

Tough eligibility may limit benefits to large cos under PLI for auto sector



The government will soon come out with detailed scheme to offer production linked incentive (PLI) to automobile and auto components industry that will lay the roadmap and raise India's bar as a global manufacturing hub.

Sources said that the 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.

Cabinet approval for the scheme will follow thereafter. Sources indicating that the scheme will be up and running in army next month that also marks the start of new financial year.

The scheme will largely favour creation of large manufacturing capacities for global standards in the country. Accordingly, a strict eligibility criteria will be set for companies looking to avail the incentives.

Under the Automotive Champion scheme, a company would qualify for PLI only if has a revenue of Rs 1000 crore (Rs 100 crore for component makers) from overseas operations, Rs 10,000 crore overall revenue (Rs 500 crore for component makers) and an global investment of Rs 3000 crore (Rs 150 crore for component sector).

All the three criteria will be required for a company to qualify at Automotive Champions that will offer them maximum incentives in the form of cash backs on incremental sales.

For new non-automotive entities, the PLI will be offered to companies that have global net worth of Rs 1000 crore and have committed at least Rs 2,000 crore investment in India over a 5 year horizon. This investment will have to show plan on growth of revenue from automotive and auto component manufacturing.

Under the PLI scheme, four plans for the automotive sector have been proposed : sourcing incentive scheme, champion OEM incentive scheme, logistic cost linked incentive scheme, and component champion incentive scheme.

The total incentive planned under the PLI scheme starting with FY23 and ending FY27 is around Rs 57,042 crore. Selected Automotive champions will be eligible for a maximum

of three of the four schemes and total incentive per company would be capped at Rs 8,556 crore.

The scheme has set ambitious targets on investment with expectation that PLI would result in additional investment to of over Rs 1 lakh crore over a five year period with potential for additional employment generation of 58.84 lakh jobs.

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[PLI Scheme](#)