

# Production-Linked Incentive Scheme for White goods and high efficiency Solar Photovoltaic Modules

April 8, 2021

**In News:** Recently, the Union Cabinet, chaired by the Prime Minister, approved the Production Linked Incentive (PLI) Scheme for White Goods (Air Conditioners and LED Lights) with a budgetary outlay of Rs. 6,238 crore.

## About Scheme

- **High Efficiency Solar PV Modules:** Ministry of New and Renewable Energy.
- **White Goods (ACs & LED):** Department for Promotion of Industry and Internal Trade.
- **Objective:** To make manufacturing in India globally competitive by removing sectoral disabilities, creating economies of scale and ensuring efficiencies.
- It is designed to create a complete component ecosystem in India and make India an integral part of the global supply chains.
- The scheme is expected to attract global investments, generate large scale employment opportunities and enhance exports substantially.
- The PLI Scheme for White Goods Extend an incentive of 4% to 6% on incremental sales of goods manufactured in India for a period of five years to companies engaged in manufacturing of Air Conditioners and LED Lights.
- Different segments have been earmarked for different types of components separately to specifically target global investments into desired areas.
- 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. Mere assembly of finished goods shall not be incentivized.

- Companies meeting the pre-qualification criteria for different target segments will be eligible to participate in the Scheme.
- Incentives shall be open to companies making brown field or green field Investments.
- Thresholds of cumulative incremental investment and incremental sales of manufactured goods over the base year would have to be met for claiming incentives.
- An entity availing benefits under any other PLI Scheme of Govt. India will not be eligible under this scheme for the same products but the entity may take benefits under other applicable schemes of Govt. of India or schemes of State governments.
- The Scheme will be implemented as a pan India scheme and is not specific to any location, area or segment of population.
- A number of global and domestic companies, including a number of MSMEs are likely to benefit from the Scheme.

### **Significance of the Scheme**

- The Scheme is expected to be instrumental in achieving growth rates that are much higher than existing ones for AC and LED industries, develop complete component ecosystems in India and create global champions manufacturing in India.
- They will have to meet the compulsory BIS and BEE Quality standards for sales into the domestic market and applicable standards for global markets.
- It will also lead to investments in innovation and research and development and upgradation of technology.