

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE AND INDUSTRY  
DEPARTMENT OF COMMERCE  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 4012**  
**ANSWERED ON 17/03/2026**

WTO DISPUTE INITIATED BY CHINA AGAINST PLI SCHEME

4012. SHRI SASIKANTH SENTHIL:

Will the Minister of **COMMERCE AND INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether it is a fact that China has initiated dispute settlement proceedings against India at World Trade Organisation (WTO) challenging certain aspects of India's Production Linked Incentive (PLI) schemes, if so, the details thereof;
- (b) the specific PLI Schemes run by different Ministries and provisions of the specific PLI schemes that have been contested and WTO agreements under which challenge has been filed;
- (c) whether Government has conducted a legal and economic assessment of the potential implications of an adverse WTO ruling on firms that have made investments under PLI scheme, if so, the details thereof;
- (d) the manner in which the Government compensate the firms that have already made investments and have met the production requirements of PLI scheme, if the Government loses WTO dispute;
- (e) the total incentives disbursed under various PLI schemes to date and the sectors that may be directly affected by the dispute; and
- (f) whether the Government has initiated consultations with affected industries, in States such as Tamil Nadu, to safeguard investments and employment, if so, the details thereof?

**ANSWER**

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री जितिन प्रसाद)  
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY  
(SHRI JITIN PRASADA)

(a) to (f) China has initiated two disputes, DS642 and DS644, at the World Trade Organisation (WTO) challenging certain aspects of India's Production Linked Incentive (PLI) schemes. In DS642, China has challenged two PLI schemes viz. PLI Scheme National Programme on Advanced Chemistry Cell (ACC) Battery Storage and PLI Scheme for the Automobile and Auto Component Industry, both administered by the Ministry of Heavy Industries. In DS644, China has challenged the PLI Scheme: National Programme on High Efficiency Solar PV Modules administered by the Ministry of New and Renewable Energy.

China has challenged Domestic Value Addition (DVA) or Local Value Addition (LVA) requirements under the PLI Schemes allegedly to be inconsistent with India's obligations under Articles 3.1 (b) & 3.2 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement); Article III:4 of the General Agreement on Tariffs and Trade (GATT) 1994, and Article 2.1 of the Agreement on Trade-Related Investment Measures (TRIMs).

India has contested the claims of China and has maintained that the measures under the PLI schemes are fully consistent with India's rights and obligations under the WTO Agreements. The Government closely monitors WTO disputes and undertakes necessary legal and economic assessments regarding their implications. The matter is sub judice under the WTO dispute settlement process.

As on 12 March 2026, Rupees 2,386.36 crores have been disbursed under the PLI Scheme for the Automobile and Auto Component Industry. No incentives have been disbursed under the other two PLI schemes.

The Government holds consultations with industry stakeholders from time to time to understand their concerns and safeguard their interests.

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