

**MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

New Delhi: 16.04.2021

NOTIFICATION

SUBJECT: PRODUCTION LINKED INCENTIVE SCHEME (PLI) FOR WHITE GOODS (AIR CONDITIONERS AND LED LIGHTS) MANUFACTURERS IN INDIA

F. No. P-29014/101/2020-LEI.-

1. INTRODUCTION

The Government has approved the Production Linked Incentive (PLI) Scheme for White Goods (Air Conditioners and LED Lights) to be implemented over FY 2021-22 to FY 2028-29 with a budgetary outlay of Rs. 6,238 crore.

2. OBJECTIVE

The Production Linked Incentive Scheme for White Goods (PLIWG) proposes a financial incentive to boost domestic manufacturing and attract large investments in the White Goods manufacturing value chain. Its prime objectives include removing sectoral disabilities, creating economies of scale, enhancing exports, creating a robust component ecosystem and employment generation.

3. TARGET SEGMENTS

Support under the Scheme will be provided to companies/entities engaged in manufacturing of components of Air Conditioners and LED Lights in India as under:

3.1 Air conditioners:

- i. Air Conditioners (Components- High value Intermediates or Low Value Intermediates or sub-assemblies or a combination thereof)

- § Large Investments
- § Normal Investments

ii. High Value Intermediates (Copper Tubes, Aluminium Foil and Compressors)

- § Large Investments
- § Normal Investments

iii. Low Value Intermediates (PCB assembly for controllers, BLDC motors, Service Valves and Cross Flow fans for AC and other components)

- § Large Investments
- § Normal Investments

3.2 LED Lights

i. LED Lighting Products (Core Components like LED Chip Packaging, Resistors, ICs, Fuses and large-scale investments in other components etc.)

- § Large Investments
- § Normal Investments

ii. Components of LED Lighting Products (like LED Chips, LED Drivers, LED Engines, Mechanicals, Packaging, Modules, Wire Wound Inductors and other components)

- § Large Investments
- § Normal Investments

4. QUANTUM OF INCENTIVE

4.1 The PLI Scheme shall extend an incentive of 4% to 6% on incremental sales (net of taxes) over the base year of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year and one year of gestation period.

4.2 The applicant will have to fulfill both criteria of cumulative incremental investment in plant and machinery as well as incremental sales over the base year in that respective year to be eligible for PLI. The first year of investment will be FY 2021-22 and the first year of incremental sale will be FY 2022-23. Actual disbursement of PLI for a respective year will be subsequent to that year.

4.3 The Scheme is Fund Limited and even in case of over achievement the total pay-out of incentives would be capped at the amount approved by Cabinet.

4.4 All relevant details of the Scheme, for example, base year, eligibility criteria, target segments, quantum of incentive, pre-qualification criteria for different target segments, application period, etc. will be detailed in Scheme Guidelines.

5. ELIGIBILITY

5.1 Incentive under the Scheme shall be provided to Companies making brown field or green field Investments for manufacturing in target segments in India.

5.2 Eligibility of Companies shall be subject to their meeting the pre-qualification criteria for different target segments which will be defined in the Scheme Guidelines.

5.3 One entity may apply for one target segment only. However, separate Group companies may apply for different target segments. Further, sales by entities to their group companies should be at an arm's length price as those to outside group companies.

5.4 Eligibility shall be subject to thresholds of cumulative incremental investment and incremental sales (net of taxes) of manufactured goods (as distinct from traded goods) over the base year for the respective year. An applicant must meet all the threshold conditions to be eligible for disbursement of incentive. Eligibility threshold criteria are detailed in Annexure-A.

5.5 Any entity availing benefits under any other PLI Scheme of Govt. of India will not be eligible under this scheme for same products but the entity may take benefits under other applicable schemes of Govt. of India or schemes of State governments.

5.6 The applicant shall, in its application, declare plan for domestic value addition, employment generation and exports during the tenure of the Scheme.

6. TENURE OF THE SCHEME:

6.1 Support under the Scheme shall be provided for a period of five (5) years subsequent to the base year as defined and one year of gestation period for fructifying investment to be implemented over FY 2021-22 to FY 2028-29.

6.2 The Scheme shall be open for applications for a period of 6 months initially which may be extended.

6.3 Applications may also be invited anytime during the tenure of Scheme for particular target segment, if required.

6.4 For applications received post the initial application period, applicants shall only be eligible for incentives for the remainder of the Scheme's tenure.

7. BASE YEAR

FY 2019-20 shall be treated as the base year for computation of cumulative incremental investment and incremental sales (net of taxes) of manufactured goods (as distinct from traded goods) as well as for prequalification criteria.

8. SELECTION OF BENEFICIARIES

8.1 Mere assembly of finished goods shall not be incentivized.

8.2 Selection of companies for the Scheme shall be done so as to incentivize manufacturing of components or sub-assemblies which are not manufactured in India presently with sufficient capacity.

8.3 Companies investing in basic/core components shall have a higher priority.

8.4 Within a target segment, 'Large Investment' shall have a higher priority over 'Normal Investment'.

8.5 The actual number of beneficiaries within a target segment shall be decided on the basis of the response of the industry.

9. FINANCIAL OUTLAY

9.1 The PLI Scheme will be implemented within the overall financial limits of ₹ 6,238 Crores only (Rupees Six Thousand Two Hundred and Thirty Eight Crores only) for implementation of the Scheme over a period of 5 years.

9.2 Incentive per beneficiary: The incentive per beneficiary will be applicable on incremental sales (net of taxes) of manufactured goods (as distinct from traded goods) over base year subject to ceilings as may be decided and the beneficiary meeting the cumulative investment criteria.

10. REVIEW AND MONITORING

The Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary will monitor the PLI scheme, undertake periodic review of the outgo under the scheme, ensure uniformity of all PLIs and take appropriate action to ensure that the expenditure is within the prescribed outlay. In addition, EGoS will be empowered to make any changes in the modalities of the scheme within the overall financial outlay of Rs. 6,238 crore.

ANIL AGRAWAL, Addl. Secy.

ANNEXURE-A

1. Eligibility Threshold Criteria: Air Conditioners

Rs. Crore

Sl.	Segment	Year	PLI @	MINM.	MINM.	MINM.	MINM.	MINM.	MINM.
						PLI			PLI

				Cum. Incr. Investment	Incr. Sale		Cum. Incr. Investment	Incr. Sale	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				LARGE INVESTMENT			NORMAL INVESTMENT		
1	ACs (Components [@])	2021-22		150			50		
		2022-23	6%	300	750		100	250	
		2023-24	6%	400	1500	45	150	500	15
		2024-25	5%	500	2000	90	225	750	30
		2025-26	5%	600	2500	100	300	1125	38
		2026-27	4%		3000	125		1500	56
		2027-28				120			60
		Total			600	9750	480	300	4125
2	High Value intermediates of ACs*	2021-22		50			50		
		2022-23	6%	125	250		100	250	
		2023-24	6%	200	625	15	150	500	15
		2024-25	5%	300	1000	38	200	750	30
		2025-26	5%	400	1500	50	250	1000	38
		2026-27	4%		2000	75		1250	50
		2027-28				80			50
		Total			400	5375	258	250	3750
3	Lower value intermediates of ACs#	2021-22		20			10		
		2022-23	6%	40	100		20	50	
		2023-24	6%	60	200	6	30	100	3
		2024-25	5%	80	300	12	40	150	6
		2025-26	5%	100	400	15	50	200	8
		2026-27	4%		500	20		250	10
		2027-28				20			10
		Total			100	1500	73	50	750

Figures are rounded off for easier readability.

@ACs (Components): High Value Intermediates or Low Value intermediates or sub-assemblies or a combination thereof

*High value intermediates of ACs: Aluminum Foil, Cu tube, Compressor.

Lower value intermediates **of ACs**: PCB Assembly for Controllers, BLDC Motors, Service Valves for ACs, Cross Flow Fans and other components.

COL. (4): Actual disbursement of **PLI** for a respective year will be subsequent to that year. For example, subject to fulfilling the conditions of cumulative threshold incremental investment up to FY 2021-22 over base year and threshold incremental sales of manufactured goods over the base year in FY 2022-23, PLI will be disbursed in FY 2023-24.

Annexure-A

2. Eligibility Threshold Criteria: LED Lights

Rs. Crore

Sl.	Segment	Year	PLI @	MINM. Cum. Incr. Investment	MINM. Incr. Sale	MINM. PLI	MINM. Cum. Incr. Investment	MINM. Incr. Sale	MINM. PLI
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				LARGE INVESTMENT			NORMAL INVESTMENT		
1	LED Lights (Core Components)#	2021-22		100			20		
		2022-23	6%	150	600		40	120	
		2023-24	6%	200	900	36	60	240	7
		2024-25	5%	250	1200	54	80	360	14
		2025-26	5%	300	1500	60	100	480	18
		2026-27	4%		1800	75		600	24
		2027-28				72			24
		Total			300	6000	297	100	1800
2	Components of LED Lights*	2021-22		5			2		
		2022-23	6%	10	30		4	12	
		2023-24	6%	15	60	2	6	24	1
		2024-25	5%	20	90	4	8	36	1
		2025-26	5%	25	120	5	10	48	2
		2026-27	4%		150	6		60	2
		2027-28				6			2
		Total			25	450	22	10	180

Figures are rounded off for easier readability.

LED Lights: (Core Components like LED Chip Packaging, Resistors, ICs, Fuses and large scale investments in other components etc.)

***Components of LED Lights:** LED Chips, LED Drivers, LED Engines, Mechanicals, Packaging, Modules, Wire Wound Inductors and other components.

COL. (4): Actual disbursement of **PLI** for a respective year will be subsequent to that year. For example, subject to fulfilling the conditions of cumulative threshold incremental investment up to FY 2021-22 over base year and threshold incremental sales of manufactured goods over the base year in FY 2022-23, PLI will be disbursed in FY 2023-24.