



Extended PLI Scheme for Automobile and Auto Components

[Source: PIB](#)

Why in News?

The **Ministry of Heavy Industries** has recently extended the tenure of the [Production Linked Incentive \(PLI\) Scheme for Automobile and Auto Components](#) by one year, with incentives now applicable for five consecutive financial years starting from 2023-24.

- This decision has been made after receiving the approval of the **Empowered Group of Secretaries (EGoS)**.
- Companies failing to meet the first year's sales increase threshold **will not receive incentives for that year**.
 - However, they remain eligible for future benefits by achieving a 10% year-on-year growth over the first year's threshold.

What is a Production Linked Incentive Scheme?

- **About:** PLI scheme is a government initiative in India that **offers financial incentives to companies** based on their **incremental sales of products** manufactured in India.
 - The scheme aims to drive [domestic manufacturing](#), **spur job creation, bolster exports, facilitate technology transfer**, and diminish import reliance.
- **Key Features:**
 - **Sector-specific:** The scheme is currently active in **14 key sectors:** mobile manufacturing, manufacturing of medical devices, automobiles and auto components, pharmaceuticals, drugs, specialty steel, telecom & networking products, electronic products, white goods (ACs and LEDs), food products, textile products, solar PV modules, advanced chemistry cell (ACC) battery, and drones and drone components.
 - **Incentive Rate:** The incentive rate varies depending on the sector and product category, but can range from **4% to 6% of incremental sales**.

What is the Status of the Automobile Sector in India?

- India is the **world's third-largest automobile market**. The Automobile Sector resulted in **5.41% of the total FDI inflow** as per the September 2023 DPIIT Report.
- The **Electric Vehicle** market is expected to grow at a **CAGR of 49%** between 2022-2030 and the EV industry would create 5 Mn direct and indirect jobs by 2030.
- **Related Government Initiatives:**
 - [FAME Scheme](#)
 - **Automotive Mission Plan 2016-26 (AMP 2026)**

UPSC Civil Services Examination, Previous Year Question:

Q. Consider, the following statements : (2023)

Statement-I : India accounts for 3.2% of global export of goods.

Statement-II : Many local companies and some foreign companies operating in India have taken advantage of India's 'Production-linked Incentive' scheme.

Which one of the following is correct in respect of the above statements?

(a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I

(b) Both Statement-I and Statement-II are correct and Statement-II is not the correct explanation for Statement-I

(c) Statement-I is correct but Statement-II is incorrect

(d) Statement-I is incorrect but Statement-II is correct

Ans: (d)

PDF Reference URL: <https://www.drishtiias.com/printpdf/extended-qli-scheme-for-automobile-and-auto-components>

