

**Production Linked Incentive (PLI)  
Scheme  
Under  
Ministry of Textiles**

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# Introduction



❑ Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. It contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture. To further strengthen India's position in the global market, PLI Scheme is introduced by the Union Cabinet

❑ On September 8, the Union Cabinet cleared a Production-Linked Incentive (PLI) scheme for the textile sector with a budget outlay of ₹10,683 crore, The scheme is aimed at providing a big stimulus to the man-made fibers and technical textiles segments by promoting industries that invest in the production of 64 select products.

# Objectives of the Scheme

To promote production of MMF apparels & Fabrics and, Technical Textiles products in the country

To enable Textiles Industry to achieve size and scale so as to become competitive and a creator of employment opportunities for people.

To identify the bottlenecks that are creating impediments in the production of world-class material in Indian textile mills.

To incentivize, develop and upgrade especially, self-declared inspirational districts and all contiguous geographical areas around Tier 3 and 4 towns

# Scheme Details

There are two schemes under which the benefit of PLI scheme can be obtained. The Primary difference between the two schemes is the Investment Size required and turnover to be achieved in the due course of time. For Simplicity let's call it, scheme 1 and scheme 2

## Scheme 1

- Investment required – 300 Crores
- The Company will be get the incentive after they achieve a turnover of 600 crores in the stipulated timeline.
- Incentives will start from 15% of the turnover and will be gradually reduced to 11% of the turnover

## Scheme 2

- Investment required – 100 Crores
- The Company will be get the incentive after they achieve a turnover of 200 crores in the stipulated timeline.
- Incentives will start from 11% of the turnover and will be gradually reduced to 7% of the turnover

## Core Conditions: - Scheme 1

- ✓ Any company willing to invest a minimum of Rs. 300 Crores in Plant, Machinery, Equipment & Civil Works (excluding Land and Administrative Building Cost) to produce the eligible products will be eligible to apply for the scheme. A separate company should be formed and the investment shall be made in the new company.
- ✓ The Company will be eligible to get incentive when they achieve a minimum of Rs. 600 Crores of turnover by manufacturing and selling the eligible products within the stipulated timeline.
- ✓ Fulfilling both the conditions i.e. fresh investment of Rs. 300 Crores, and turnover of Rs. 600 crores is necessary.
- ✓ The scheme is applicable from the date of notification i.e. 24-09-2021, and the turnover is expected to be achieved after gestation period of 2 years, i.e. in FY 2024-25
- ✓ An incentive of 15% will be provided on attaining required turnover. Incentive in the subsequent years will be provided on achieving a minimum additional incremental turnover of 25% over the immediate preceding year's turnover up to year 5. However, the incentive will be reduced by 1% every year from year 2 onward till the year 5 i.e. 11% in the year 5.

## Scheme 1 – Timeline and Numbers

For Simplicity and better clarity, please refer to the table below.

						Rs in Crores
Year S. No.	Year	Investment	Turnover	Min. Incremental Sales to be achieved	Incentive %	Incentive
0	2021-22	-300		NA	NA	NA
1	2022-23		Gestation Period	NA	NA	NA
2	2023-24		Gestation Period	NA	NA	NA
3	2024-25		600	600	15%	90
4	2025-26		750	150	14%	21
5	2016-27		938	188	13%	24
6	2027-28		1172	234	12%	28
7	2028-29		1465	293	11%	32

The turnover can be achieved before the gestation period is over, i.e. the company can start getting the incentives when they achieve the required turnover, i.e. earliest they can achieve it in FY 2023-24 and latest, they have to achieve the turnover by FY 2024-25

## Core Conditions: - Scheme 2

- ✓ Any company willing to invest a minimum of Rs. 100 Crores in Plant, Machinery, Equipment & Civil Works (excluding Land and Administrative Building Cost) to produce the eligible products will be eligible to apply for the scheme. A separate company should be formed and the investment shall be made in the new company.
- ✓ The Company will be eligible to get incentive when they achieve a minimum of Rs. 200 Crores of turnover by manufacturing and selling the eligible products within the stipulated timeline.
- ✓ Fulfilling both the conditions i.e. fresh investment of Rs. 100 Crores, and turnover of Rs. 200 crores is necessary.
- ✓ The scheme is applicable from the date of notification i.e. 24-09-2021, and the turnover is expected to be achieved after gestation period of 2 years, i.e. in FY 2024-25
- ✓ An incentive of 11% will be provided on attaining required turnover. Incentive in the subsequent years will be provided on achieving a minimum additional incremental turnover of 25% over the immediate preceding year's turnover up to year 5. However, the incentive will be reduced by 1% every year from year 2 onward till the year 5 i.e. 7% in the year 5.



## Scheme 2 - Timeline and Numbers

For Simplicity and better clarity, please refer to the table below.

						Rs in Crores
Year S. No.	Year	Investment	Turnover	Min. Incremental Sales to be achieved	Incentive %	Incentive
0	2021-22	-100		NA	NA	NA
1	2022-23		Gestation Period	NA	NA	NA
2	2023-24		Gestation Period	NA	NA	NA
3	2024-25		200	200	11%	22
4	2025-26		250	50	10%	5
5	2016-27		313	63	9%	6
6	2027-28		391	78	8%	6
7	2028-29		488	98	7%	7

The turnover can be achieved before the gestation period is over, i.e. the company can start getting the incentives when they achieve the required turnover, i.e. earliest they can achieve it in FY 2023-24 and latest, they have to achieve the turnover by FY 2024-25

# Common Conditions – Scheme 1 & Scheme 2

- ✓ Incentive will be capped to an incremental sales of 35%, so if in year 2, the sales growth is 40%, then the incentive will be capped to 35% of the sales. In year 3, minimum 25% sales growth has to be achieved.
- ✓ For e.g., In Year 1, the incentive will be provided on sales up to 220 Crores or 660 Crores
- ✓ The manufacturing company will have to be registered in India to be eligible to participate under the scheme.
- ✓ Participating company will have to undertake processing and operation activities in their own factory premise.
- ✓ Only project proposals that include processing and operating activities that increase the value of integrated fiber/yarn to fabric, garment, and technical textiles by at least 60% will be chosen.
- ✓ However, for proposal of independent fabrics processing house, this required minimum value enhancement will be only 30%;

# Eligible Products

The scheme proposes to incentivize MMF Apparel listed at Annexure-I, MMF Fabrics listed at Annexure-II and 10 segments of Technical Textiles products listed at Annexure-III. Turnover of MMF Apparel, Fabrics and products of Technical Textiles will be counted based on product description in GST invoice at 8-digit HS Code.

The annexures can be referred to in the below links.

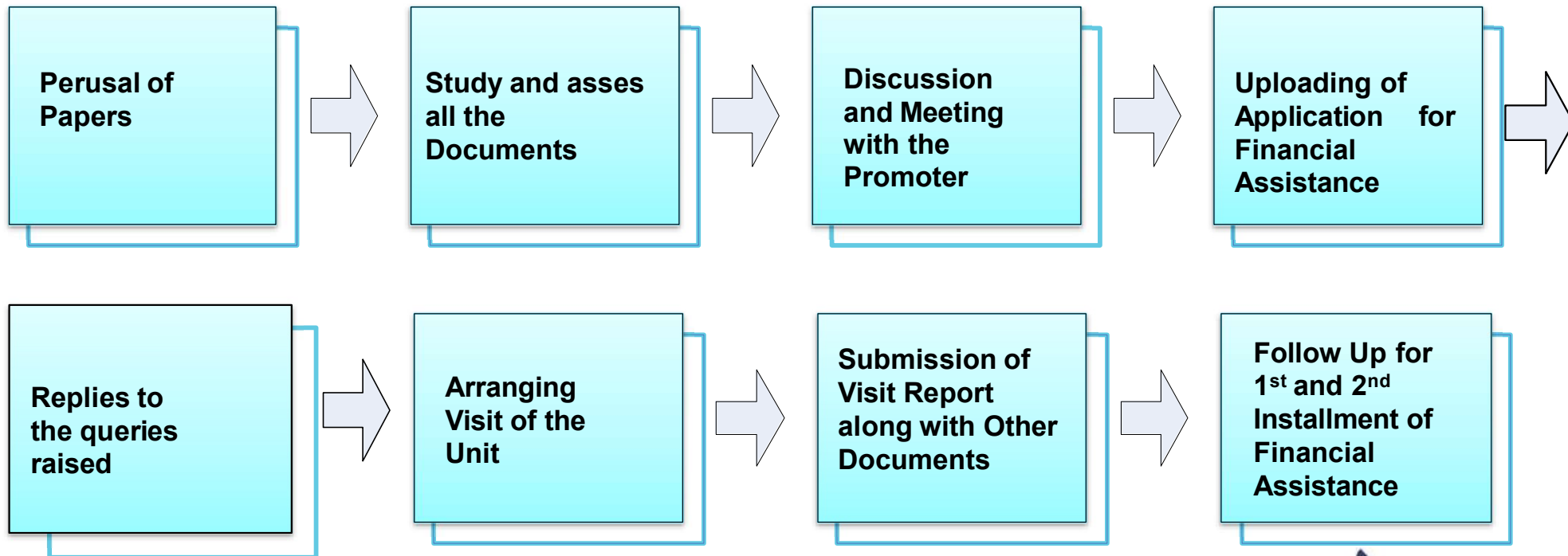
<https://egazette.nic.in/WriteReadData/2021/229974.pdf>

# Other than Core Conditions

- ✓ Turnover achieved from trading and outsourced job work will not be accounted. The goods which is manufactured by the company registered under the scheme shall only be eligible for the incentives.
- ✓ Only one company of a group will be allowed to be registered for PLI for Textiles. However, the group may make more than one application for consideration but they will have to take a decision at the time of selection regarding the proposal they want to take forward in case more than one of their proposals are shortlisted on the basis of transparent selection process.
- ✓ In case any participant company fails to achieve the required turnover target in any of the years during scheme period, they will not get any incentive under this scheme for that year. However, incentive will be provided on achieving the prescribed target in subsequent years but within the scheme period. Such participants will get assistance for reduced number of years.

# How can we help:-

ARNK understands and analyses the entire business of the promoters. A dedicated team assess the documents provided by the unit. Further the team visits the unit to have complete view of the unit with the production process. Team with coordination of the entity's Bank comply all the procedure in given flow till the sanctioning of Financial Assistance.



# THANK YOU

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