, IT hardware, specialty steel

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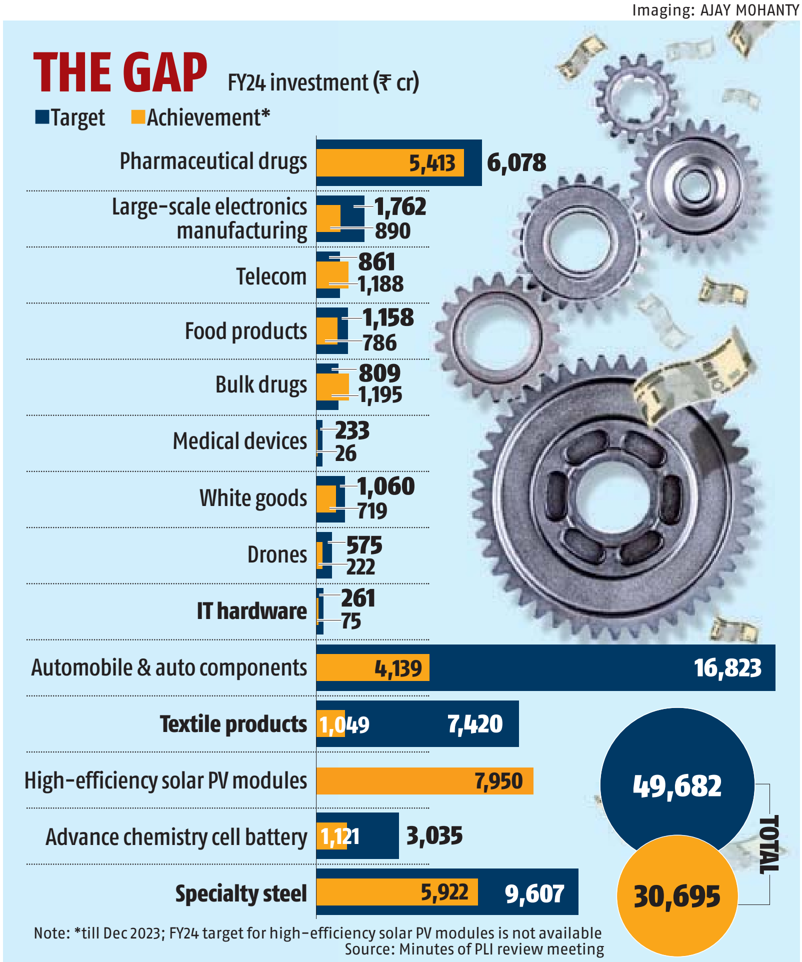

Investment in important sectors identified to spur domestic manufacturing under the flagship Production-Linked Incentive (PLI) scheme of the Centre is slowing just a year after their launch.

Investment growth is "significantly slow" in textiles, information technology hardware, and speciality steel this financial year, according to a review report by an inter-ministerial panel which does periodical stocktaking of the scheme.

The government was hoping to see investment worth ₹49,682 crore in FY24. Of this, 61.8 per cent or over ₹30,695 crore has been made in all the 14 sectors during the first nine months this financial year.

Apart from the above-mentioned three sectors, progress has been slow in the case of medical devices, automobile and auto components, ACC batteries, and white goods.

According to an assessment made in a review meeting, PLI schemes for mobile phones, bulk drugs, pharmaceuticals, telecom, drones, and food processing are doing well and are on track to achieve or exceed investment, production/sales as well as employment targets envisaged by the government.

"The progress of PLI Schemes of IT Hardware, Textile Products and Specialty Steel is significantly slow in terms of investments (in FY24)," according to the minutes of the meeting reviewed by *Business Standard*.

The panel comprises key stakeholders of the PLI schemes, the respective ministries/departments, NITI Aayog, and Department for Promotion of Industry and Internal Trade (DPIIT).

Even as the investment exceeded the government's estimate in the previous financial year, progress was not uniform across all schemes.

Up to FY23, under all PLI schemes, ₹75,917 crore was invested against a target of ₹60,345 crore, resulting in production/sales of ₹5.96 trillion and 367,000 direct jobs against targets of ₹5.78 trillion of production/sales and 254,000 jobs, respectively.

"Under PLI Schemes for bulk drugs and medical devices, while the target of investment has been met, actual production/sale has been below target. Under the PLI Scheme for automobile and auto components, production/sales target was achieved but the target of investment was not achieved," according to the minutes.

There have been "shortfalls" in progress under PLI schemes for textile products, IT hardware, and speciality steel with regard to targets of investment.

On a cumulative basis, the scheme has resulted in investment worth ₹1.03 trillion till now and has led to exports surpassing ₹3.20 trillion since its implementation.

The investment has led to production worth ₹8.61 trillion and direct and indirect employment of over 678,000, according to the DPIIT data.

The ₹1.97 trillion worth PLI scheme aims to make India a manufacturing powerhouse, improve the cost competitiveness of locally produced goods, create employment opportunities, curb cheap imports, and boost exports. The scheme has been launched for 14 sectors including mobiles, drones, telecom, textiles, automobiles, white goods, and pharmaceutical drugs. While these 14 schemes were rolled out between 2020-21 and 2021-22, incentive disbursement to companies participating in the scheme started last financial year.