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Incentive structure to encourage industry to make fresh investments in indigenous supply chain/ deep localization of Advanced Automotive Technology products

PLI Scheme for Automotive Sector along with PLI scheme for ACC and FAME to enable India to leapfrog to environmentally cleaner, sustainable, advanced and more efficient Electric Vehicles (EV) based system

Major boost to Hon'ble Prime Minister Narendra Modi's Make in India and AtmaNirbharBharat



A total of **115** companies have filed their application under the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India which was notified on 23<sup>rd</sup> September 2021. The scheme was open for receiving applications till 23:59:59 hours IST on 9<sup>th</sup> January 2022. Incentives are applicable under the scheme for determined sales of Advanced Automotive Technology (AAT) products (vehicles and components) manufactured in India from 1<sup>st</sup> April 2022 onwards for a period of 5 consecutive years.

The Government has approved the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry in India for Enhancing India's Manufacturing Capabilities for Advanced Automotive Products with a budgetary outlay of ₹25,938 crore. The Production Linked Incentive (PLI) Scheme for Automobile and Auto components proposes financial incentives to boost domestic manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain. Its prime objectives include overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of Advanced Automotive Technology products. It will also generate employment. This scheme will facilitate the Automobile Industry to move up the value chain into higher value-added products.

Following is the category-wise distribution of applications received:

Sl. No.	Primary Category	Number of Applications
1	Champion OEM (Except 2W & 3W)	13
2	Champion OEM (2W & 3W)	7
3	New Non-Automotive Investor (OEM) Company	9
4	Component Champion	83
5	New Non-Automotive Investor (Component) Company	3
	<b>Total</b>	<b>115</b>



The PLI scheme for the auto sector will incentivize high value Advanced Automotive Technology vehicles and products. It will herald a new age in higher technology, more efficient and green automotive manufacturing. The PLI Scheme for the auto sector envisages to overcome the cost disabilities to the industry for manufacturing of Advanced Automotive Technology products in India. The incentive structure will encourage industry to make fresh investments in indigenous supply chain/ deep localization of AdvancedAutomotive Technology products.

The PLI Scheme for auto sector was open to existing automotive companies as well as new investors who are currently not in automobile or auto component manufacturing business. The scheme has two components viz Champion OEM Incentive Scheme and Component Champion Incentive Scheme. The Champion OEM Incentive scheme is a ‘sales value linked’ scheme, applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments. The Component Champion Incentive scheme is a ‘sales value linked’ scheme, applicable on Advanced Automotive Technology components of vehicles, Completely Knocked Down (CKD)/ Semi Knocked Down (SKD) kits, Vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles and tractors, etc.

This PLI Scheme for automotive sector (₹25,938 crore) along with the already launched PLI scheme for Advanced Chemistry Cell (ACC) (₹18,100 crore) and Faster Adaption of Manufacturing of Electric Vehicles (FAME) (₹10,000 crore) will enable India to leapfrog from traditional fossil fuel based automobile transportation system to environmentally cleaner, sustainable, advanced and more efficient Electric Vehicles (EV) based system.

The PLI scheme for Automobile and Auto Component Industry has been a huge success in terms of the applications received from local as well as globally headquartered groups engaged in/ proposing to manufacture Advanced Automotive Technology vehicles/ products.

Industry has reposed its faith in India’s stellar progress as a world class manufacturing destination which resonates strongly with Hon’ble Prime Minister’s clarion call of AtmaNirbhar Bharat - a self-reliant India.

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