

Cabinet approves Production Linked Incentive Scheme for Auto Industry

The Union Cabinet has approved a Production Linked Incentive (PLI) Scheme for Automobile Industry to overcome the cost disabilities to the industry for manufacture of Advanced Automotive Technology products in India.

The Scheme for auto sector will incentivize high value Advanced Automotive Technology vehicles and products. It is open to existing automotive companies as well as new investors who are currently not in automobile or auto component manufacturing business.

Key features of the scheme:

- **Budgetary outlay:** Incentives worth INR 26,058 crore will be provided to the industry over five years.
- **Types of incentives:** There are two Sales Value linked Components under the Scheme as under:
- **Benefits of the Scheme:** The Scheme will lead to fresh investment of over INR 42,500 crore and incremental production of over INR 2.3 lakh crore. The Scheme will create additional employment opportunities of more than 7.5 lakh jobs.

Type of incentive	Eligible products
Champion OEM Incentive Scheme	<ul style="list-style-type: none">• Battery Electric Vehicles• Hydrogen Fuel Cell Vehicles of all segments
Component Champion Incentive Scheme	<ul style="list-style-type: none">• 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

- **Positive impact:** The Scheme 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.