



**Shoonya**  
Zero Pollution  
Mobility

# Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry



**Date of Notification** 23 September, 2021

**Nodal Agency** Project Management Agency assigned by the Ministry of Heavy Industries, Government of India

**Download the [policy here](#) and [amendment to the policy here](#)**

## Key Objectives

- Enhance domestic manufacturing capabilities of advanced automotive products by providing financial incentives.
- Overcome cost disabilities, create economies of scale, and build a robust supply chain in areas of advanced automotive technology products.
- Generate employment and facilitate the automobile industry to move up the value chain into higher value-added products.
- The scheme has a budgetary outlay of INR 25,938 crore and the incentives are applicable from FY 2023–24 to FY 2027–28.

# Incentives For Manufacturers

## Automotive Manufacturers

## Auto Component Manufacturers

### Eligible Companies

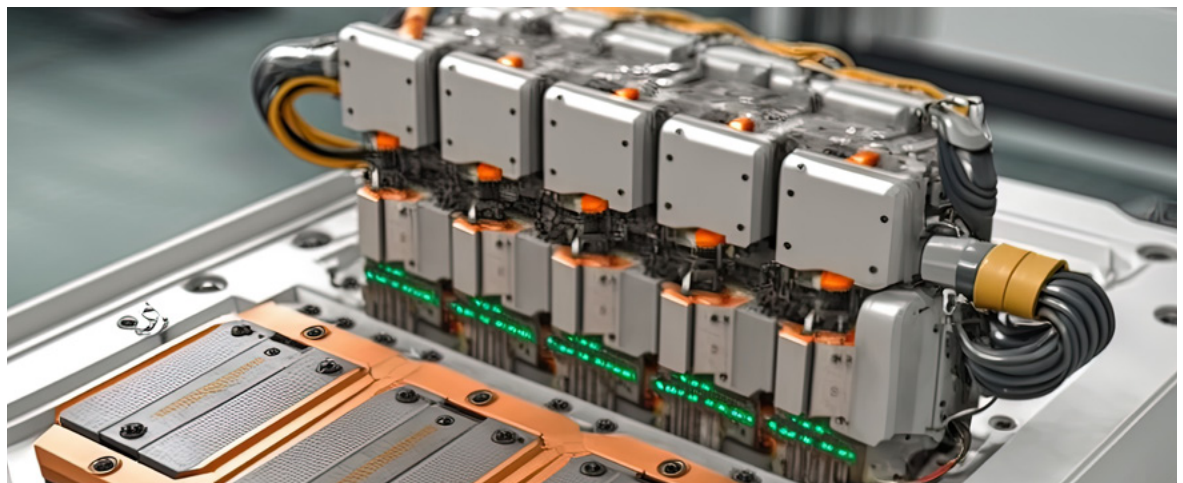
- Auto Original Equipment Manufacturers (OEMs) or its group company(ies), with a minimum INR 10,000 crore global group revenue from automotive and/or auto component manufacturing.
  - Auto OEMs or its group company(ies), with a global investment in fixed assets (gross block) of INR 3,000 crore.
  - New Non-Automotive OEMs investor company or its group company(s) with global net worth of INR 1,000 crore and committed investment in India over a five-year period.
- Auto-component manufacturing company or its group company(ies), with a minimum INR 500 crore global group revenue from automotive and/or auto component manufacturing.
  - Auto-component company or its group company(ies), with a global investment in fixed assets (gross block) of INR 150 crore.
  - New Non-Automotive OEMs investor company or its group company(s) with global net worth of INR 1,000 crore and committed investment in India over a five-year period.

### Eligible Vehicles

Champion OEM Incentive scheme is a 'sales value linked' scheme (based on determined sales value), and applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments — two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, tractors, automobile meant for military use and any other advanced automotive technology vehicle as prescribed by Ministry of Heavy Industries (MHI) depending upon technical developments.

Component Champion Incentive scheme is also a 'sales value linked' scheme (based on determined sales value), and applicable on advanced automotive technology components of all vehicles, completely-knocked-down and semi-knocked-down kits, vehicle aggregators of two-wheelers, three-wheelers, passenger and commercial vehicles, tractors, automobiles for military use, and other MHI prescribed components.

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## Automotive Manufacturers

## Auto Component Manufacturers

### New Domestic Investment Condition of Performance

The approved company is required to meet the cumulative investment condition, starting 1<sup>st</sup> April 2021, for each year:

- For champion OEM (2Ws and 3Ws), INR 150 crore upto or before March 31, 2023, INR 400 crore upto or before March 31, 2024, INR 700 crore upto or before March 31, 2025, INR 875 crore upto or before March 31, 2026, and INR 1,000 crore upto or before March 31, 2027.
- For champion OEM (except 2W & 3W) and for new non-automotive OEMs investor company or its group company(s), INR 300 crore upto or before March 31, 2023, INR 800 crore upto or before March 31, 2024, INR 1400 crore upto or before March 31, 2025, INR 1750 crore upto or before March 31, 2026, and INR 2,000 crore upto or before March 31, 2027.

The approved company is required to meet the cumulative investment condition, starting 1<sup>st</sup> April 2021, for each year:

- For component champion, INR 40 crore upto or before March 31, 2023, INR 100 crore upto or before March 31, 2024, INR 175 crore upto or before March 31, 2025, INR 220 crore upto or before March 31, 2026, and INR 250 crore upto or before March 31, 2027.
- For new non-automotive investor component company or its group company(s), INR 80 crore upto or before March 31, 2023, INR 200 crore upto or before March 31, 2024, INR 350 crore upto or before March 31, 2025, INR 440 crore upto or before March 31, 2026, and INR 500 crore upto or before March 31, 2027.

### Determined Sales Value

- Determined Sales Value (DSV) is difference between eligible sales value for vehicle segment for a particular year and eligible sales value for vehicle segment for the base year.
- Threshold DSV for the first year is INR 125 crore.

- DSV is difference between eligible sales value for component segment for a particular year and eligible sales value for component segment for the base year.
- Threshold DSV for the first year is INR 25 crore.

### Eligible Sales Value

- Eligible sales value is the total sales (net of GST) for eligible vehicles.
- For an approved new non-automotive investor company, the eligible sale value in the base year will be zero.
- FY 2019–20 will be considered as the base year, except for new non-automotive investor company.
- For an approved new non-automotive investor company, the eligible sale value in the base year will be zero.

- Eligible sales value is total sales (net of GST) for eligible components or the apportioned value of the eligible component as determined by the testing agency of MHI.
- FY 2019–20 will be considered as the base year, except for new non-automotive investor company.
- For an approved new non-automotive investor company, the eligible sale value in the base year will be zero.

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	<b>Automotive Manufacturers</b>	<b>Auto Component Manufacturers</b>
<b>Incentives</b>	<ul style="list-style-type: none"> <li>For DSV less than or equal to INR 2,000 crore, 13% of DSV</li> <li>For DSV more than INR 2,000 crore to INR 3,000 crore, 14% of DSV</li> <li>For DSV more than INR 3,000 crore to INR 4,000 crore, 15% of DSV</li> <li>For DSV more than INR 4,000 crore, 16% of DSV</li> <li>Additional 2% of DSV for cumulative DSV of INR 10,000 crore over 5 years</li> </ul>	<ul style="list-style-type: none"> <li>For DSV less than or equal to INR 250 crore, 8% of DSV</li> <li>For DSV more than INR 250 crore to INR 500 crore, 9% of DSV</li> <li>For DSV more than INR 500 crore to INR 750 crore, 10% of DSV</li> <li>For DSV more than INR 750 crore, 11% of DSV</li> <li>Additional 2% of DSV for cumulative DSV of INR 1,250 crore over 5 years</li> <li>Additional 5% of DSV for EV and hydrogen fuel cell vehicles components</li> </ul>