

INDIA LEGAL UPDATE

August 7, 2024

PLI Scheme for ACs, LED Lights: Second Chance for Investors

Notification Date:
July 8, 2024
Legal Framework:
Department for Promotion of Industry And Internal Trade
Government Authority:
Ministry of Commerce & Industry
Weblink:
Press Release:Press Information Bureau (pib.gov.in)

LEGAL UPDATE

Good news for businesses! The Indian government is reopening the application window for a program that encourages domestic production of air conditioners (ACs) and LED lights. This program, called the **Production Linked Incentive (PLI) Scheme for White Goods**, offers financial benefits to companies that invest in manufacturing these products in India.

- **Applications Open:** July 15, 2024 to October 12, 2024 (90 days)
- **Who Can Apply:** Both new companies and existing beneficiaries who want to invest more can apply.
- **Benefits:** Companies can receive incentives based on increased sales over a period of up to three years.
- **Goal:** To boost domestic manufacturing and reduce reliance on imports.

This program is part of the government's **"Atmanirbhar Bharat"** initiative introduced in 2020, which aims to make India self-reliant.

History of the PLI scheme for white goods in India

2020: Announcement and Approval

- **April 2020:** The Indian government announces the PLI scheme as part of its "Atmanirbhar Bharat" initiative to promote domestic manufacturing.
- **November 2020:** The government approves the PLI scheme for white goods, including air conditioners, LED lights, refrigerators, and washing machines.

2021: Implementation and Participation

- **April 2021:** The government notifies the PLI scheme for white goods, offering incentives of 4-6% on sales revenue over 5 years.
- **June 2021:** The government invites applications from manufacturers to participate in the PLI scheme.
- **August 2021:** The government selects 52 applicants, including international and domestic companies, to participate in the scheme, with a significant commitment to invest in manufacturing capabilities.

2021-2026: Growth and Investment

Throughout this period, participating companies invest in expanding production capacity, technology upgradation, and research and development.

2026 Onwards: Review and Future Directions

Starting in 2026, the government plans to review the scheme's performance, assessing its impact on domestic manufacturing and exports. This review will inform potential extensions or modifications to the scheme based on its effectiveness.

Why the Reopening?

The government decided to reopen applications due to high industry interest and increased confidence in manufacturing AC and LED components within India. Several major companies have already committed to investing under this scheme.

The PLI scheme for white goods aims to create a robust domestic manufacturing ecosystem, reduce imports, and increase exports, aligning with India's vision of becoming a global manufacturing hub.

Key Points:

- The Scheme is set to run from FY 2021-22 to FY 2028-29 with an outlay of ₹6,238 crore.
- Applications will be accepted through an online portal at <https://plwhitegoods.ifcilttd.com/> .
- The program is designed to create a complete ecosystem for AC and LED light manufacturing in India.
- The scheme aims to increase domestic value addition in this sector from 15-20% to 75-80%.
- To improve business liquidity, working capital management, and operational efficiency, the Scheme will now process claims on a quarterly basis rather than annually.

Existing Investments

Since the Scheme's inception, 66 applicants with committed investments of Rs. 6,962 crore have been selected as beneficiaries under the PLI Scheme. Companies like Daikin, Voltas, Hindalco, LG, and Dixon, among others, have invested in manufacturing components for ACs and LED Lights, contributing to a more robust local production ecosystem.

The consolidated scheme guidelines are available on the official website at below link:
https://dpiit.gov.in/sites/default/files/Consolidated_Guidelines_PLIScheme_23October2023.pdf

Queries?

If you have any queries about this article, please reach out to our experts:



Manu Srivastava (マヌ スリバストバ)
Managing Partner

Mobile: +91-99-7180-3336
Email: Manu@HLS-Global.in



Ejima Naoto (江嶋直人)
General Manager | Japan Desk

Mobile: +91-91-0803-0825
Email: nejima@HLS-Global.in

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

HLS Global in India

New Delhi (Corporate Office)

Vegas Mall, Office Block-B, 8th Floor, Unit No.883, Sector-14, Dwarka, New Delhi 110075 | India
Tel.: +91-11-6134-0450
Email: Info@HLS-Global.in
JapanDesk@HLS-Global.in

Gurugram

Level 1, Building No. 10A, DLF Cyber City, Gurugram
Tel.: +91-79-8266-6136
Email: Info@HLS-Global.in

Japanese Zone - Neemrana

Office No. 206, Regent Square Mall, CP-4, Japanese Zone, Neemrana, Rajasthan - 301705
Tel.: +91-73-5732-0237
Email: JapanDesk@HLS-Global.in

Lucknow

Office No. 22/181, Indira Nagar, Lucknow, Uttar Pradesh - 226016
Tel.: +91-93-3536-3533
Email: Info@HLS-Global.in

Mumbai

WeWork Enam Sambhav, BKC, C-20, G Block, Bandra-Kurla Complex, Mumbai, Maharashtra - 400051
Tel.: +91-22-4880-8605
Email: Info@HLS-Global.in

Ahmedabad

A - 413, Titanium Business Park, Beside Railway underpass, Makarba, Ahmedabad-380051
Tel.: +91-79-8266-6136
Email: Info@HLS-Global.in

Connect with us on Social Media



www.HLS-Global.in

Noida

304, 3rd Floor, Tradex Tower-1, Alpha Commercial Belt, Alpha-1, Greater Noida, Uttar Pradesh-201310
Tel.: +91-79-8266-6136
Email: Info@HLS-Global.in

Bangalore

WeWork Galaxy, MG Road, 43, Residency Road, Bangalore, Karnataka 560025
Tel.: +91-79-8266-6136
Email: Info@HLS-Global.in

HLS Global Worldwide

Japan Office

Tokyo

www.HLS-Global.jp

US Offices

Los Angeles (Headquarters)
New York
Indianapolis
Chicago
Atlanta
San Jose

www.HLS-Global.com

Mexico Offices

Mexico City
Irapuato

www.HLS-Global.mx

Germany Office

Stuttgart

www.HLS-Global.de



ASTHOM

A member firm of ASTHOM Partners, Japan

<https://asthom.co.jp/>

Germany Hong Kong India Japan Malaysia Mexico Philippines Singapore Thailand USA UK Vietnam