

PLI 'course correction' likely in some sectors

Progress sluggish in six of 14 sectors and are yet to receive incentives

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The Centre will weigh in on the move to 'course correct' as regards production-linked incentive (PLI) schemes in sectors that have seen little progress, government officials said on Tuesday. The government will take a call by the end of 2023-24 (FY24), helping lift the haze on it.

According to data collated by the Department for Promotion of Industry and Internal Trade (DPIIT), incentives have been given to PLI beneficiaries in eight of the 14 sectors — mobile manufacturing, information technology (IT) hardware, pharmaceutical drug, bulk drug, medical device, telecommunications, food product, and drone.

Progress has been sluggish for the remaining six sectors — steel, textile, battery, white goods, solar photovoltaic, and automotive — and are yet to receive incentives. A detailed analysis is being conducted by relevant ministries.

DPIIT Secretary Rajesh Kumar Singh ruled out a course correction for sectors doing well.

"The ministries concerned will have to look at course correction in cases where disbursements are low. Relaxation will be needed in case firms are not able to meet the threshold. Individual schemes may need some course correction," Singh told reporters at a media briefing.

"Apart from the recently revamped

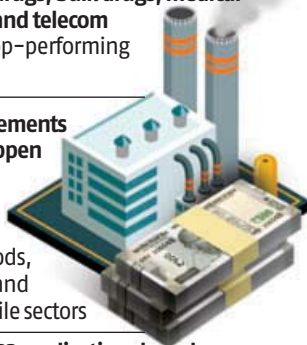
PRODUCTION BOOST

₹2,874 crore
disbursed in FY23 for 8 sectors

► **Mobile manufacturing, IT hardware, pharma drugs, bulk drugs, medical devices, and telecom** among top-performing sectors

► **Disbursements yet to happen** in steel, textile, battery, white goods, solar PV, and automobile sectors

► **So far, 733 applications have been approved** in 14 sectors with expected investment of ₹3.65 trillion



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PLI scheme for IT hardware, observation in areas where disbursements have not taken off will be needed," he added.

Towards this, there will also be a review meeting of the PLI scheme with stakeholders on June 27. Government officials said the review would focus on six sectors where the scheme is in a state of torpor. This would help in better utilisation of fund allocation over the next two to three years.

PLI for mobile production led to 20% value addition: Govt

The production-linked incentive (PLI) scheme for smartphone manufacturing has resulted in local value addition of 20 per cent within a span of two-three years, Rajesh Kumar Singh, secretary in the Department for Promotion of Industry and Internal Trade, said on Tuesday.

"Vietnam achieved 18 per cent value addition in over 15 years, and China achieved 49 per cent value addition in 25 years...It is a big achievement," Singh told reporters. An official statement said the PLI scheme for smartphone manufacturing, along with the Phased Manufacturing Programme, had led to increased value addition in the electronics sector at 23 per cent.

Of the \$101 billion electronics production in FY23, smartphones constituted \$44 billion.

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PLI...

On Monday, *Business Standard* reported that the government would hold a first-of-its-kind review and seek feedback to resolve teething issues that beneficiaries of the PLI scheme are plagued with. The meeting will be chaired by Commerce and Industry Minister Piyush Goyal. It will have participants from all the 14 ministries involved in rolling out the PLI scheme that aims at making India a manufacturing powerhouse. In 2022-23, claims under PLI were ₹3,420 crore, of which the government paid ₹2,874 crore to beneficiaries in the eight sectors: 1.4 per cent of the ₹1.97 trillion allocated for five years towards the scheme has been paid by the government as incentives.

“To utilise ₹1.97 trillion, the next two years — the current fiscal year (FY24) and the next (2024-25) — will be crucial.

Eight sectors have received disbursements. For the remaining six, we are hopeful. Some incentives were supposed to happen in the second or third year after implementation,” said DPIIT Additional Secretary Rajeev Singh Thakur.

Besides the existing 14 schemes, there has been a clamour for more PLI schemes for sectors like toy, footwear, and new-age motorcycle. The proposal is at a fairly advanced stage.

Government officials, however, clarified that they should be able to accommodate three new sectors under PLI within the current allocation of ₹1.97 trillion.

Adani...

Meanwhile, some of the lenders have gone to their respective international credit teams for approval for the arrangement, the people added. Barclays, Deutsche, MUFG and Standard Chartered