

Production Linked Incentive Scheme For Automobile And Auto Component IndustryAre you sure you want to sign out?CancelSign OutEngEnglish/अंग्रेज़ी, हिन्दीSign InBackDetailsBenefitsEligibilityApplication ProcessDocuments RequiredFrequently Asked QuestionsSources And ReferencesFeedbackSomething went wrong. Please try again later.OkYou need to sign in before applying for schemesCancelSign InSomething went wrong. Please try again later.OkIt seems you have already initiated your application earlier.To know more please visit CancelApply NowCheck EligibilityMinistry of Heavy IndustriesProduction Linked Incentive Scheme For Automobile And Auto Component IndustryAuto ComponentAutomobileAutomotiveIncentiveIndustryDetailsThe government of India has approved the scheme “Production Linked Incentive Scheme for Automobile and Auto Components Industry” in India to enhance India’s Manufacturing Capabilities for Advanced Automotive Products. The “Production Linked Incentive Scheme for Automobile and Auto Components Industry” proposes financial incentives to boost domestic manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain. Its prime objectives include overcoming cost disabilities, creating economies of scale, and building a robust supply chain in areas of Advanced Automotive Technology products. It will also generate employment. This scheme will facilitate the Automobile Industry to move up the value chain into higher value-added products.

Scheme Components: The scheme consists of two components incentivizing incremental sales of automobile and auto components related to Advanced Automotive Technology.

- 1. Champion OEM Incentive Scheme:** The incentive scheme targeted to address the cost disabilities related to Advanced Automotive Technology vehicles faced by OEMs. The Champion OEM Incentive scheme is a “sales value linked” scheme, applicable to Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments “2 wheelers, 3-wheelers, passenger vehicles, commercial vehicles, Tractors, Automobiles meant for Military use, and any other Advanced Automotive Technology vehicle as prescribed by MHI depending upon technical developments.
- 2. Component Champion Incentive Scheme:** The “Component Champion” Incentive scheme is aimed at identifying and incentivizing Auto component champions that can achieve the global scale of operations and become “Automotive Champions” for the auto-component manufacturing sector related to Advanced Automotive Technology.

Eligible Product:

- 1. Pre-approved Advanced Automotive Technology Vehicles and pre-approved Advanced Automotive Technology Components of all vehicles, CKD/SKD kits, Vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles, and tractors including automobiles meant for military use.**
- 2. The list of Advanced Automotive Technology Vehicles and Advanced Automotive Technology Components will be prescribed and can be amended by MHI from time to time depending upon technological developments.**

BenefitsThe approved applicants will be entitled to receive incentives (% benefit) subject to meeting other conditions of the scheme:

- 1. Incentive Slabs for Champion OEM and New Non-Automotive (OEM) Investor company:**

Determined Sales Value (in ₹, 1 Crore)	Incentives (%age of Determined Sales Value)
<= 2,000	13%
> 2,000 to 3,000	14%
> 3,000 to 4,000	15%
> 4,000	16%

Cumulative Determined Sales Value of ₹, 10,000 Crore over 5 years
- 2. Incentive slab for Component Champion and New Non-Automotive (Component) Investor Company:**

Determined Sales Value (in ₹, 1 Crore)	Incentives (%age of Determined Sales Value)
<= 250	8%
> 250 to 500	9%
> 500 to 750	10%
> 750	11%

Cumulative Determined Sales Value of ₹, 1,250 Crore over 5 years.

Additional 2% Battery Electric vehicles & Hydrogen fuel cell vehicles components
Additional 5%*Multiplied by a factor of 0.9 in the fifth year for eligible sales relating to Internal Combustion Engine (ICE) vehicle components.

EligibilityThe applicant company or its Group company(ies) will need to meet the following common criteria to qualify and receive benefits under the Scheme:

Basic Eligibility Criteria:

- 1. For a company or its Group company(ies) with an 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 ₹, 1500 crore	Investment
Global Investment of Company or its Group* Company(ies) in fixed assets (gross block) of ₹, 150 crores.			

*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 the Board of Directors in the other enterprise (As defined in the FDI Policy Circular of 2020).
- 2. For new non-automotive investor companies or its Group company(ies) that may want to participate in this scheme:**

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

3. Minimum New Domestic Investment Conditions:

Cumulative New Domestic Investment Condition of Performance (₹, 1 Crore)	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	3001504030080	Upto or before March 31, 2024	800400100800200	Upto or before March 31, 2025	14007001751400350
Upto or before March 31, 2026	17508752201750440	Upto or before March 31, 2027	200010002502000500	Note 01: An applicant company or its Group company(ies) must satisfy the entire eligibility criteria to be eligible under the scheme.	Note 02: Non-Automotive companies 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.
Note 03: The applicant's new Non-Automotive Investor company or its Group company(ies) will be eligible to claim incentive subject to meeting the 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.	Note 04: An applicant new Non-Automotive Investor company or its Group company(ies) must satisfy the entire eligibility criteria.	Note 05: New investments should be made from the same legal entity as the one applying for the incentive.	Note 06: The approved Company is required to meet the cumulative investment condition for each year.	Note 07: In the event, any approved company meets the investment condition a 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.	Note 08: 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.
Note 09: Preference will be given to eligible companies or its Group company(ies) committing to front-load their investment during the scheme period. The proposed investment commitment will be evaluated by calculating the Net Present Value (NPV) of the investment using the bank rate as the discounting factor.	Application Process Online The window for receiving applications through the Notice Inviting Applications will be for a period of 60 days. Step 01: The applicant companies are required to submit an application along with financial & supporting documents. Step 02: All applications will be submitted through an online portal maintained by the PMA. https://pliauto.in/ Step 03: Applicants need to "Sign in" using their login credentials and apply for the scheme. https://pliauto.in/login Step 04: The Application Form along with details of all necessary supporting documents, to be submitted at the time of application. Step 05: A non-refundable application fee would be payable for each application. Step 06: Upon successful submission of an application, PMA will issue a unique Application ID to the applicant for all future references pertaining to the Scheme. Note 01: The PMA will process the applications and make appropriate recommendations for				

approvals under the Scheme. Note 02: MHI will consider applications, as recommended by PMA through the appropriate channel, for approval under the Scheme. Note 03: All the applications will be finalized within 60 days from the date of submission of applications or receipt of clarification sought, if any. Note 04: After receiving approval, the PMA will arrange to issue a letter to the selected applicant within 5 working days, communicating approval under the Scheme. Note 05: If a selected applicant is found to be ineligible at any stage, or if it has not complied with notifications, orders, guidelines etc. of the Scheme, the envisaged incentive claim of such selected applicant shall be forfeited or recovered with interest, if already paid.

Documents Required

1. Certificate of Incorporation (Issued by ROC)
2. Memorandum & Articles of Association (Submitted to ROC)
3. PAN Card
4. Import Export Code (IEC)
5. Registration Certificate
6. Letter of Authorization by Board of Directors or Managing Director or Equivalent (incl. subsidiary(ies))
7. CIBIL Report of the Company (incl. subsidiary(ies))
8. Business Profile/ Corporate Presentation of the Applicant (incl. subsidiary(ies))
9. GST Registration Certificate (incl. subsidiary(ies))
10. Shareholding Pattern (Latest submitted with ROC and certified by the Company Secretary of the company or in case the applicant is not having any 'Company Secretary' - by the Managing Director) (incl. subsidiary(ies))
11. Profile of Directors
12. Annual Report of Holding Company
13. Self-Certification on Revenue/ Investment/ Net worth from each of the Group Company (ies) whose credentials have been considered
14. Financial Details of Subsidiary(ies)
15. Project Report/ Business Plan (incl. for Subsidiary(ies))
16. Application Fee Payment Proof

Frequently Asked Questions

Who is an applicant under the scheme? An applicant under the scheme is a i. Company incorporated/ registered in India under the Companies Act, 2013, engaged in the automotive and/or auto component manufacturing sector or ii. New Non-Automotive Investor company (who is currently not in an automobile or auto component manufacturing business) incorporated/ registered in India under the Companies Act, 2013 meeting the eligibility criteria specified under the scheme and making an application for seeking approval under the Scheme. What are the circumstances under which an applicant may be ineligible for the scheme? The applicants whose accounts are declared as Non-Performing Asset (NPA) as per RBI guidelines or defaulter or wilful defaulter as per RBI/CIBIL or SEBI debarred list or reported as fraud by any bank, financial institution or non-banking financial companies etc. would be considered ineligible. Further, there should not be any insolvency proceedings admitted against the Applicant in the National Company Law Tribunal (NCLT) etc. Can an applicant have multiple manufacturing facilities? An applicant can have multiple manufacturing facilities/ locations in India. Are Greenfield projects and Brownfield projects both allowed under the scheme? Yes, Greenfield projects and Brownfield projects both are allowed under the scheme. Whether a Proprietorship, Partnership and Limited Liability Partnership (LLP) could avail PLI benefits? No, Proprietorship, Partnership, and LLPs are not allowed under the scheme. Any company incorporated in India and as defined in the Companies Act 2 of 16 2013, proposing to manufacture one or more eligible product(s) under the scheme, can be an applicant. Can a 100% foreign-owned company be eligible under PLI Scheme? Yes, but it has to be registered in India to apply under the scheme. Do the Value-Added Resellers and Trading companies which are not in manufacturing business qualify under the scheme? Yes, any Company registered in India under the Companies Act can apply under the scheme subject to meeting the eligibility criteria and establishing a manufacturing facility for production of the eligible products under the scheme. Can two or more companies of the Group apply through a single common Application? Any number of companies of the Group is permitted to apply under this scheme as an individual applicants by submitting separate applications. However, they can use the global group revenue, gross block, and net worth of the Group in their separate applications respectively. How many components are there in this scheme? There are two components in the scheme i. Champion OEM incentive scheme ii. Component Champion incentive scheme Can a company submit Multiple Applications as Applicant under different Categories? An applicant eligible for applying under Champion OEM can also apply for the Component Champion segment. However, an auto component manufacturer as an applicant eligible for applying under the Component Champion segment cannot apply under Champion OEM. Can an applicant approved under both Champion OEM and Component Champion segment claim incentive for the same component under both segments? An approved legal entity as an Automotive OEM company or New Non-Automotive Investor company can avail incentives under both components of the scheme subject to the condition that any eligible product shall be incentivized only once under the scheme. Any double claim of incentive for the same product under component level and vehicle level can lead to the qualification of the legal entity involved on this ground alone in addition to any other legal action as applicable under the law. In case the outlay of incentive exceeds, will the budgetary outlay be enhanced? This is a fund-limited scheme. In case the calculated incentive pay-out exceeds the budgetary outlay, the scheme could be exhausted earlier than 5 (Five) years period and the incentive pay-out will be reduced on a pro-rata basis as per the formulation developed across all PLIs. Is there any segregation in the budgetary outlay based on vehicle segments like 2W, 3W, 4W, CV, Tractors and Vehicles used for military purpose etc.? No. There is only one allocation in the scheme. Is there any segregation in the budgetary outlay for vehicles and Auto components in the scheme? No. There is only one allocation in the scheme. What is the period for making an application under the Scheme? The window for receiving applications through the online portal of the scheme shall be 60 days starting from the date of Notice Inviting Applications. What is the base year for calculation of eligible sale value? Financial Year 2019-20 shall be treated as the base year for calculating eligible sale value (not applicable for approved new non-automotive investor companies). Can any applicant company claim incentive for any Automobile or Auto component manufactured by them? No. The applicant company once selected and approved under the scheme can claim an incentive on the Determined sales value of eligible Advanced Automotive Technology products prescribed by MHI. Can any approved company claim scheme incentive for all Advanced Automotive Technology (AAT) products manufactured by them? Any approved company can claim incentive under the scheme for only those Advanced Automotive Technology products meeting the condition of minimum 50% domestic value addition. When can an applicant submit a claim for disbursements under PLI? An applicant may submit a claim for disbursement of incentive within 6 (six) months from the end of the financial year to which the claim pertains or within 3 (three) months from the date of finalization of Audited Financial Statements for the same financial year, whichever is later. Claim for any financial year period shall be made only once, unless withdrawn, and no subsequent part claims shall be allowed for the said period.

Sources And References

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