



Auto OEM and components PLI - Detailed guidelines

Production Linked Incentive Scheme ('PLI scheme') for the Automobile and Auto component industry have been notified by the Government of India' ('GOI') on 23rd September 2021. The broad parameters of the guidelines on the PLI scheme have been captured below:

Overview and Objectives

- The PLI scheme for automobile and auto components industry will be implemented over a period of five years starting from FY 2022-2023.
- The PLI scheme envisages to overcome the cost disabilities of the Automobile and Auto Components industry for manufacture of Advanced Automotive Technology products in India.
- The incentive structure will encourage industry to make fresh investments for indigenous global supply chain of Advanced Automotive Technology products.

Eligibility Conditions

- The scheme is open to existing Automotive companies as well as new Non-Automotive investor companies (who are currently not in automobile or auto component manufacturing business).
- An approved applicant shall be eligible for benefits for five consecutive FYs.
- Financial Year 2019-20 shall be treated as the Base Year for calculation of Eligible sales.
- An existing automotive company or its Group company(ies) will need to meet the Basic Eligibility criteria to receive incentives. The Basic Eligibility criteria are based on audited

financial statements for the year ending 31.03.2021.

- New Non-Automotive Investor company or its Group company(ies) are required to meet the Global Net worth criteria of Rs 1000 crore.
- Besides the above eligibility criteria, Minimum New Cumulative Domestic Investment after 1 April 2021 has to be achieved by both the existing automotive companies as well as the New Non-Automotive investor company or its Group company(ies).
- In case the company fails to meet the cumulative domestic investment condition in any given year, it will not receive any incentive for that year even if the threshold for determined sales value is achieved. However, it will still be eligible to receive the benefits under the scheme in the following years if it meets the cumulative domestic investment condition defined for that year.

Target Segments and Components of the Scheme

- The scheme has two components:
 - **Champion OEM Incentive Scheme:** It is a 'sales value linked' scheme, applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments and any other Advanced Automotive Technology

vehicle prescribed by Ministry of Heavy Industries ('MHI').

- **Component Champion Incentive Scheme:** It is a 'sales value linked' scheme, applicable on pre-approved Advanced Automotive Technology components of all vehicles, CKD/SKD kits, vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles and tractors including automobile meant for military use and any other Advanced Automotive Technology components prescribed by MHI.
- The Champion OEMs (except 2W&3W) and New Non-Automotive Investor (OEM) company or its Group company(ies) have to invest Rs 2,000 crores over a period of 5 years. Similarly, the Champion OEM (2W & 3W), Component Champion and New Non-Automotive Investor (Component) company or its Group company(ies) have to invest Rs 1,000 crore, Rs 250 crore and Rs 500 crore respectively, as detailed along with the Basic Eligibility Criteria at **Table-I**.

Key Features of the Guidelines for the Scheme

- Minimum 50% domestic value addition will be required and Phased Manufacturing Programme similar to FAME-II Scheme will be followed.
- Pre-approval of eligible product will be done by Testing Agency of MHI as Advance Automotive Product as per the guidelines issued by MHI.
- Any eligible product will be incentivized only for once – Component level **or** Vehicle level.
- Incentive will be applicable on the **Determined Sales**

Value which is defined as the incremental eligible sales of a particular year over the base year.

- For the **Champion OEM incentive scheme**, threshold Determined Sales Value for the first year is Rs 125 crores in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies. Similarly, for the **Component Champion incentive scheme**, threshold Determined Sales Value for the first year is Rs 25 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies.
- YoY growth of minimum 10% of the threshold Determined sales value (as mentioned above) for the first year, and thereafter for next 4 years, has to be achieved to claim incentives.
- Additional incentive of 2% will also be applicable to support high growth achievers.
- The incentive payable for Champion OEM and New Non-Automotive (OEM) Investor company can range from 13% to 16%.
- The incentive payable for Component Champion and New Non-Automotive (Component) Investor company ranges from 8% to 11% with an additional 5 % incentive for Battery Electric Vehicles & hydrogen fuel cell vehicle components.
- Incentive slabs for Champion OEM and Component Champion of the scheme are at **Table-II**.
- The incentives provided fully meet the cost disabilities with respect to the Advanced Automotive Technologies as projected by the industry.

Table I : Basic Eligibility Criteria

Eligibility Factors	Champion OEM Incentive Scheme	Component Champion Incentive Scheme
Global Group Revenue	INR 10,000 Crore	INR 500 Crore
Global Group Investment (i.e., Gross Block)	INR 3,000 Crore	INR 150 Crore

Table II : Incentives

Incentives under the Schemes			
Champion OEM Incentive Scheme		Component Champion Incentive Scheme	
Sales Value	Incentive	Sales Value	Incentive
Less than or equal to INR 2000 Crore	13%	Less than or equal to INR 250 Crore	8%
Greater than INR 2000 Crore but less than INR 3000 Crore	14%	Greater than INR 250 Crore but less than INR 500 Crore	9%
Greater than INR 3000 Crore but less than INR 4000 Crore	15%	Greater than INR 500 Crore but less than INR 750 Crore	10%
More than INR 4000 Crore	16%	More than 750 Crore	11%

- An additional 2% incentive is also available if the cumulative incremental turnover over 5 years is INR 10,000 Crore or more in the case of Champion OEM Incentive Scheme and if this turnover is INR 1250 Crore or more in the case of Component Champion Incentive Scheme.
- Further, in addition to the incentives listed above, an additional 5% incentive is proposed for component manufacturers of BEVs and HFCVs.

Table III : Minimum New Domestic Investment Conditions

Cumulative new domestic investment to be achieved	Champion OEM (Except 2W & 3W)	Champion OEM 2W & 3W	Component Champion
Upto or before March 31, 2023	300	150	40
Upto or before March 31, 2024	800	400	100
Upto or before March 31, 2025	1400	700	175
Upto or before March 31, 2026	1750	875	220
Upto or before March 31, 2027	2000	1000	250

A copy of the detailed guidelines are attached herewith or your ready reference.

Please feel free to address any further questions or request for advice to:

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