

## **The Union Cabinet and NITI Aayog**

### **PLI extended to ten more sectors including Solar PV Modules, Steel and Battery Manufacturing**

**November 11, 2020**

Relevant to Mahindra Susten, Mahindra Accelo and Mahindra Electric

#### **Background**

- The government's new production-linked incentive (PLI) scheme for large-scale electronics manufacturing is designed to propel the Indian mobile phone assembly segment to the next level.
- The \$5.5-billion scheme is expected to help even tech giants, such as Apple, to expand operations in India, while encouraging domestic manufacturers to scale up.
- Leaders of domestic industry say that the PLI scheme will eventually get the wheels rolling on a large electronics manufacturing ecosystem that every player can feed off.

#### **What are the sectors?**

- ACC battery manufacturing represents one of the largest economic opportunities of the twenty-first century for several global growth sectors, such as consumer electronics, electric vehicles, and renewable energy. The PLI scheme for ACC battery will incentivize large domestic and international players in establishing a competitive ACC battery set-up in the country.
- India is expected to have a USD 1 trillion digital economy by 2025. Additionally, the Government's push for data localization, Internet of Things market in India, projects such as Smart City and Digital India are expected to increase the demand for electronic products. The PLI scheme will boost the production of electronic products in India.
- The automotive industry is a major economic contributor in India. The PLI scheme will make the Indian automotive Industry more competitive and will enhance globalization of the Indian automotive sector.
- The Indian pharmaceutical industry is the third largest in the world by volume and 14th largest in terms of value. It contributes 3.5% of the total drugs and medicines

exported globally. India possesses the complete ecosystem for development and manufacturing of pharmaceuticals and a robust ecosystem of allied industries. The PLI scheme will incentivize the global and domestic players to engage in high value production.

- Telecom equipment forms a critical and strategic element of building a secured telecom infrastructure and India aspires to become a major original equipment manufacturer of telecom and networking products. The PLI scheme is expected to attract large investments from global players and help domestic companies seize the emerging opportunities and become big players in the export market.
- The Indian textile industry is one of the largest in the world and has a share of ~5% of global exports in textiles and apparel. But India's share in the manmade fibre (MMF) segment is low in contrast to the global consumption pattern, which is majorly in this segment. The PLI scheme will attract large investment in the sector to further boost domestic manufacturing, especially in the MMF segment and technical textiles.
- The growth of the processed food industry leads to better price for farmers and reduces high levels of wastage. Specific product lines having high growth potential and capabilities to generate medium- to large-scale employment have been identified for providing support through PLI scheme.
- Large imports of solar PV panels pose risks in supply-chain resilience and have strategic security challenges considering the electronic (hackable) nature of the value chain. A focused PLI scheme for solar PV modules will incentivize domestic and global players to build large-scale solar PV capacity in India and help India leapfrog in capturing the global value chains for solar PV manufacturing.
- White goods (air conditioners and LEDs) have very high potential of domestic value addition and making these products globally competitive. A PLI scheme for the sector will lead to more domestic manufacturing, generation of jobs and increased exports.
- Steel is a strategically important industry and India is the world's second largest steel producer in the world. It is a net exporter of finished steel and has the potential to become a champion in certain grades of steel. A PLI scheme in Specialty Steel will help in enhancing manufacturing capabilities for value added steel leading to increase in total exports.

Priority	Sectors	Implementing Ministry/Department	Approved financial outlay over a five-year period Rs.crore
1.	Advance Chemistry Cell (ACC) Battery	NITI Aayog and Department of Heavy Industries	18100
2.	Electronic/Technology Products	Ministry of Electronics and Information Technology	5000
3.	Automobiles & Auto Components	Department of Heavy Industries	57042
4.	Pharmaceuticals drugs	Department of Pharmaceuticals	15000
5.	Telecom & Networking Products	Department of Telecom	12195
6.	Textile Products: MMF segment and technical textiles	Ministry of Textiles	10683
7.	Food Products	Ministry of Food Processing Industries	10900
8.	High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4500
9.	White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	6238
10.	Speciality Steel	Ministry of Steel	6322
<b>Total</b>			<b>145980</b>

(Source : <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1671915> )

## For Further Reading

1. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1671915>
2. <https://www.livemint.com/companies/people/pli-will-move-wheels-of-electronics-mfg-rai-11604283853284.html>
3. <https://www.meity.gov.in/esdm/pli>
4. <https://www.moneycontrol.com/news/business/economy/cabinet-approves-extension-of-pli-scheme-to-10-sectors-rs-1-46-lakh-crore-to-be-allocated-6104211.html#:~:text=The%20Union%20Cabinet%20approved%20the,white%20goods%2C%20and%20specialty%20steel.>
5. <https://indianexpress.com/article/business/economy/auto-to-tech-10-more-sectors-to-gain-from-hike-in-pli-allocation-7048395/>