

Production Linked Incentive (PLI) Scheme



Why in News?

The Union cabinet has approved the Production Linked Incentive (PLI) scheme for the textile sector.

What is it?

- Production Linked Incentive or PLI scheme is a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.
- The scheme invites foreign companies to set up units in India, however, it also aims to encourage local companies to set up or expand existing manufacturing units and also to generate more employment and cut down the country's reliance on imports from other countries.
- It was launched in April 2020, for the Large Scale Electronics Manufacturing sector, but later towards the end of 2020 was introduced for 10 other sectors.
- This scheme was introduced in line with India's Atmanirbhar Bharat campaign.

Features of PLI for Textile Sector

- Aims to promote the production of high value Man-Made Fibre (MMF) fabrics, garments and technical textiles.
- Incentives worth Rs 10,683 crore will be provided on production to the sector over a span for 5 years.
- Incentives to eligible producers in two phases:
 - ✓ **First:** Any person or company willing to invest a minimum of Rs 300 crore in plant, machinery, equipment and civil works (excluding land and administrative building cost) to produce products of MMF fabrics, garments and products of technical textiles will be eligible to participate.
 - ✓ **Second:** Investors willing to spend a minimum of Rs 100 crore under the same conditions (as in the case of the first phase) shall be eligible to apply.