

# PLI incentive outgo could be less than ₹40,000 cr by FY25

Govt estimates indicate not all 14 schemes may have fully taken off

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The total incentive outgo under the ambitious production-linked incentive (PLI) scheme is estimated to be less than ₹40,000 crore by the fiscal year 2024-25 (FY25), when it completes the fourth year of implementation, according to the government's internal estimates.

This means only a fourth of the allocated ₹1.97 trillion is expected to be utilised by the end of FY24, indicating that not all the 14 PLI schemes would have taken off fully.

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AJAY MOHANTY

## FALLING BEHIND

Total incentive outgo allocation

₹1.97 trn

(in ₹ cr)

2,874

13,000

23,000

Incentive payout in FY23

Expected incentive payout in FY24

Estimated incentive payout in FY25

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### PLI...

While three of the 14 schemes — large-scale electronics manufacturing, bulk drugs, and medical devices — were introduced in 2020, the remaining were launched the following year. From FY23, companies started claiming incentives that are based on incremental sales of goods manufactured in India.

In FY23, the Centre had paid incentives worth ₹2,874 crore to the PLI beneficiaries across eight sectors — mobile manufacturing, IT hardware, pharmaceutical drugs, bulk drugs, medical devices telecom, food products, and drones.

In FY24, the third year of the scheme's implementation, the outgo is expected to touch ₹13,000 crore. For FY25, the incentive payout is estimated to hover around ₹23,000-24,000 crore, people aware of the matter told Business Standard.

Government officials had earlier said the next two fiscal years — FY24 and FY25 — would be crucial to utilising ₹1.97 trillion, as they will determine how the scheme is progressing.

The scheme is one of the top priorities of the government since it aims to increase domestic manufacturing, create jobs, curb cheap imports, and boost exports.

The remaining five sectors — steel, textile, battery, solar PV, and automobile — are seeing slow progress, as incentive disbursements are yet to begin.

Individual ministries are analysing the situation in detail. Last month, Commerce and Industry Minister Piyush Goyal met key stakeholders, including officials from ministries and government departments, to sort out the teething issues being faced by PLI beneficiaries. The Centre has also started re-initiating talks with companies that have been shortlisted under the PLI scheme to come up with a prompt resolution. The Department for Promotion of Industry and Internal Trade has been asked to nudge ministries to hold consultations with the PLI beneficiaries.

### Credit card...

Amid backlash from various sections of the population, the government on May 19 decided to exempt foreign card payments up to ₹7 lakh a year from tax collected at source. These amendments were earlier scheduled to take effect on July 1 this year.

Bankers are still apprehensive about the new regime, as they feel it will impose a compliance burden on them.

Industry experts say that tracking overseas credit card spends and other remittances on a real-time basis is a challenge. Besides, the nature of credit cards is such that they could have cases of default, and it would be cumbersome to decide on tax liability.

There are codes with banks that could help identify the purpose of a transaction, but this could be possible only if taxpayers make correct declarations.

Tax collected at source