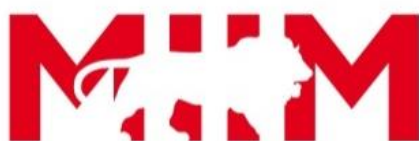
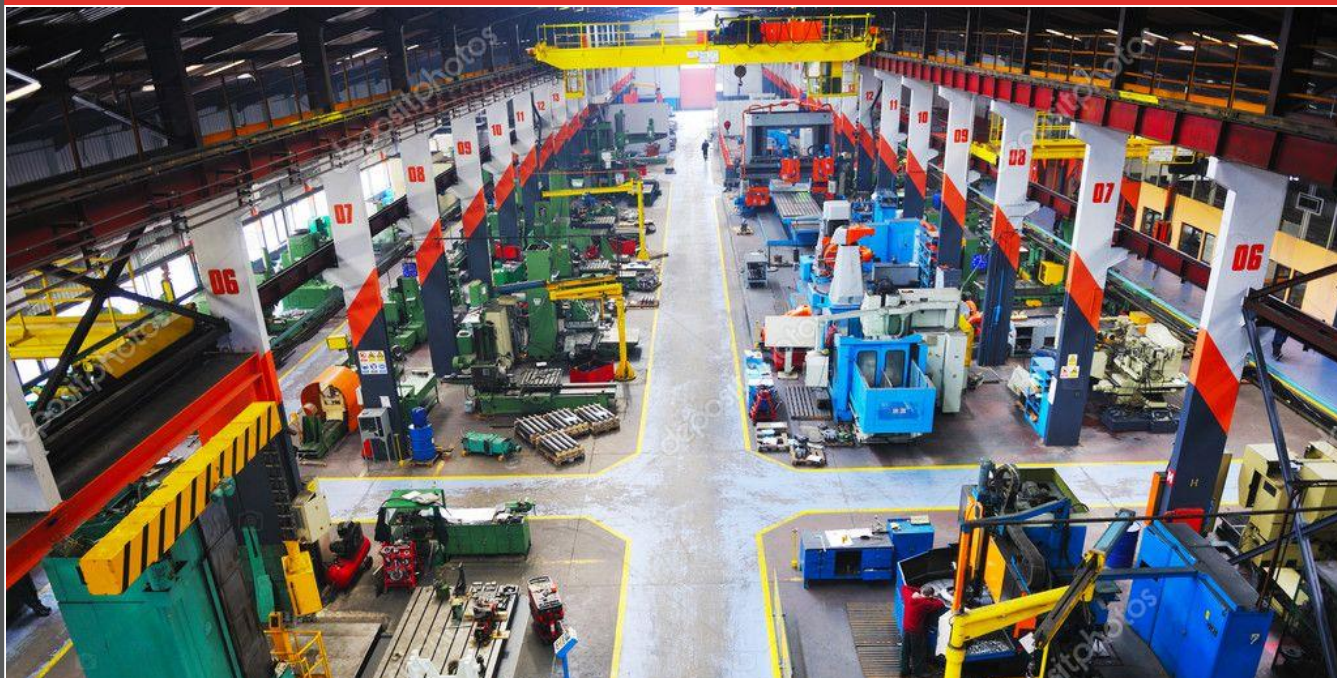


JUNE 2021

# MIIM REPORT – UPDATE ON PRODUCTION LINKED INCENTIVES SCHEMES



MAKE IN INDIA MITTELSTAND!

## Make in India Business Support Programme for German Mittelstand and Family Owned Enterprises

### INSIDE

- OVERVIEW – PLI SCHEMES
- SECTOR-WISE UPDATE ON PLI SCHEMES
- ABOUT MIIM AND UPCOMING EVENTS



Embassy of India  
Berlin

# 1. OVERVIEW – PRODUCTION LINKED INCENTIVES

COVID-19 is having an unprecedented impact on the economy, disrupting various sectors and business units. To help the economy recover, strengthen supply chains across industries, and promote domestic production, the government has announced production linked incentives schemes for 13 strategic sectors with an outlay of 23 bn EUR. It will aim to develop local manufacturing capabilities for import dependent products and become an exporter of the same products in future.

The first 3 PLI Schemes were approved earlier in March, 2020 and these were followed by another 10 New PLI Schemes in November, 2020. Out of these 13 schemes/ sector, 10 schemes/ sector have been notified, while 3 are under progress (Automotive, Textile, Steel) and are expected to be finalised soon.

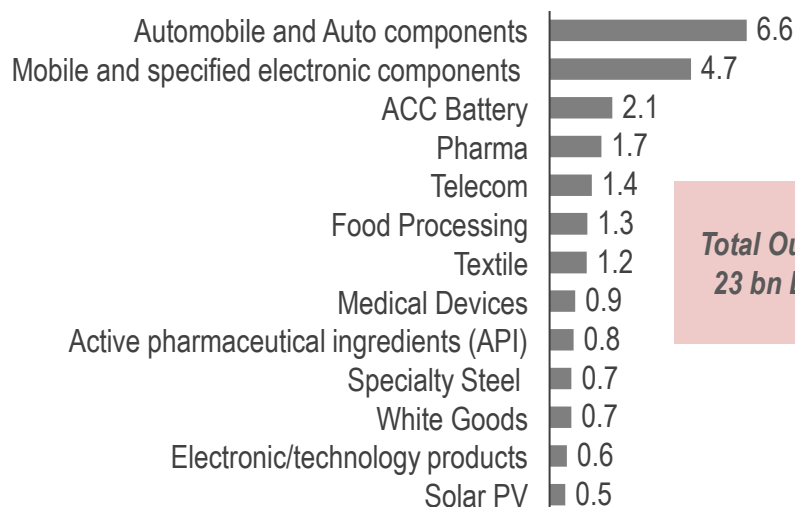
## DEFINING PRODUCTION LINKED INCENTIVES

- First introduced in April 2020 in India, the PLI scheme **provides financial incentives to eligible manufacturing companies** based on **production/ sales value subsequent to base year for segments/ products defined** in the policy document.
- The **incentives per company are calculated on the basis of production/ sales/ investments** and are **subject to ceilings**; provided for a **defined period** subsequent to the base year.

### SCHEME OBJECTIVE

- To **make India a global manufacturing destination** by attracting investments from foreign and domestic companies in strategic target segments
- Enhance domestic manufacturing capabilities to achieve size and scale, improve quality and boost exports to **make India part of global supply chain**

### SCHEME OUTLAY (FIGURES IN BN EUR)



## INDUSTRY SEGMENT – DERIVING MAXIMUM SCHEME BENEFIT

### Global Comparative Advantage Industries

- Develop industries with global comparative advantage and export potential into global champions
- E.g. Steel, automobiles and components, pharmaceuticals

### Import Dependent Industries

- Develop local manufacturing competence and reduce import dependence
- E.g. Electronic system, semiconductor fab, medical devices

### Sunrise Industries

- Develop local ecosystem for future-focused industries with niche technology and large economic opportunities
- E.g. Advanced battery cells, high efficiency solar PV module

## 2. SECTOR WISE OVERVIEW OF PLI SCHEMES (SCHEMES RELEASED)

### ADVANCED CHEMISTRY CELL BATTERY



PLI scheme Total outlay **2.1 bn EUR** over 5 years

**Relevant Ministry/ Department:**  
Department of Heavy Industry,  
Ministry of Heavy Industries &  
Public Enterprises, Government  
of India

#### Background/ Rationale

- Initiative by GOI to attract global investments for setting-up of ‘Gigafactories’ in India for ACC battery manufacturing with target of 50 Giga Watt hours capacity
- Additionally, 5GWh of cumulative capacity would be offered to “Niche” ACC technologies of higher performance with a minimum threshold capacity of 500 MWh
- ACC batteries have far reaching applications in electric vehicles, renewable energy storage, electronics, telecom and to ensure overall energy security. India is in early stages of ACC manufacturing and has immense potential in the sector
- Inline with policy initiation, NITI Aayog published draft model bid under National Programme on Advance Chemistry Cell (ACC) Battery Storage inviting investors

#### PLI Scheme Highlights

- Facility to have min capacity of 5 GWh via Public Private Partnership model
- Incur the mandatory investment 25 mio EUR/GWh within 2 Years.
- Must have value-addition of min 25% at the mother unit level and min 60% overall PLI is offered on volume of cells sold subject to ceiling of 22.57 EUR per KWh with disbursement commencing product sale and phased-out over a 10 year window

Please refer detailed policy document at below link

<https://dhi.nic.in/writereaddata/UploadFile/ACC%20Scheme%20Notification%209June21.pdf>

### MOBILE AND SPECIFIED ELECTRONIC COMPONENTS



PLI scheme Total outlay **4.7 bn EUR** over 5 years

**Relevant Ministry/ Department:**  
Ministry of Electronics and  
Information Technology,  
Government of India

#### Background/ Rationale

- India’s National Policy on Electronics (NPE 2019) targets to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by enhancing domestic manufacturing capabilities of core electronic devices and components

#### PLI Scheme Highlights

- 3 product categories: Mobiles >169.31 EUR invoice value (for international and domestic companies), Mobiles (Domestic companies) and Electronic components
- Project Eligibility: Applicable for new and existing projects with cumulative investment target over 4 years of: 113 mio EUR for mobiles > 169.31 EUR invoice value, 0.0226 bln INR for domestic companies and 11.3 mio EUR for electronic components
- Incentive: PLI of 4-6% per year of incremental sale value on 2 criteria:
- Applicant minimum global revenue of 1.15 bln EUR (100 bln INR) for eligibility to manufacture mobiles > 169.31 EUR value
- For domestic companies, eligibility criteria of min revenue of 11.5 mio EUR (1 bln INR) in base year
- For electronic components, min revenue of 5.7 mio EUR (0.5 bln INR) in base year

Please refer detailed policy document at below link

[https://www.meiti.gov.in/writereaddata/files/production\\_linked\\_incentive\\_scheme.pdf](https://www.meiti.gov.in/writereaddata/files/production_linked_incentive_scheme.pdf)

## 2. SECTOR WISE OVERVIEW OF PLI SCHEMES (SCHEMES RELEASED)

### PHARMACEUTICAL



**PLI scheme Total outlay** **1.7 bn EUR over 7 years**

**Relevant Ministry/ Department:**  
The Department of  
Pharmaceuticals under Ministry of  
Chemicals & Fertilizers,  
Government of India

#### Background/ Rationale

- Indian pharmaceutical industry is the 3rd largest in the world by volume and is USD 40 billion in terms of value.
- At present a major component of Indian exports are low value generic drugs while a large proportion of the demand for patented drugs is met through imports.

#### PLI Scheme highlights

- Product segments**
  - Category 1 will include bio-pharmaceuticals; complex generic drugs; patented drugs or drugs nearing patent expiry; cell based or gene therapy drugs; orphan drugs; special empty capsules like HPMC, Pullulan, enteric etc.; complex excipients; Phyto-pharmaceuticals and other drugs as approved, (10% incentive on incremental sales)
  - Category 2 will have active pharmaceutical ingredients/key starting materials/drug intermediates (10% incentive on incremental sales)
  - Category-3 will cover drugs not covered under previous categories and also drug manufactured outside India. (5% incentive on incremental sales)
- The rate of incentive on incremental sales (over base year) of goods covered under Category 1 & 2 will be 10% for FY 2022-26, 8% for 2026-27 and 6% for 2027-28.

Please refer detailed policy document at below link

[https://pharmaceuticals.gov.in/sites/default/files/Gazette%20Notification%20of%20PLI%20scheme%20for%20Pharmaceuticals\\_0.pdf](https://pharmaceuticals.gov.in/sites/default/files/Gazette%20Notification%20of%20PLI%20scheme%20for%20Pharmaceuticals_0.pdf)

### TELECOM



**PLI scheme Total outlay** **1.4 bn EUR over 5 years**

**Relevant Ministry/ Department:**  
Department of  
Telecommunications under  
Ministry of Communications,  
Government of India

#### Background/ Rationale

- The core component of this scheme is to offset the huge import of telecom equipment worth more than 5.6 bn EUR and reinforce it with “Made in India” products both for domestic markets and exports.

#### PLI Scheme Highlights

- Products:** Core Transmission Equipment, 4G/5G, Next Generation Radio Access Network and Wireless Equipment, Enterprise equipment: Switches, Router, Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment
- The eligibility for the scheme will be subject to achievement of a minimum threshold of cumulative incremental investment and incremental sales of manufactured goods net of taxes.
- Financial Year 2019-20 shall be treated as the Base Year for computation of cumulative incremental sales of manufactured goods net of taxes.
- For MSMEs, one percent (1%) higher incentive is proposed in year 1, year 2 and year 3. Minimum Investment threshold for MSME has been kept at 1.13 mio EUR (Rs. 10 Crores) and for others at 11.3 mio EUR (Rs. 100 Crores).
- Once qualified, the investor will be incentivized up to 20 times of minimum investment threshold enabling them to utilize their unused capacity

Please refer detailed policy document at below link

<https://www.pli-telecom.udyamimitra.in/Default/ViewFile/?id=REVISED DOT .pdf&path=MiscFiles>



## 2. SECTOR WISE OVERVIEW OF PLI SCHEMES (SCHEMES RELEASED)

### FOOD PROCESSING



**PLI scheme** 1.3 bn EUR  
**Total outlay** over 5 years

**Relevant Ministry/ Department:**

Ministry of Food Processing  
Industries, Government of India

#### Background/ Rationale

- The food processing sector in India encompasses manufacturing enterprises in all the segments from micro to large industries.
- India is having competitive advantage in terms of resource endowment, large domestic market and scope for promoting value added products.
- Achieving full potential of this sector would require Indian companies to improve their competitive strength vis-à-vis their global counterpart in term of scale of output, productivity, value addition and their linkages with the global value chain.

#### PLI Scheme Highlights

- Segments: Ready to Cook/ Ready to Eat (RTC/ RTE) foods including Millets based products, Processed Fruits & Vegetables, Marine Products and Mozzarella Cheese
- The selected applicant will be required to undertake investment, as quoted in their Application in Plant & Machinery in the first two years i.e. in 2021-22 & 2022-23
- Additional focus on Branding and marketing in export markets: Applicants will be extended financial incentives @ 50% of expenditure on Branding & Marketing abroad subject to a maximum grant of 3% of Sales of food products or 5.6 mio EUR per year, whichever is less

Please refer detailed policy document at below link

[https://mofpi.nic.in/sites/default/files/guidelines\\_plisfpiwithcoveringltr\\_0.pdf](https://mofpi.nic.in/sites/default/files/guidelines_plisfpiwithcoveringltr_0.pdf)

### MEDICAL DEVICES



**PLI scheme** 0.9 bn EUR  
**Total outlay** over 7 years

**Relevant Ministry/ Department:**

The Department of  
Pharmaceuticals under Ministry of  
Chemicals & Fertilizers,  
Government of India

#### Background/ Rationale

- The Medical Device Sector in India suffers from a considerable cost of manufacturing disability vis-à-vis competing economies, inter alia, on account of low capabilities of domestic supply chain and logistics, high cost of finance, low focus on research and development (R&D) and skill development etc.
- Scheme objective is to boost domestic manufacturing, attract large investment in sector and ensure a level playing field for the domestic manufacturers

#### PLI Scheme Highlights

- Incentive of 5% on incremental sales (over Base Year: FY 2019-20)
- Target segments includes
  - Cancer care/Radiotherapy Medical Devices
  - Radiology & Imaging Medical Devices (both ionizing & non-ionizing radiation products) and Nuclear Imaging Devices
  - Anaesthetics & Cardio-Respiratory Medical Devices including Catheters of Cardio-Respiratory Category & Renal Care Medical Devices
  - All Implants including Implantable Electronic Devices

Please refer detailed policy document at below link

[https://plimedicaldevices.ifcilt.com/docs/Guidelines\\_Medical%20Devices.pdf](https://plimedicaldevices.ifcilt.com/docs/Guidelines_Medical%20Devices.pdf)

## 2. SECTOR WISE OVERVIEW OF PLI SCHEMES (SCHEMES RELEASED)

### ACTIVE PHARMACEUTICAL INGREDIENTS (API)



PLI scheme  
Total outlay **0.8 bn EUR**  
over 5 years

**Relevant Ministry/ Department:**  
The Department of  
Pharmaceuticals under Ministry of  
Chemicals & Fertilizers,  
Government of India

#### Background/ Rationale

- The scheme intends to boost domestic manufacturing of identified KSMs, Drug Intermediates and APIs by attracting large investments in the sector and thereby reduce India's import dependence in critical APIs.

#### PLI Scheme highlights

- Target Segments: 41 products from Key Starting Material (KSM), Drug Intermediaries (DI) and Active Pharma Ingredients (API)
- Project Eligibility: Applicable for greenfield projects
  - Minimum annual production capacity defined per product
  - Minimum committed investment per product of 2 to 45 mio EUR
  - Domestic Value Add (DVA) of min 90% on fermentation-based product and 70% for chemical synthesis-based product
- Base year: FY 2019-20 considered as base year
- Incentive: PLI of 5-20% of net domestic sales of locally produced product
- Eligibility: Applicant net worth to be >30% of the total proposed investment in the project

Please refer detailed policy document at below link

<https://pharmaceuticals.gov.in/sites/default/files/Gazettee%20notification%20of%20bulk%20drug%20schemes.pdf>

### WHITE GOODS



PLI scheme  
Total outlay **0.7 bn EUR**  
over 5 years

**Relevant Ministry/ Department:**  
The Department for Promotion of  
Industry and Internal Trade,  
Ministry of Commerce and  
Industry, Government of India

#### Background/ Rationale

- The objective of the scheme is to create complete component ecosystem in India and make India Scheme an integral part of the global supply chains

#### PLI Scheme Highlights

- Target Segments: Air Conditioners and LED Lights
  - Air Conditioners (Components- High value Intermediates or Low Value Intermediates or sub-assemblies or a combination thereof)
  - High Value Intermediates (Copper Tubes, Aluminium Foil and Compressors)
  - Low Value Intermediates (PCB assembly for controllers, BLDC motors, Service Valves and Cross Flow fans for AC and other components)
  - LED Lighting Products (Core Components like LED Chip Packaging, Resistors, ICs, Fuses and large-scale investments in other components etc.)
  - Components of LED Lighting Products (like LED Chips, LED Drivers, LED Engines, Mechanicals, Packaging, Modules, Wire Wound Inductors and other components)
- Incentive of 4% to 6% on incremental sales (net of taxes) over the base year of goods manufactured

Please refer detailed policy document at below link:

[https://dipp.gov.in/sites/default/files/PLIWG-Notification-16042021\\_10May2021.pdf](https://dipp.gov.in/sites/default/files/PLIWG-Notification-16042021_10May2021.pdf)

## 2. SECTOR WISE OVERVIEW OF PLI SCHEMES (SCHEMES RELEASED)

### ELECTRONIC/ TECHNOLOGY PRODUCTS



PLI scheme  
Total outlay **0.6 bn EUR**  
over 4 years

**Relevant Ministry/ Department:**

Ministry of Electronics and  
Information Technology,  
Government of India

#### Background/ Rationale

- With the domestic demand for electronics hardware expected to rise rapidly to approximately USD 400 billion by 2025, India cannot afford to bear the rapidly increasing foreign exchange outgo on account of import of electronics
- The scheme proposes production linked incentive to boost domestic manufacturing and attract large investments in the value chain of IT Hardware

#### PLI Scheme highlights

- The Target Segments under the proposed Scheme include
  - Laptops
  - Tablets
  - All-in-One PCs
  - Servers
- Incentive of 1% to 4% on net incremental sales (over base year i.e. 2019-20) of goods manufactured in India and covered under the target segment
- Incentives are linked to localisation schedule defined in policy document and all applicants of scheme must meet the defined criteria for localization

Please refer detailed policy document at below link

[https://www.meity.gov.in/writereaddata/files/PLI\\_for\\_IT\\_Hardware\\_Notification\\_dated\\_03032020.pdf](https://www.meity.gov.in/writereaddata/files/PLI_for_IT_Hardware_Notification_dated_03032020.pdf)

### SOLAR PV



PLI scheme  
Total outlay **0.5 bn EUR**  
over 5 years

**Relevant Ministry/ Department:**

Ministry of New and Renewable  
Energy, Government of India

#### Background/ Rationale

- On the basis of techno-economic analysis, Central Electricity Authority (CEA) has indicated in their Optimum Energy Mix report that 2,80,000 MW capacity from solar energy will be needed by 2029-30. To achieve the target, around 25,000 MW solar energy capacity is needed to be installed every year, till 2030.
- Solar capacity addition presently depends largely upon imported solar PV cells and modules as the domestic manufacturing industry has limited capacities
- PLI incentives aims to promote manufacturing of high efficiency solar PV modules in India and thus reduce import dependence

#### PLI Scheme Highlights

- Products covered: High Efficiency Solar PV Modules
- Preferences to integrated plant: Preference will be given to manufacturers who propose to set up a fully integrated solar PV manufacturing plant using silicon based technology (starting from the stage of manufacturing of polysilicon, to Ingot/Wafer to Solar Cell and Module)
- Minimum capacity: The applicant manufacturer will have to undertake to set up a manufacturing plant of minimum 1,000 MW capacity

Please refer detailed policy document at below link

[https://mnre.gov.in/img/documents/uploads/file\\_f-1619672166750.pdf](https://mnre.gov.in/img/documents/uploads/file_f-1619672166750.pdf)

## 2. SECTOR WISE OVERVIEW OF PLI SCHEMES (SCHEMES TO BE RELEASED)

### AUTOMOBILE AND AUTO COMPONENTS



PLI scheme  
Total outlay

6.6 bn EUR

#### Relevant Ministry/ Department:

- Department of Heavy Industries, Government of India

#### PLI Scheme highlights

- Draft PLI scheme is expected to be finalised soon be after an inter-ministerial consultation process and proposes to give cashbacks ranging from 2 to 12 per cent of the incremental sales revenue and incremental exports revenue given by automobile players.
- The scheme will largely favour creation of large manufacturing capacities for global standards in the country with focus on increasing exports revenue

### SPECIALTY STEEL



PLI scheme  
Total outlay

0.7 bn EUR  
over 4 years

#### Relevant Ministry/ Department:

- Ministry of Steel, Government of India

#### Background/ Rationale

- Implementation of such a scheme is crucial as currently, specialty steel is used by most developed nations, with India being primarily import-dependent.
- Even as India is the world's second largest steel producer as well as a net exporter of finished steel, the average value of outbound shipment is significantly lower than imports, which are mainly high grade and speciality steel products

#### PLI Scheme highlights

- Products covered: Coated Steel, High Strength Steel, Steel Rails, Ally Steel Bars & Rods
- The scheme will be implemented over 2023-24 to 2029-30
- Incentive of 4%-15% to eligible companies on incremental production, conditional on minimum investment

### TEXTILES



PLI scheme  
Total outlay

1.2 bn EUR  
over 5 years

#### Relevant Ministry/ Department:

- Ministry of Textiles, Government of India

#### Background/ Rationale

- The objective of the scheme would be creating global leaders in Man-Made Fibre apparel and Technical Textiles with capturing substantial share in global trade in these segments.

#### PLI Scheme highlights

- The formulation of Focus Product Incentive Scheme (FPIS) under the ambit of Production Linked Incentive (PLI) Scheme is in process
- The scheme will provide incentive from 3% to 15% on stipulated incremental turnover for a period of five years



### 3. ABOUT MIIM

#### About MIIM

'MIIM' is a market-entry support programme for German Mittelstand and family owned enterprises launched in 2015 by Embassy of India in Berlin, Germany and is driven by Government of India's national programme, 'MAKE IN INDIA'.

The objective of MIIM programme is to facilitate investments by German Mittelstand and family-owned companies in India and to provide market entry related services.

The MIIM program has enrolled a total of 151 companies which represent a cumulative declared investment of 1.4 bn EUR to India.

As a part of MIIM program, members are exposed to a wide range of business support services under a single platform. The program is being implemented with the support of its Knowledge Partner - Euro Asia Consulting – EAC, Facilitation Partners including Central and State Government Ministries in India and also key industry partners who can support the companies in various aspects of market entry into India. Offered services includes Strategy consulting, M&A, operational market entry support, tax & legal support, financial services and other services.

#### Key MIIM Members: Snapshot











#### UPCOMING EVENTS

##### MIIM Webinar on “Opportunities in Indian Personal Hygiene Sector”

- Date: 30 June 2021; Time: 10:00 AM – 11:00 AM CET

##### MIIM Webinar on “Decoding New Labour Codes in India”

- Date: 28 July 2021; Time: 10:00 AM – 11:00 AM CET

To register please write us at [miim@indianembassy.de](mailto:miim@indianembassy.de)

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LINKED INCENTIVES SCHEMES



MAKE IN INDIA MITTELSTAND!

**MAKE IN INDIA BUSINESS SUPPORT PROGRAMME FOR  
GERMAN MITTELSTAND AND FAMILY OWNED ENTERPRISES**

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 [www.facebook.com/IndiaInGermany](https://www.facebook.com/IndiaInGermany)

 [www.twitter.com/eoiberlin](https://www.twitter.com/eoiberlin)

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