

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
LOK SABHA
STARRED QUESTION NO. 223
ANSWERED ON 14.12.2021

PLI SCHEME FOR AUTOMOBILE SECTOR

***223. SHRI VISHNU DAYAL RAM:
SHRI N. REDDEPPA:**

Will the Minister of HEAVY INDUSTRIES **भारी उद्योग मंत्री** be pleased to state:

- (a) whether the Government has recently introduced Production Linked Incentive (PLI) Scheme to encourage advanced automotive technologies in all sectors;
- (b) if so, the details thereof along with its salient features;
- (c) the objectives behind introduction of PLI scheme for automobile sector in the country and whether the scheme aligns itself with the goal of Aatmanirbhar Bharat;
- (d) the details of the eligible applicants under the scheme and process for application approval;
- (e) the details of investment received till date under PLI scheme;
- (f) whether the scheme is expected to boost production and adoption of electric vehicles in the country including Jharkhand and if so, the details thereof; and
- (g) whether the Government has an estimate of India's competitiveness at the global level in the automobile sector and if so, the details thereof?

ANSWER

**THE MINISTER OF STATE FOR HEAVY INDUSTRIES
(SHRI KRISHAN PAL GURJAR)**

(a) to (g): A statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (G) OF LOK SABHA STARRED QUESTION NO. 223 FOR 14.12.2021 ASKED BY SHRI VISHNU DAYAL RAM AND SHRI N. REDDEPPA REGARDING “PLI SCHEME FOR AUTOMOBILE SECTOR”.

(a) & (b): Yes Sir, Government has approved Production Linked Incentive (PLI) scheme on 15th September, 2021 to encourage manufacturing of Advanced Automotive Technology (AAT) Products for Auto sector in India. The salient features of this scheme are as under:

- i) Budget outlay for this scheme is Rs. 25,938 crores
- ii) Tenure of this scheme is 5 years
- iii) Incentive under the scheme will be applicable starting from F.Y. 2022-23 which will be disbursed in following F.Y. 2023-24 & so on for a total of five consecutive financial years.
- iv) This scheme has two parts:
 - 1) Champion OEM incentive scheme
 - 2) Component Champion incentive scheme
- v) Both domestic as well export sales are eligible
- vi) Advanced Automotive Technology (AAT) Products with minimum 50% domestic value addition will be eligible for incentive under this scheme
- vii) It is estimated that this scheme will attract large investment worth Rs. 42,500 crores over five-year period
- viii) This scheme will help in generating additional employment of more than 7.5 lakh during its tenure.

(c): The objectives behind introduction of PLI scheme for auto sector in the country is to boost domestic manufacturing of AAT products & attract investments in automotive manufacturing value chain. Its prime objectives include overcoming cost disabilities, creating economies of scale and building up a robust supply chain in areas of AAT products. The scheme will facilitate Indian Automobile Industry to move up the value chain into higher value added products. This scheme is aligned with the goal of Aatmanirbhar Bharat by encouraging investment in setting up of manufacturing facilities for AAT products in India & incentivizing AAT products with minimum 50% domestic value addition under this PLI scheme.

(d): Auto OEMs, Auto component Manufacturers & New non-automotive investors having Automobile and Auto component manufacturing facility in India and meeting eligibility criteria (attached in annexure) are eligible applicants under this scheme.

Online portal with the URL; <https://pliauto.in> has been developed for administering this scheme including submission of online application. Scrutiny & Appraisal for all online applications will be done by Project Management Agency (PMA). Based on fulfillment of basic eligibility criteria, approval for applicants will be granted by Ministry of Heavy Industries.

(e): At present, window for receiving online application through the Notice Inviting Application is opened till 9th January 2022 and scheme is applicable for F.Y. 2022-23, hence the detail of investments received under this scheme is not available.

(f): Yes, the scheme is focused to boost production of Electric Vehicles in India including Jharkhand. It is estimated that this scheme will help in incremental production of Rs. 2,31,500 crore including electric vehicles.

(g): Yes sir, the Government has an estimate of India's competitiveness at the global level in automobile sector.

India's ranking in the world market in terms of Unit Production is mentioned below:

- 2 wheelers, 3 wheelers and Tractors - # 1
- Passenger vehicle - # 5
- Commercial vehicles - # 5

Indian Automotive industry has succeeded in **mass market lower value low technology products**. In value terms, Indian Automotive Industry is **ranked #11** in the world as we focus on mass market low technology products.

ANNEXURE

Basic Eligibility Criteria:

(a) For company or its Group company(ies) with existing presence in India or globally in the Automotive vehicle and components manufacturing business:

Eligibility Criteria	Auto OEM	Auto-Component
Global group* Revenue (from automotive and/or auto component manufacturing)	Minimum ₹ 10,000 crore.	Minimum ₹ 500 crore.
Investment	Global Investment of Company or its Group* Company (ies) in fixed assets (gross block) of ₹ 3,000 crore.	Global Investment of Company or its Group* Company (ies) in fixed assets (gross block) of ₹150 crore.

*Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:

Exercise twenty-six percent or more of voting rights in the other enterprise;

Or

Appoint more than fifty percent of members of Board of Directors in the other enterprise. (As defined in the FDI Policy Circular of 2020)

Note: i. Above Eligibility criteria to be met based on audited financial statements for year ending March 31, 2021.

ii. An applicant company or its Group company(ies) must satisfy the entire eligibility criteria to be eligible under the scheme.

(b) For new non-automotive investor company or its Group company(ies) that may want to participate in this scheme:

(c)

Eligibility Criteria	New Non-Automotive investor company or its Group company(ies)(who are currently not in automobile or auto component manufacturing business)
Global net worth	₹ 1000 crore based on audited financial statements for year ending March 31, 2021.
Committed investment in India over five year period	As per Minimum New Domestic Investment Conditions mentioned in para – (c) below.

Note:

- i. Non-Automotive company or its Group company(ies) can qualify for this scheme provided they present a clear business plan to invest in India and generate revenues from Advanced Automotive Technology vehicles or Advanced Automotive Technology components manufacturing.
- ii. The applicant new Non-Automotive Investor company or its Group company(ies) will be eligible to claim incentive subject to meeting cumulative minimum new domestic investment to be achieved for a particular year. The applicant will also have to meet the % Year on Year growth criteria from the minimum threshold fixed from the first year.
- iii. New Non-Automotive Investor company or its Group company(ies) will be defined as those who have no revenue from manufacturing of Automobile or auto- components as on 31st March 2021.
- iv. An applicant new Non-Automotive Investor company or its Group company(ies) must satisfy the entire eligibility criteria.

(c) Minimum New Domestic Investment Conditions:

Cumulative New Domestic Investment Condition of Performance (₹Crore)

Cumulative new domestic investment to be achieved	Champion OEM (Except 2W & 3W)	Champion OEM 2W & 3W	Component Champion	New Non-Automotive investor(OEM) company or its Group company(ies)	New Non-Automotive investor (Component) company or its Group company(ies)
Upto or before March 31, 2023	300	150	40	300	80
Upto or before March 31, 2024	800	400	100	800	200
Upto or before March 31, 2025	1400	700	175	1400	350
Upto or before March 31, 2026	1750	875	220	1750	440
Upto or before March 31, 2027	2000	1000	250	2000	500

Note :

- i. New investments should be made from the same legal entity as the one applying for the incentive.
- ii. Cumulative new domestic investment made starting 1st April 2021 shall be considered under this condition.
- iii. The approved Company is required to meet the cumulative investment condition for each year.
- iv. In the event, any approved company meets the investment condition few years before the end of the scheme; it will be eligible for incentives throughout the tenure of the scheme subject to meeting other conditions of the scheme.
- v. In case the approved company fails to meet the cumulative domestic investment condition in any given year, it will not receive any incentive for that year even if the threshold for Determined sales value is achieved. However, it will still be eligible to receive the benefits under the scheme in the following years if it meets the cumulative domestic investment condition defined for that year.

(d): Preference will be given to eligible company or its Group company(ies) committing to front load their investment during the scheme period. Proposed investment commitment will be evaluated by calculating the Net Present Value (NPV) of the investment using the bank rate as the discounting factor.
