



First Disbursement under PLI Scheme

For Prelims: Production Linked Incentive (PLI) Scheme, Budget 2022-23.

For Mains: PLI scheme and its Significance.

Why in News?

Recently, **the first-ever disbursement has been approved** by the empowered Committee in [Production Linked Incentive \(PLI\) scheme](#) for mobile manufacturing under 'Large-Scale Electronics Manufacturing' sector.

- Indian company **Padget Electronics is the first beneficiary** to receive incentive.

What is the PLI Scheme?

▪ About:

- The PLI scheme was **conceived to scale up domestic manufacturing capability**, accompanied by **higher import substitution and employment generation**.
- The government has set aside **Rs 1.97 lakh crore under the PLI schemes** for various sectors and an additional allocation of Rs 19,500 crore was made towards PLI for solar PV modules in [Budget 2022-23](#).
- Launched in **March 2020**, the scheme initially **targeted three industries**:
 - **Mobile and allied Component Manufacturing**
 - Electrical Component Manufacturing and
 - Medical Devices

▪ Incentives Under the Scheme:

- The incentives, calculated on the **basis of incremental sales**, range from as low as **1% for the electronics and technology products to as high as 20%** for the manufacturing of critical key starting drugs and certain drug intermediaries.
- In some sectors such as **advanced chemistry cell batteries, textile products and the drone industry**, the incentive to be given will be **calculated on the basis of sales, performance and local value addition done** over the period of five years.

▪ Sectors for which the PLI Scheme has been Announced:

- So far, the **government has announced PLI schemes for 14 sectors** including [automobile and auto components](#), [electronics and IT hardware](#), [telecom](#), [pharmaceuticals](#), [solar modules](#), [metals and mining](#), [textiles and apparel](#), [white goods](#), [drones](#), and [advanced chemistry cell batteries](#).

▪ Objectives:

- The Government introduced this scheme to **reduce India's dependence on China and other foreign countries**.
- It supports the **labour-intensive sectors** and aims to increase the employment ratio in India.
- This scheme works to **reduce the import bills and boost domestic production**.
 - However, PLI Yojana invites foreign companies to set up their units in India and

encourages domestic enterprises to expand their production units.

What is PLI scheme for Large-Scale Electronics Manufacturing?

▪ About:

- It is mapped to the **Union Ministry of Electronics and Information Technology (MEITY)**.
- The PLI scheme on **Large-Scale Electronic Manufacturing**, which includes manufacturing of mobile phones and manufacturing of specified electronic components, was **approved in March 2020, with a total outlay of Rs 38,645 crores**.

▪ Progress So Far:

- **Thirty-two beneficiaries had been approved** under the PLI scheme for Large-Scale Electronics Manufacturing, of which **10 (5 global and 5 domestic companies) were approved for mobile manufacturing**.
- This PLI scheme has also **generated employment of 28,636**.
- Over the last 3 years, **exports have grown by 139%**.

▪ Significance:

- It is expected to **make India a competitive destination for electronics manufacturing**.
- Further, it will give a **boost to [Atmanirbhar Bharat](#) while creating more global champions**.
- The scheme is expected to bring in **additional production to the tune of Rs 10,69,432 crore and generate employment for 7,00,000 people**.

[Source: PIB](#)

PDF Refernece URL: <https://www.drishtias.com/printpdf/first-disbursement-under-pli-scheme>

