

## PLI Scheme – ECONOMY

The Production Linked Incentive (PLI) Scheme has achieved investments of ₹1.76 lakh crore by March 2025 across 14 sectors, generating over 12 lakh jobs and transforming India's industrial base.

### Genesis and Rationale of PLI Scheme

**Service-led Economic Imbalance** – India's services sector contributes over 50% of GDP, whereas manufacturing accounts for only 15–17%, limiting large-scale job creation and industrial self-reliance.

**Policy Response** – The PLI Scheme, launched in April 2020, aims to:

1. Boost domestic manufacturing.
2. Reduce import dependency.
3. Integrate India into global value chains.

**Initial Sectors** – Initially covered mobile phones, pharmaceutical APIs, and medical devices.

**Sectoral Expansion** – Gradually expanded to 14 strategic sectors including automobiles, electric vehicles (EVs), textiles, semiconductors, white goods, solar PV modules, and food processing.

### Sectoral Impact and Achievements

**Electronics & Mobile Manufacturing** – Production surged by 146%, from ₹2.13 lakh crore (FY 2021) to ₹5.25 lakh crore (FY 2025). India emerged as a global hub for smartphone manufacturing.

**Automobile & EV Components** – Investments of ₹67,690 crore. Incentives provided for 19 categories of advanced automotive technology vehicles and 103 components. Aligned with the FAME scheme to boost EV adoption.

**Pharmaceuticals** – Transitioned from a net importer in FY 2021–22 (₹1,930 crore deficit) to a net exporter in FY 2024–25 (₹2,280 crore surplus). Domestic value addition reached 83.7%.

**Semiconductors** – Six approved projects and four new fabrication units (fabs) sanctioned. ₹4,600 crore committed; direct employment for 2,034 professionals. Complements the India Semiconductor Mission.

**Solar PV Modules** – Nearly 48 GW planned; ₹48,120 crore investment committed. Generates approximately 38,500 direct jobs.

**Textiles & Food Processing** – Supports MMF (Man-Made Fibres), technical textiles, and food processing. Strengthens MSMEs and boosts exports.

### Performance Outcomes

**Investment Mobilisation** – ₹1.76 lakh crore realised by March 2025.

**Production Growth** – Combined sales by PLI participants exceeded ₹16.5 lakh crore.

**Job Creation** – Over 12 lakh direct and indirect jobs generated, including in Tier-2 and Tier-3 cities.

**Ecosystem Development** – Establishment of semiconductor parks, textile clusters (e.g., Surat), and medical device hubs (e.g., Andhra Pradesh, Tamil Nadu).

**FDI Attraction**: Fresh foreign investments endorsed India as a preferred destination for high-value manufacturing.

### Strategic Importance

**Self-Reliance** – Reduces dependency on imports, especially in pharma APIs, semiconductors, and electronics.

**Global Competitiveness** – Enhances India's integration into global value chains, particularly in electronics, EVs, and renewable energy.

**Employment and Skill Development** – Anchors supply chains in MSMEs, generating skilled and semi-skilled jobs.

**Green Economy Push** – Supports production of EVs, solar panels, and energy-efficient appliances, aligning with India's climate goals.

## Challenges and Limitations

**Implementation Delays** – Some projects face slow disbursement of incentives.

**Technology Gaps** – Heavy reliance on foreign technology persists in semiconductors and advanced components.

**Global Competition** – Competing incentive regimes in Vietnam, Mexico, and the U.S. (CHIPS Act) challenge India's competitiveness.

**MSME Integration** – Limited backward linkages in some sectors; requires stronger policy support to connect small suppliers with PLI anchor units.

## Way Forward

**Faster Incentive Disbursal** – Ensure time-bound approvals and transparent processes to maintain investor confidence.

**Technology Upgradation** – Promote R&D, public-private partnerships, and technology transfer in frontier sectors.

**Cluster Development** – Strengthen industrial corridors and dedicated clusters for semiconductors, EVs, textiles, and other strategic sectors.

**MSME Integration** – Implement vendor development programmes to link MSMEs with PLI anchor units for stronger domestic value chains.

**Sustainability Focus** – Incentivise green technologies, renewable energy, and circular economy models to align manufacturing with climate and sustainability goals.

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