Only 28% of PLI employment target met by FY26

NITI Aayog calls for sector-specific intervention, shift towards demand-side support

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New Delhi, 12 November

India's production-linked incentive (PLI) schemes have achieved only 28 per cent of their targeted employment generation, even as investment mobilisation has reached 76 per cent of the envisaged target, highlighting the uneven translation of the government's manufacturing push into job creation, according to a first-of-its-kind assessment of the flagship schemes by NITI Aayog.

According to the Aayog, these figures reflect the aggregate implementation period of the PLI schemes so far, which accounts for more than half of their combined duration.

The 14 PLI schemes have completed 58 per cent of their aggregate implementation period, with 578 months elapsed against a total duration of 996 months. Launched between 2020 and 2021, the schemes have tenures ranging from three to 10 years.

The 14 schemes have generated 849,069 jobs by 2025-26 (FY26), against a target of 3 million. They have mobilised around ₹2.4 trillion against the investment target of ₹3.15 trillion and achieved production worth around ₹22.66 trillion, or 64 per cent of the ₹35.38 trillion target, by FY26.

"A substantial 42 per cent of the aggregate implementation period is remaining. The portfolio therefore represents a mix of schemes at different stages of maturity, with some having progressed substantially and others still moving through the investment and gestation phase," the think tank said.

The report, titled *Impact Assessment of PLI Schemes*, released on Thursday, called for refining the design of the schemes. "While the PLI scheme has shown encouraging early results, the focus now must shift from assessing its initial success to strengthening its long-term effectiveness. The way ahead lies not merely in continuing the scheme but in refining its design so that it can deliver deeper and more sustained industrial transformation," it said.

Annual employment performance has not been uniform. Employment generation stood at 86 per cent of the target up to 2022-23, around 85 per cent in 2023-24 and 156 per cent in 2024-25, before falling to 31 per cent of the annual target in 2025-26.

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PLI appraisal

Top sectors by disbursement

	Disbursement in ₹ cr	Disbursement in %*	Cumulative employment (No.)
Large-scale electronics manufacturing	19,091	55.83	169,249
Pharmaceuticals drugs	6,659	44.39	114,880
Telecom & networking products	2,756	22.59	33,610
Food products	2,714	24.89	329,200

Note: All figures until Mar '26; *Share of sectoral outlay

Source: NITI Aayog

portive of long-term investment," he said.

"Any change in one segment can have wider implications for investor behaviour, capital flows and the relative attractiveness of different asset classes. These considerations must also be weighed against fiscal imperatives. The challenge is therefore not merely to lower the tax burden, but to design a coherent, predictable and globally competitive tax regime that encourages investment and supports capital market development," Desai added.

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"The divergence between cumulative employment and investment and production is important for interpreting the overall performance of the schemes," the report said.

According to the think tank, this divergence must be understood in the context of the gestation period of manufacturing investments. "Investment generally takes place before facilities become fully operational; production then ramps up as capacity is commissioned and utilisation increases, while employment can evolve further as operations reach commercial scale," the report said.

The report said PLI schemes in four sectors have been "on track" so far, based on an assessment of investment, production, exports and employment. These are large-scale electronics manufacturing, pharmaceutical drugs, telecommunications and networking products, and food products.

The Aayog's assessment found that the impact of the bulk drugs PLI scheme on exports, the medical devices scheme on employment, and the Electronics/Technology Products (IT Hardware 2.0) scheme on investments had been weak or partial.

"Overall, the scheme has been successful. We never expected that everyone would perform across all indicators, but 70 per cent of players and indicators are on track," said Ishtiyaque Ahmed, programme director at the think tank.

Aayog Chief Executive Officer and former Department for Promotion of Industry and Internal Trade secretary Anurag Jain said schemes requiring changes would be reviewed in coordination with the concerned line ministries to address the issues.

The schemes are now sufficiently advanced for emerging outcomes to be assessed but not mature enough to be judged solely against their ultimate full-tenure targets, the Aayog said.

While some sectors have responded strongly, with visible increases in investment, production, employment and exports, others have made relatively modest progress. This variation is often linked to differences in technology adoption, gestation periods, global competition and capital requirements.

"A sector-specific understanding of these constraints is necessary so that policy design can move beyond a uniform approach and become more strategically targeted," the report said.

The next generation of PLI schemes will also take demand-pull measures into account, the report said.

"The scheme in its current form is largely supply-driven. It encourages firms to increase production and build capacity through financial incentives linked to output. While this supply-push approach is important, long-term sustainability also requires strong demand-side support," it said.

This could include stronger domestic procurement frameworks, export market development, strategic government purchasing and policies that stimulate consumption of domestically produced high-value goods.

Moreover, in many sectors, investment responds first, while the full effects on production, employment and exports emerge only after a significant lag, the report said. This is particularly true of sectors involving advanced technologies and long gestation periods.

Therefore, policy evaluation must remain patient and realistic, avoiding premature judgements while continuing institutional support where necessary, it said.

Payments journey is beginning to take off: Meta's Srinivas

With Meta launching Muse, how do you see agentic AI and agentic commerce playing out for the firm in India?

■ Muse is already live. It was launched in the US and Canada, and became the number one downloaded app. We recently launched it in Japan and Singapore, less than a couple of weeks ago. In Singapore, it has been available for about a week now, and is already the number one app. Obviously, there is a lot of excitement internally, and we are all waiting for it to be launched in India. I am sure we will share more details as we get closer to the launch.

As far as our apps and how they work together as an ecosystem are concerned, we are very consumer-centric in what we do. We do not want to keep these as separate experiences. Today, for example, I can discover something on Instagram, let's say mithai, click through to WhatsApp, place an order, and make a purchase. I am pretty sure that with AI, and eventually agentic AI leading to payments, we will find ways to create more integrated experiences.

Third-party AI bots are already handling orders and payments on WhatsApp, creating friction for commerce platforms. How does Meta view these tools in its ecosystem, and will they clash with Muse?

■ Whatever we do with our strategy and our agent, let's call it Muse for the moment, it has to play a stellar role in terms of product promise and product delivery—what it can actually do for you and me.

It is difficult for me to comment on other product experiences or how each one will perform. Ultimately, consumers are going to vote with their fingers, as we say.

We need to make sure that we deliver on our product promise. That is really our intent—delivering personal superintelligence to every single person on this planet, which is Meta's vision.

In markets where Muse has already been launched, what has been the feedback?

■ In markets where we have launched, we are seeing several leading retail chains and service providers coming on board. For instance, companies such as Walmart and Uber have signed up in the US. You can actually book a cab without having to go to another app.

Our endeavour will be to bring similar experiences to India when we launch here. As I said, the idea is to put personal intelligence at everyone's fingertips. It could be something as simple as ordering food or coffee, or even planning an itinerary. Going forward, through connectors, agents could also book tickets for you. For example, if you are planning a trip across multiple cities, the agent could help arrange flights, trains, buses, and hotel accommodation.

It can play a pivotal role in how we manage our every-