

15<sup>th</sup> September, 2021

## **Press Release**

**Government has approved Production Linked Incentive (PLI) Scheme for Auto Industry and Drone Industry to enhance India's manufacturing capabilities**

**PLI Auto Scheme will incentivize emergence of Advanced Automotive Technologies global supply chain in India**

**Help create additional employment of over 7.6 lakh people**

**Incentives worth ₹ 26,058 crore will be provided to industry over five years**

**PLI Scheme for auto sector will bring fresh investments of over ₹42,500 crore in five years and incremental production of over ₹ 2.3 lakh crore**

**PLI Scheme for Drones will bring fresh investments of over ₹5,000 crore in three years and incremental production of over ₹ 1,500 crore**

**PLI Scheme for automotive sector along with already launched PLI for Advanced Chemistry Cell (₹18,100 crore) and Faster Adaption of Manufacturing of Electric Vehicles (FAME) Scheme (₹10,000 crore) will give a big boost to manufacture of Electric Vehicles**

**Will enable India to leapfrog to environmentally cleaner, Electric Vehicles and Hydrogen Fuel Cell Vehicles**

Taking steps forward towards the vision of an 'Aatmanirbhar Bharat', Government led by Hon'ble Prime Minister, Shri Narendra Modi, has approved the PLI Scheme for Automobile Industry and Drone Industry with a budgetary outlay of ₹ 26,058 crore. The PLI scheme for the auto sector will incentivize high value Advanced Automotive Technology vehicles and products. It will herald a

new age in higher technology, more efficient and green automotive manufacturing.

PLI Scheme for Automobile Industry and Drone Industry is part of the overall announcement of PLI Schemes for 13 sectors made earlier during the Union Budget 2021-22, with an outlay of ₹ 1.97 lakh crore. With the announcement of PLI Schemes for 13 sectors, minimum additional production in India is expected to be around ₹ 37.5 lakh crore over 5 years and minimum expected additional employment over 5 years is nearly 1 crore.

The PLI Scheme for the auto sector envisages to overcome the cost disabilities to the industry for manufacture of Advanced Automotive Technology products in India. The incentive structure will encourage industry to make fresh investments for indigenous global supply chain of Advanced Automotive Technology products. It is estimated that over a period of five years, the PLI Scheme for Automobile and Auto Components Industry will lead to fresh investment of over ₹42,500 crore, incremental production of over ₹2.3 lakh crore and will create additional employment opportunities of over 7.5 lakh jobs. Further this will increase India's share in global automotive trade.

The PLI Scheme for auto sector is open to existing automotive companies as well as new investors who are currently not in automobile or auto component manufacturing business. The scheme has two components viz Champion OEM Incentive Scheme and Component Champion Incentive Scheme. The Champion OEM Incentive scheme is a 'sales value linked' scheme, applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments. The Component Champion Incentive scheme is a 'sales value linked' scheme, applicable on Advanced Automotive Technology components of vehicles,

Completely Knocked Down (CKD)/ Semi Knocked Down (SKD) kits, Vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles and tractors etc.

This PLI Scheme for automotive sector along with the already launched PLI scheme for Advanced Chemistry Cell (ACC) (₹18,100 crore) and Faster Adaption of Manufacturing of Electric Vehicles (FAME) (₹10,000 crore) will enable India to leapfrog from traditional fossil fuel based automobile transportation system to environmentally cleaner, sustainable, advanced and more efficient Electric Vehicles (EV) based system.

The PLI Scheme for the Drones and Drone components industry addresses the strategic, tactical and operational uses of this revolutionary technology. A product specific PLI scheme for drones with clear revenue targets and focus on domestic value addition is key to building capacity and making these key drivers of India's growth strategy. The PLI for Drones and Drone components industry, will over a period of three years, lead to investments worth ₹ 5,000 Crore, increase in eligible sales of ₹ 1500 crore and create additional employment of about 10,000 jobs.