

# PLI scheme: How it boosts the white goods sector



# Production Linked Incentive (PLI) scheme for the white goods sector

## Overview



### Two segments notified

These are components of

- Air conditioners (ACs)
- LED lightings



### Key focus areas

- Indigenous manufacturing of core components
- Attract large investment in white goods value chain
- Create a robust component ecosystem and boost employment generation



# Eligibility and coverage



## ACs

### High-value intermediaries (components)

- Aluminum foil
- Compressor

### Low-value intermediaries

- PCB assembly for controllers
- Brushless DC motors
- Service valves



## LED lightings

### Core components

- LED chip packaging
- Resisters & ICs
- Fuses

### Other components

- LED chips
- LED drivers
- LED engines
- Wire-bound inductors

The stringent rule to cover maximum **players of the industry**

Total incentive of **INR 6,238** crore is the chunk planned (FY 2022-29)

Proposed incentive of **4-6%** of incremental sales/revenue for the period of five years (please refer annexure)

Application under scheme shall be opened for **Six months initially**, which may be extended

Guidelines for important details, such as base year, eligibility criteria and pre-qualification criteria, are expected to be formally notified at a later stage.

## Key highlights

<p>Incentive shall be available to entities investing in manufacturing of target segments in India.</p>	<p>Eligibility of the entity to be decided basis pre-qualification criteria.</p>	<p>One entity to apply for one target segment only. However, separate group companies may apply for different target segments.</p>
<p>Applicant must meet all threshold criteria for disbursement of incentive.</p>	<p>Entities availing of benefits under this scheme would not be eligible for any other PLI scheme for the same product.</p>	<p>The applicant shall declare projection for:</p> <ul style="list-style-type: none"> <li>• Domestic value addition</li> <li>• Employment generation</li> <li>• Exports</li> </ul>

## Selection criteria

Mere assembly of finished goods would not be eligible for incentive

Selection of entities to incentivise manufacturing of components, which are not manufactured in India

Entities investing in core component and making large investment to be prioritised under the scheme

Actual number of beneficiaries to be decided based on response from industry

## How we can help?

### Eligibility evaluation

- Cumulative incremental investment
- Incremental sales (net of taxes)

### Filing of application

Assist in filing application before the Department for Promotion of Industry and Internal Trade (DPIIT)

### Follow-ups

- Follow ups with government authorities and nodal agency
- Conducting meeting

### Disbursement of funds

Assist in obtaining the claim on the best effort basis

### Application preparation

Review and collate requisite documents/ information /simulations/ projections to prepare application

### Replies to queries raised by the government/nodal agency

- Preparation of additional replies and queries
- Representation before officials

### Periodical review

Assist in periodic review of eligibility conditions under the scheme after filing the application

## Our experts

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**Naveen Malpani**  
Partner and Sector Leader  
E: naveen.malpani@in.gt.com  
M: +91 9892746811



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



**Rahul Kapur**  
Partner, Growth  
E: rahul.kapur@in.gt.com  
M: +91 9811210501



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



**Karan Kakkar**  
Associate Partner, Tax  
E: karan.kakkar@in.gt.com  
M: +91 9650001762



**Sachin Sharma**  
Director, Tax  
E: sachin.sharma@in.gt.com  
M: +91 9910848085

## Annexure: Eligibility threshold criteria: ACs (components)

S. No	Segment	Year	PLI	Min. Cum. Incr. Investment	Min. Incr. Sales	Min. PLI	Min. Cum. Incr. Investment	Min. Incr. Sales	Min. PLI
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				LARGE INVESTMENT			NORMAL INVERSMENT		
1.	AC's (Components)	2021-22		150			50		
		2022-23	6%	300	750		100	250	
		2023-24	6%	400	1500	45	150	500	15
		2024-25	5%	500	2000	90	225	750	30
		2025-26	5%	600	2500	100	300	1125	38
		2026-27	4%		3000	125		1500	56
		2027-28				120			60
		<b>Total</b>		<b>600</b>	<b>9750</b>	<b>480</b>	<b>300</b>	<b>4125</b>	<b>199</b>
2.	High Value Intermediates of AC's	2021-22		50			50		
		2022-23	6%	125	250		100	250	
		2023-24	6%	200	625	15	150	500	15
		2024-25	5%	300	1000	38	200	750	30
		2025-26	5%	400	1500	50	250	1000	38
		2026-27	4%		2000	75		1250	50
		2027-28				80			50
		<b>Total</b>		<b>400</b>	<b>5375</b>	<b>258</b>	<b>250</b>	<b>3750</b>	<b>183</b>
3.	Low Value Intermediates of AC's	2021-22		20			10		
		2022-23	6%	40	100		20	50	
		2023-24	6%	60	200	6	30	100	3
		2024-25	5%	80	300	12	40	150	6
		2025-26	5%	100	400	15	50	200	8
		2026-27	4%		500	20		250	10
		2027-28				20			10
		<b>Total</b>		<b>100</b>	<b>1500</b>	<b>73</b>	<b>50</b>	<b>750</b>	<b>37</b>

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S. No	Segment	Year	PLI	Min. Cum. Incr. Investment	Min. Incr. Sales	Min. PLI	Min. Cum. Incr. Investment	Min. Incr. Sales	Min. PLI
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				LARGE INVESTMENT			NORMAL INVERSMENT		
1.	LED Light's (Core Components)	2021-22		100			20		
		2022-23	6%	150	600		40	120	
		2023-24	6%	200	900	35	60	240	7
		2024-25	5%	250	1200	54	80	360	14
		2025-26	5%	300	1500	60	100	480	18
		2026-27	4%		1800	75		600	24
		2027-28				72			24
		<b>Total</b>			<b>300</b>	<b>6000</b>	<b>297</b>	<b>100</b>	<b>1800</b>
2.	Components of LED Lights	2021-22		5			2		
		2022-23	6%	10	30		4	12	
		2023-24	6%	15	60	2	6	24	1
		2024-25	5%	20	90	4	8	36	1
		2025-26	5%	25	120	5	10	48	2
		2026-27	4%		150	6		60	2
		2027-28				6			2
		<b>Total</b>			<b>25</b>	<b>450</b>	<b>22</b>	<b>10</b>	<b>180</b>

# 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)



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