

# PLI scheme: Unlocking auto sector's growth potential



# Production Linked Incentive (PLI) scheme for auto sector



## Overview



### Four plans proposed

- Sourcing incentive scheme
- Champion OEM incentive
- Logistic cost-linked incentive
- Component champion incentive scheme



### Scheme to promote

- Large manufacturing capacities at par with global standards
- Local manufacturing and exports
- Additional investment and employment generation for the next five years

## Eligibility and coverage



Any auto company with a turnover of

**INR 1,000 crore**

Exports worth

**INR 200 crore**

Investment in fixed assets worth

**INR 350 crore**



Stringent rule to cover maximum

**players in the industry**



**INR 57,042 crore**

Biggest incentive so far (FY23- FY27)



**2-12%**

Proposed cashback of incremental sales/revenue



**INR 18,100 crore**

Outlay for original equipment manufacturer (OEMs) in electric vehicle (EV) space for advanced chemistry cell batteries

## Key highlights

Provide benefit to the complete value chain



Selected automotive champions could avail of up to three of the four sub-schemes



Total incentive to be capped at INR 8,556 crore/qualified automotive champion in form of cashback on incremental sales



Strict eligibility criteria to be set for companies looking to avail of the incentives. This may limit benefits to large companies



A split is expected on the allocation of funds between the auto and component industry



More details are expected to be formally announced in April 2021

# Making the most of the scheme

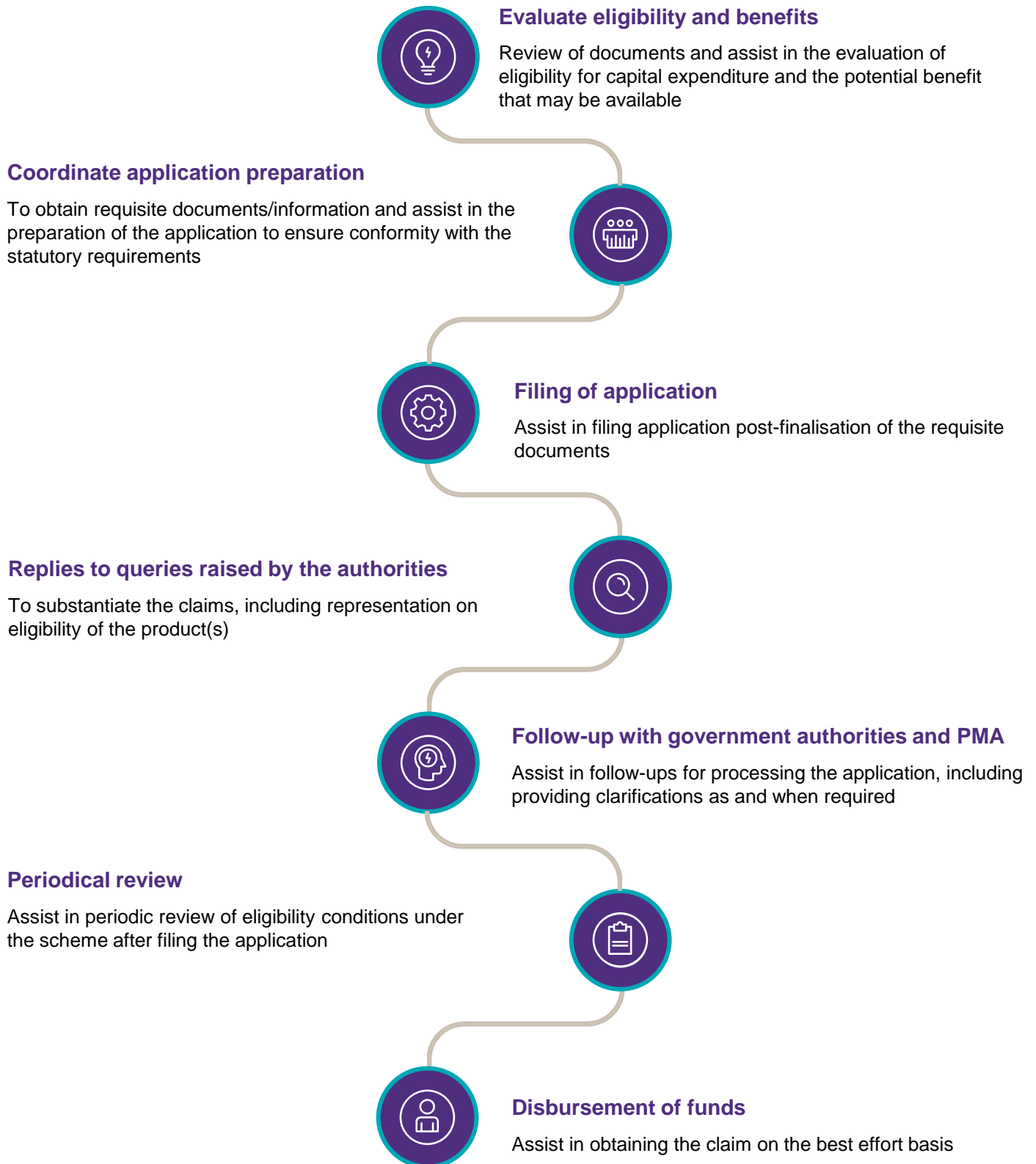
Grant Thornton Bharat can help you achieve short- and long-term volume growth and maximise gain



Our subject matter experts can help in assessment of each element of the value chain depending upon the potential and priorities of an OEM

Inward supply/procurement	Manufacturing	Sales and marketing	Finance
Current purchase analysis (domestic consumption and exports)	Performance baseline and growth projections (at 10% and 15%)	Demand and supply assessment (global and domestic)	Business plan and financials
Supplier mapping, identification and assessment	Growth analysis and viability assessment	Expansion of customer base/evaluation of new market	Capital asset management
Assessment of the current supplier's share of business	Identifying new product lines/portfolio expansion strategy	Sector diversification strategy	Cash flow projections
Competitive benchmarking	Production growth road map	Understand of the positions taken on various transactions by the company	Investment analysis/ profitability projection
New operating model (OM) and subsidiary capturing for exports and imports	Explore domestic and international markets	Logistic viability evaluation and ramp-up planning	Compliance management

# How we can help?



# Our experts



Grant Thornton Bharat delivers the greatest value by collaborating across services to create innovative and tailored solutions to resolve the clients' complex challenges.

Our sector experts span forecasting, business planning, government liasoning etc.



**Saket Mehra**  
Partner and Auto Sector Leader  
E: [saket.mehra@in.gt.com](mailto:saket.mehra@in.gt.com)  
M: +91 9899008822



**Krishan Arora**  
Partner, Tax  
E: [krishan.arora@in.gt.com](mailto:krishan.arora@in.gt.com)  
M: +91 98183 41530



**Rahul Kapur**  
Partner, Growth  
E: [rahul.kapur@in.gt.com](mailto:rahul.kapur@in.gt.com)  
M: +91 9811210501



**Kunal Sood**  
Partner, Public Sector  
E: [kunal.sood@in.gt.com](mailto:kunal.sood@in.gt.com)  
M: +91 9971199600



**Sachin Sharma**  
Director, Tax  
E: [sachin.sharma@in.gt.com](mailto:sachin.sharma@in.gt.com)  
M: +91 9910848085

# Contact us

## NEW DELHI

National Office,  
Outer Circle, L 41,  
Connaught Circus,  
New Delhi - 110001  
T +91 11 4278 7070

## NEW DELHI

6th Floor, Worldmark 2,  
Aerocity,  
New Delhi - 110037  
T +91 11 4952 7400

## AHMEDABAD

7th Floor, Heritage  
Chambers,  
Nr Azad Society,  
Nehru Nagar,  
Ahmedabad - 380015

## BENGALURU

5th Floor, 65/2, Block  
A, Bagmane Tridib,  
Bagmane Tech Park,  
CV Raman Nagar,  
Bengaluru - 560093  
T+91 80 4243 0700

## CHANDIGARH

B-406A, 4th Floor, L&T  
Elante Office Building,  
Industrial Area Phase I,  
Chandigarh - 160002  
T +91 172 4338 000

## CHENNAI

9th Floor, Prestige  
Polygon,  
471, Anna Salai,  
Mylapore Division,  
Teynampet,  
Chennai - 600018  
T +91 44 4294 0000

## DEHRADUN

Suite No 2211, 2nd Floor,  
Building 2000, Michigan  
Avenue, Doon Express  
Business Park,  
Subhash Nagar,  
Dehradun - 248002  
T +91 135 2646 500

## GURGAON

21st Floor, DLF Square,  
Jacaranda Marg,  
DLF Phase II,  
Gurgaon - 122002  
T +91 124 462 8000

## HYDERABAD

7th Floor, Block III,  
White House,  
Kundan Bagh,  
Begumpet,  
Hyderabad - 500016  
T +91 40 6630 8200

## KOCHI

6th Floor, Modayil  
Centre Point, Warriam  
Road Junction, MG  
Road  
Kochi - 682016  
T +91 484 406 4541

## KOLKATA

10C Hungerford Street,  
5th Floor,  
Kolkata - 700017  
T +91 33 4050 8000

## MUMBAI

11th Floor, Tower II,  
One International Center,  
SB Marg Prabhadevi (W),  
Mumbai - 400013  
T +91 22 6626 2600

## MUMBAI

Kaledonia, 1st Floor,  
C Wing, (Opposite J&J  
Office), Sahar Road,  
Andheri East,  
Mumbai - 400 069

## NOIDA

Plot No 19A, 2nd Floor,  
Sector - 16A,  
Noida - 201301  
T +91 120 485 5900

## PUNE

3rd Floor, Unit No 309-  
312,  
West Wing, Nyati  
Unitree,  
Nagar Road, Yerwada  
Pune - 411006  
T +91 20 6744 8800

For more information or for any queries, write to us at [gtbharat@in.gt.com](mailto:gtbharat@in.gt.com)



Follow us @GrantThorntonIN

© 2021 Grant Thornton Bharat LLP. All rights reserved.

"Grant Thornton Bharat" means Grant Thornton Advisory Private Limited, the sole member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.