

# PLI scheme: Unlocking pharmaceutical sector's growth potential



# Production Linked Incentive (PLI) scheme for the pharmaceutical sector



## Overview

### Objectives

- Enhance India's manufacturing capabilities by increasing investment
- Contribute to product diversification

### The scheme would largely promote

- Development of complex and high-tech products
- Production of high value products in the country and increase the value addition in exports
- Employment for both skilled and unskilled personnel

## Scheme coverage



### Applicant's group

- A. GMR\* more than or equal to INR 5,000 crore
- B. GMR\* between INR 500 crore (inclusive) and INR 5,000 crore
- C. GMR\* less than INR 500 crore (sub-group for MSME will be made)



### Quantum of incentive

- INR 11,000 crore
- INR 2,250 crore
- INR 1,750 crore

Scheme to create **global champions** to penetrate global value chains

Total incentive of **INR 15,000** crore is the chunk planned

To be implemented over **9-year period\*\*** from 2020-21 to 2028-29

Applicable for applicants **registered** in India

\*GMR refers to Global Manufacturing Revenue of Pharmaceutical goods for FY 2019-20

\*\* It includes one year for application process (FY 21), one-year optional gestation period (FY 22), six years incentive period (FY 23-28) and one year for incentive disbursement for (FY 28-29).

## Key highlights

Cover maximum players of the industry	Base year for calculation of incremental sales to be FY 2019-20	Selection of applicant based on pre-defined criteria to assess- <ul style="list-style-type: none"> <li>• Experience</li> <li>• Capacity to grow</li> <li>• Capacity to innovate</li> </ul>
Incentive per participant to be subject to ceilings to be specified in scheme guidelines	Participants may avail of up to one year of gestation period from the date of approval	Incentive will be paid for a maximum period of 6 years for each participants

Scheme guidelines laying down important details such as evaluation criteria, ceiling per applicant, application procedure, timelines are yet to be notified by the department

## Category of goods and incentive rate

Category of goods	Products covered	Rates	Year
<b>Category 1</b>	Biopharmaceutical: Complex generic drugs; patented drugs or drugs nearing patent expiry; cell-based or gene therapy drugs; orphan drugs; special empty capsules like HPMC, pullulan, enteric, etc.; complex excipients; phytopharmaceuticals; other drugs as approved	10% of incremental sales	First 4 years
		8% of incremental sales	5 <sup>th</sup> year
		6% of incremental sales	6 <sup>th</sup> year
<b>Category 2</b>	Active Pharmaceutical Ingredients/Key starting materials/drug intermediates	10% of incremental sales	First 4 years
		8% of incremental sales	5 <sup>th</sup> year
		6% of incremental sales	6 <sup>th</sup> year
<b>Category 3</b>	Repurposed drugs; autoimmune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and anti-retroviral drugs; in vitro diagnostic devices; other drugs as approved; other drugs not manufactured in India	5% of incremental sales	First 4 years
		4% of incremental sales	5 <sup>th</sup> year
		3% of incremental sales	6 <sup>th</sup> year



## Eligibility for incentive

Applicant's group	Minimum cumulative investment per participant (INR crore)	Minimum percentage growth in sales (year-on-year)
<b>A</b>	<b>INR 1,000 crore over 5 years</b> FY 2021-22: 200 FY 2022-23: 400 FY 2023-24: 600 FY 2024-25: 800 FY 2025-26: 1000	<p>For first year of production, participants shall have to achieve minimum threshold sales which will be specified by value for each group in the scheme guidelines.</p> <p>For subsequent years, the participants will have to achieve a minimum percentage growth of 7% year-on-year.</p>
<b>B</b>	<b>INR 250 crore over 5 years</b> FY 2021-22: 50 FY 2022-23: 100 FY 2023-24: 150 FY 2024-25: 200 FY 2025-26: 250	
<b>C</b>	<b>INR 50 crore over 5 years</b> FY 2021-22: 10 FY 2022-23: 20 FY 2023-24: 30 FY 2024-25: 40 FY 2025-26: 50	

For MSME participants, the threshold minimum cumulative investment shall be as committed by the participant in application form



# How can we help?



## Evaluate eligibility

- Minimum revenue and cumulative investment
- Manufacture of notified product
- Minimum percentage growth in sales



## Application preparation

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



## Filing of application

Assist in filing application before the Department of Pharmaceuticals



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

- Preparation of additional replies and queries
- Representation before the government/nodal agency



## Follow-up with government authorities and nodal agency

- Follow-up post filing of application
- Conduct meeting



## Periodical review

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



## Disbursement of funds

Assist in obtaining the claim on the best effort basis



## Our experts

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