

June 2021



PLI Scheme – White Goods

The Scheme – a value proposition

The latest introduced scheme for the 'white goods' applies to air-conditioners (components and certain intermediates) LED lighting products (Core Components like LED Chip Packaging, Resistors, ICs, Fuses and large-scale investments in other components etc.) which is brought in effect from FY 2021-22 till FY 2028-29. The sector till now has been dominated by imports from South East Asian countries with players assembling units in India.. The Scheme has a budgetary outlay of INR 6238 crore and applications for the same are open between 15 June, 2021 to 15 September, 2021

Details of the scheme

- The first year of investment will be FY 2021-22 and the first year of incremental sale will be FY 2022-23
- The applicant should be registered in India under provisions of Companies Act, 2013 and set up a green field/brownfield project in India
- The scheme extends an incentive of 4% to 6% on incremental sales (net of taxes) over the base year of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year and one year of gestation period.
- The applicant will have to fulfill both criteria of cumulative incremental investment in plant and machinery as well as incremental sales over the base year in that respective year to be eligible for PLI
- The scheme guidelines provide that preference under the scheme will be given to players who are manufacturing components or sub-assemblies which are not manufactured in India with sufficient capacity.
- One entity may apply for one target segment only. The Group companies may apply for different target segments.
- Sales by entities to their group companies allowed and should be at an arm's length price as those to outside group companies.
- The same set of products cannot be covered under more than one PLI scheme but the entity may take benefits under other applicable schemes of Central and State Government.

What is not allowed under the scheme

- Mere assembly activities are not incentivized
- Value added resellers are not allowed under the scheme

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- As per the guidelines, the machinery and equipment's should be purchased/leased in the name of the applicant
- Expenditure on consumables and raw materials used for manufacturing shall not be considered as investment
- Capital expenditure incurred for R&D is allowed to be included, however the revenue expenditure is not to be included in the same.
- Investment in land and building (including factory building or construction) is also not included in the scheme.
- The guidelines also restrict the use of second hand, used, refurbished plant, machinery, equipment, utilities to manufacture the eligible product.

How we can help

The team has extensive experience in liasoning with the Government, both Central and State, to successfully avail the package of incentives. Our assistance in this regard will more specifically include:

- a. Analyse whether the entity is eligible to avail the benefit of the Scheme
- b. Work out on an estimate basis the total incentive eligibility of the entity
- c. Preparation and filing of the application for approaching the Government to be considered for this Scheme
- d. Liasoning with the Government
- e. Review year on year performance and disbursal of the incentives

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