Auto PLI favours large OEMs, Ather tells PMO

Flags risks of market monopolisation and creation of systemic vulnerability in EV sector

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Ather Energy has told the Prime Minister's Office (PMO) that the current design and implementation of the production-linked incentive (PLI) scheme for the automobile sector has disproportionately benefited large, incumbent automakers and created bottlenecks for startups.

According to Ather, the current scheme also has high eligibility thresholds and rigid requirements.

The electric two-wheeler maker, which is not a beneficiary under the scheme but now wants to participate, sent its representation to the PMO earlier this month via industry group Startup Policy Forum.

Business Standard has reviewed the document.

In its representation, Ather stated: "Trends indicate that incentives under the PLI scheme have largely flowed to big players like Tata Motors, Mahindra & Mahindra, Bajaj Auto, Hyundai, Hero MotoCorp and TVS Motor... Startups and new-age companies, despite their role in indigenous R&D, remain sidelined, dependent on larger firms as Tier-II or III suppliers. This not only risks market monopolisation and weakens domestic value-chain diversity but can also create systemic vulnerability within the electric vehicle (EV) sector."

The PLI framework, Ather said, has the national ambition to boost local manufacturing, reduce import dependence, and solidify India as a global hub for EVs and allied technologies.

"However, the scheme's high eligibility thresholds, rigid requirements, and incentive structures have concentrated benefits among large corporations. Despite the intent to foster innovation, actual PLI benefits have accrued almost exclusively to established players, indicating a pronounced bottleneck for startups and new-age deep-tech companies. It risks undermining the goal of fostering indigenous innovation, diversified supply chains, and a globally competitive EV ecosystem," it added.

None of the companies, as well as the PMO, responded to queries sent by *Business Standard*.

An industry source, however, claimed Hyundai has not availed any incentives under the PLI scheme so far.

Ather has asked the PMO to introduce a "multi-window" framework under the auto PLI scheme, allowing applications to be opened in multiple rounds instead of being restricted to a single window that closed in March 2021.

It said the auto PLI scheme should follow the model of the Advanced Chemistry Cell (ACC) PLI scheme, where capacity lost due to non-performance is reallocated through fresh bidding. This mechanism does not currently exist under auto PLI.

The PLI scheme for the automobile and auto components sector was approved by the Union Cabinet on September 15, 2021, with a total outlay of ₹25,938 crore to run over five years.

Under the scheme, 115 companies applied and 82 have been approved — including original equipment makers (OEMs) or vehicle makers as well as auto component makers.

Under the scheme, an OEM must sell at least ₹125 crore worth of eligible vehicles in the first year to qualify for incentives.

They must increase these sales by at least 10 per cent each year to continue receiving them.

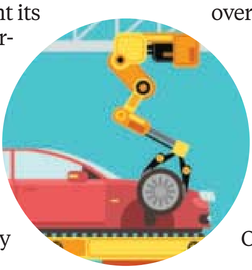
"In practice, many entities are unable to consistently maintain the required sales performance year-on-year. This inadvertently creates a situation where such entities retain scheme eligibility despite not meeting annual criteria, thereby limiting efficient use of scarce incentive resources," Ather stated.

Ather asked the PMO to ensure disqualification of entities that fail to meet prescribed annual sales thresholds, which would create opportunities for players with sustained sales.

Ather said that ensuring "stricter adherence" would give more deserving companies — including startups and new-age deep-tech firms — a chance to qualify and contribute to the scheme.

Ather stated: "As of December 2024, only 12 out of 82 approved applicants (less than 15 per cent) met the mandated 50 per cent domestic value addition (DVA) target — including six OEMs and six component makers. Another 12 entities (one OEM and 11 component makers) also failed to meet the initial two-year investment requirement."

Under the scheme, the "DVA target mandates that companies source at least 50 per cent of a product's value from India to qualify for PLI incentives.



What Ather says

- Urges disqualification of firms failing annual sales targets, freeing incentives for others
- Objects to high revenue and asset thresholds, excluding asset-light EV startups
- Proposes tiered eligibility and innovation-linked incentives beyond pure sales metrics

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