

Just 15% applicants meet DVA target for PLI-Auto

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Only 12 of 82 approved applicants, or nearly 15 per cent, under the production-linked incentive scheme for the automobile and auto component industry (PLI-Auto) have achieved the mandated 50 per cent domestic value addition (DVA) target, according to data from the Ministry of Heavy Industries (MHI) as of December 20, 2024.

Among the achievers are six champion original equipment manufacturers (OEMs) and six component champions. The champion OEMs include Tata Motors, Mahindra & Mahindra, Ola Electric Technologies, Eicher Motors, TVS Motor Company, and Bajaj Auto.

On the component side, companies such as Sona BLW Precision Forgings, Bosch Automotive Electronics India, Delphi-TVS Technologies, Toyota Kirloskar Auto Parts, Dana TM4 India, and Tata AutoComp Systems have hit the milestone.

The PLI-Auto scheme mandates a minimum of 50 per cent DVA for eligibility. To achieve this, the government is following a phased manufacturing programme, a framework similar to the second phase of the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME-II) scheme. However, the slow pace of compliance highlights the challenges faced by companies in meeting the stringent DVA requirements, despite the scheme's incentives.

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The 12 companies that have achieved 50% domestic value addition target under the PLI-Auto scheme

Champion OEMs:

1. Tata Motors
2. Mahindra & Mahindra
3. Ola Electric Technologies
4. Eicher Motors
5. TVS Motor
6. Bajaj Auto

Component makers:

1. Sona BLW Precision Forgings
2. Bosch Automotive Electronics India
3. Delphi-TVS Technologies
4. Toyota Kirloskar Auto Parts
5. Dana TM4 India
6. Tata AutoComp Systems

PLI-Auto: 11 firms have not made any investment

Launched in 2021 with a budgetary outlay of ₹25,938 crore over five years, the PLI-Auto scheme aims to advance the manufacturing of zero-emission vehicles, including battery electric vehicles (EVs) and hydrogen fuel cell EVs.

Incentives are applicable from 2022-23 to 2026-27, with disbursements set for 2023-24 to 2027-28.

The scheme seeks to promote the deep localisation of advanced automotive technology products and foster a robust domestic and global supply chain network.

Of the 82 applicants under the PLI-Auto scheme, a dozen companies—11 component champions and one champion OEM—have not made any investment during the first two years of the scheme.

According to the scheme guidelines, applicants failing to make any investment within the initial two years risk removal from the scheme, and their bank guarantees may be invoked.

Under the champion OEM Incentive scheme, MHI has approved 20 applicants and their 12 subsidiaries, categorised into three segments.

The first includes champion OEMs such as Ashok Leyland, Tata Motors, and Hyundai Motor India, while the second focuses on two- and three-wheeler manufacturers like Bajaj Auto, Hero MotoCorp, and TVS Motor Company.

The third segment comprises new non-automotive investors like Ola Electric Technologies, Elest, and Axis Clean Mobility.

The component champion incentive scheme has also seen the inclusion of 75 companies, ranging from established giants like Maruti Suzuki India, Bosch Automotive Electronics India, and Hero MotoCorp to specialised firms like Cummins Technologies India and Lucas TVS. New entrants include Bharat Heavy Electricals and Ceat.