Production Linked Incentive (PLI) Scheme for Textiles Sector

Why in News

Recently, the Union cabinet has approved the **Production Linked Incentive (PLI) scheme** for the textile sector.

- PLI scheme for Textiles is part of the **overall announcement of PLI Schemes** for 13 sectors made earlier during the **Union Budget 2021-22**, with an outlay of **Rs. 1.97 lakh crore.**
- PLI for Textiles along with **RoSCTL**, **RoDTEP** and **other measures** of Government in the sector e.g. providing raw material at competitive prices, skill development etc will herald a new age in textiles manufacturing.

Key Points

- **PLI Scheme:**
  - In order to **boost domestic manufacturing** and **cut down on import bills,** the union government in March 2020 introduced a **PLI** scheme that **aims to give companies incentives** on incremental sales from products manufactured in domestic units.
  - **Apart from inviting foreign companies** to set shop in India, the scheme also aims to **encourage local companies** to set up or **expand existing manufacturing units.**
  - The Scheme has **also been approved for sectors** such as automobiles, **pharmaceuticals, IT hardware including laptops**, **mobile phones & telecom equipment**, **white goods**, **chemical cells**, **food processing**, etc.

HOW DOES THE INCENTIVE WORK

It is a kind of subsidy to the sector

Is a direct payment from the budget to goods made in India	**Amount** varies from sector to sector	**Is based on** disadvantage /disability faced by a sector

- **Features of PLI for Textile Sector:**
    - Aims to **promote the production of high value Man-Made Fibre (MMF) fabrics, garments and technical textiles.**
    - **Incentives worth Rs 10,683 crore** will be provided on production to the sector **over a span for 5 years.**
    - Incentives to eligible producers in **two phases:**
        - **First:** Any person or company **willing to invest a minimum of Rs 300 crore in plant, machinery, equipment and civil works** (excluding land and administrative building cost) to produce products of MMF fabrics, garments and products of technical textiles will be eligible to participate.
        - **Second:** Investors **willing to spend a minimum of Rs 100 crore** under the same conditions (as in the case of the first phase) shall be eligible to apply.
- **Expected Benefits:**
    - **Increase in Investment and Employment:**

        It will lead to fresh investment of more than Rs.19,000 crore, cumulative turnover of over Rs. 3 lakh crore and additional employment opportunities of more than 7.5 lakh jobs in this sector and several lakhs more for supporting activities.

        The **textiles industry predominantly employs women,** therefore, the scheme will empower women and increase their participation in the formal economy.
    - **Priority to Backward Areas:**

        In addition, priority will be given for **investment in Aspirational Districts, Tier 3, Tier 4 towns, and rural areas** and due to this priority, Industry will be **incentivized to move to backward areas.**

        This scheme will positively impact especially States like **Gujarat, UP, Maharashtra, Tamil Nadu, Punjab, AP, Telangana, Odisha** etc.

Textile Industry

- **Textiles & garments industry** is a **labour intensive sector** that employs **45 mn people** in India and is **second only to the agriculture sector** in terms of employment.

- It is **one of the oldest industries in the Indian economy,** and is a storehouse and carrier of traditional skills, heritage and culture.
- It can be divided into **two segments:**
    - The **unorganised sector** is small scale and uses traditional tools and methods. It consists of **handloom**, handicrafts and **sericulture** (production of silk).
    - The **organised sector** uses modern machinery and techniques and consists of the spinning, apparel and garments segment.

Source: PIB