

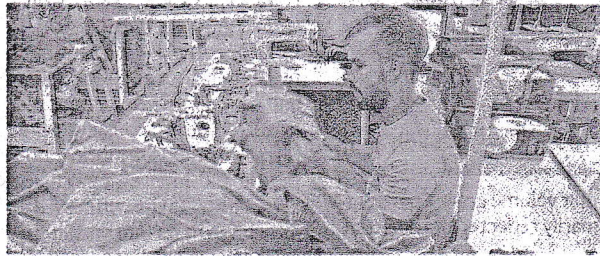
Govt in bind over plea to extend PLI scheme to new sectors

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The demand from industry for expansion of the ₹1.97-lakh crore production linked incentive (PLI) scheme in the Budget to incorporate new sectors and products is growing but the government is in a dilemma whether it should immediately enlarge its scope or focus on successfully completing the schemes in the 14 sectors it is operational in.

"Industry demands are continuously coming in for extension of the PLI scheme to their sectors. Consultations are ongoing. But we cannot announce anything till things are finalised at all levels. The focus is on the successful completion of the scheme in the 14 existing sectors. Let's see how things pan out and if there is some Budget announcement," a senior government official told *businessline*.

The new sectors and products for which industry has been making a pitch in-



RELIEF SOUGHT. Industry wants coverage of toys, jewellery, handicraft, garment and leather sectors

clude labour-intensive sectors such as toys, footwear and leather, electronics components, jewellery, handicraft, garments and shipping containers.

SECTORS IN FOCUS

"To create more employment opportunities, we expect the forthcoming Budget to not only extend the PLI scheme for the existing sectors but also broaden the scope to sectors such as chemicals and services, leather, garments, jewellery and other consumer goods in which India needs to enhance its export share," said Sanjeev Agarwal, PHDCCI President.

Interestingly, despite a token provision made in the interim Budget announced on February 1 for PLI in the toys and leather and footwear sectors, no announcement has been made yet.

In 2021, the Centre had announced PLI schemes for 13 sectors (later extended to one more), with an outlay of ₹1.97-lakh crore, to incentivise local production in strategic areas and encourage exports. The support, under the scheme, based on minimum investments and turnover, is to be provided over five years.

So far, the scheme has proved to be successful only in

a handful of sectors, most significantly in mobile manufacturing, and to some extent in electronics, food processing and pharmaceuticals.

INVESTMENTS

Per latest estimates, the PLI scheme attracted ₹1.5-lakh crore investments (total investment expectation is ₹3-4-lakh crore), and led to production worth ₹8-9-lakh crore, of which ₹3-3.5-lakh crore were exported, the official said. Total disbursement of incentives is just about ₹10,000 crore but in just a handful of sectors.

"There are some sectors such as automobiles, white goods and solar modules that are in the gestation period where we might see some more traction in the coming years. Then there are some others such as textiles and speciality steel, where some tweaking may be needed to make them more attractive to investors," the official said.

With inputs from KR Srivats and Abhishek Law