

Rollout of new PLIs unlikely as govt eyes 'course correction'

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The government has decided to hold off introducing the production-linked incentive (PLI) scheme for additional sectors until it verifies the efficacy of existing initiatives.

Top government officials have received mixed feedback on the scheme, including insights from the Economic Advisory Council to the Prime Minister, people aware of the matter said.

"There are no new PLI schemes in the offing. Top government officials believe that there is a need to wait and watch, since the kind of performance they were expecting from the scheme is yet to happen. Of the 14 schemes, only a handful are performing well," one of the persons told *Business Standard*.

Launched three years ago with an allocation of ₹1.97 trillion, the scheme aimed to boost domestic manufacturing and draw investments.

Substantial progress has been seen only in sectors such as mobile manufacturing, pharmaceutical drugs, bulk drugs, medical devices, and food products, where incentives or subsidy payouts have been the highest.

However, sectors like solar PV modules, steel, textiles, and automobiles haven't shown promising results, with progress slower than anticipated. The Centre is currently



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- Good progress seen in PLI schemes for mobile manufacturing, pharma drugs, bulk drugs, medical devices, and food products
- Sectors like solar PV modules, steel, textiles, and automobiles haven't shown promising results
- There have been proposals for new PLI schemes for toys, bicycles, chemicals and petrochemicals, leather, etc, but no approval yet

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GOVT TWEAKS PLI WHITE GOODS SCHEME NORMS FOR SMOOTH OPS

exploring whether there is a need for any course correction in any of these schemes.

Although several government departments have proposed new PLI schemes, they are yet to get approval from the Cabinet.

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New PLIs unlikely...

For instance, the Department for Promotion of Industry and Internal Trade had finalised two schemes worth over ₹7,000 crore for toys and bicycle components towards the end of the previous financial year. While the Cabinet note was floated months ago, it is yet to get approval.

Similarly, there has been demand for new schemes for shipping containers, chemicals and petrochemicals, leather and some other products. There was also anticipation that at least half a dozen new PLI schemes would be announced by the finance minister in the Union Budget in February, but no new scheme was mentioned. However, if new schemes are announced in the future, there won't be a need for additional fund allocation. The savings from the initial schemes, amounting to ₹11,848 crore, can be utilised.