



# Textile PLI guidelines - update

The Government of India (**'GOI'**) has notified the guidelines with respect to the Production Linked Incentive Scheme (**'PLI Scheme'**) for the promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles on 24<sup>th</sup> September 2021. The broad parameters of the said guidelines have been enumerated below:

## Brief Overview and Objectives

- The incentives under the scheme will be available for 5 years period i.e., during FY 2025-26 to FY 2029-30 on incremental turnover achieved during FY 2024-25 to FY 2028-29.
- The scheme shall be valid up to 2029-30.
- The scheme has a financial outlay of INR 10,683 crores.

## Scheme Coverage

- 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 to the guidelines, attached herewith.
- Turnover of MMF Apparel, MMF Fabrics and products of Technical Textiles will be counted based on product description in GST invoice at 8-digit HS Code.

## Scheme Components and Incentives

- The scheme comprises of two parts:

### Scheme Part I:

- Any person, which includes firm / company willing to invest a minimum INR 2300 crores in

Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of notified lines, shall be eligible to apply for participation in this part of the scheme.

- However, the applicant will form a separate company under Companies Act, 2013, before commencement of investment under this scheme. Such company under the scheme will be eligible to get incentive when they achieve a minimum of INR 2600 crore turnover by manufacturing and selling the products notified under this scheme. Thus, for getting incentive, both the conditions of minimum investment and minimum turnover should be met.
- The participating company is expected to achieve this required turnover after a gestation period of 2 years, i.e., in FY 2024-2025, which will be termed as year 1 and a 15% incentive will be provided on attaining required turnover in the notified lines of MMF and Technical Textiles.
- 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 onwards till year 5 i.e., incentive of 11% will be provided in year 5.
- Only such sales will be counted, which are transacted through normal banking channel.

#### Scheme Part-II:

- Any person, which includes firm / company willing to invest a minimum INR 100 crores in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of notified lines, shall be eligible to apply for participation in this part of the scheme.
- The applicant will form a company registered under Companies Act, 2013, before commencement of investment. Such company under the scheme will be eligible to get incentive when a minimum of INR 200 crore turnover by manufacturing and selling the products notified under this scheme has been achieved. Thus, for getting incentives, both the conditions of minimum investment and minimum turnover should be met.
- The participating company is expected to achieve this required turnover after a gestation period of 2 years, i.e., in FY 2024-2025, which will be termed as year 1 and 11% incentive on turnover will be provided on attaining required turnover in the notified lines of MMF and Technical Textiles.
- 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 onwards till year 5 i.e., incentive of 7% will be provided in year 5.
- Only such sales will be counted, which are transacted through normal banking channel.
- The gestation period for both parts of the scheme will be of two years i.e., FY 2022-23 to FY 2023-24.

#### Common Eligibility Conditions for Both Parts

- Notified products removed from the factory under GST Invoice shall only be taken into account for calculation of incremental turnover provided remittances against such trade are realized/received through normal banking channel;
- There will be a provision of cap of 10% over the prescribed minimum incremental turnover growth of 25% for the purpose of calculation of incentives from year 2 onwards. Turnover achieved beyond that cap will not be taken into account for calculation of incentive. However, for year 1 this cap of 10% will be applied over a turnover of two times of investment made under the scheme. Turnover achieved beyond two times of the investment + 10% shall not be accounted for calculation of incentives in year 1;
- Only manufacturing company registered in India will be eligible to participate under the scheme. Participating

company will have to undertake processing and operation activities in their own factory premises. Only project proposals envisaging processing and operation activities able to enhance value by not less than 60% in integrated fibre/yarn to fabric, garment & technical textiles will be selected. However, for proposal of independent fabrics processing house, this required minimum value enhancement will be only 30%;

- Turnover achieved from trading and outsourced job work will not be accounted. The goods which are manufactured by the company registered under the scheme shall only be eligible. In other words, goods manufactured by other manufacturer or unit of same group company shall not be accounted for calculation of incremental turnover;
- Selection of participating company will be done following a transparent process based on objective criteria e.g. relevant experience, financial & technical capacity, size of investment proposed, expected job opportunities creation potential, location of the manufacturing unit, etc. The selected applicant under the scheme will have to maintain separate accounts and balance sheets along with separate inventory of inputs and sales data of production under the Scheme;
- Only one company of a group will be allowed to be registered for PLI for Textiles and none of their other group companies will be eligible for participation in this scheme as a second participant. However, the group may make more than 1 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 1 of their proposals are shortlisted on the basis of transparent selection process;
- This Scheme **does not preclude** beneficiaries for duty remission/duty exemption/duty neutralization provided by Government of India or for making application for State Government schemes;
- The total fund outgo and duration of the scheme is fixed. In case of availability of funds, entry of new players in the scheme period will be allowed till 23-2022. In such cases, investment should be completed by FY 24-2023 and production must start in FY 2025-2024 for receiving incentive for 5 years' duration. In case the prescribed conditions are not met in time, the incentive will be available for a lesser number of years but rate of incentive will be applicable as prescribed to first year of the scheme and so on for remaining period;
- 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 and at rates as explained in the para above.

## Framework for Implementation

### Scheme Part-1 & Part – 2

Year	Gestation Period	Performance year	Incentives claim year
*	FY 2022-2023		
*	FY 2023-2024		
1		FY 2024-2025	FY 2025-2026
2		FY 2025-2026	FY 2026-2027
3		FY 2026-2027	FY 2027-2028
4		FY 2027-2028	FY 2028-2029
5		FY 2028-2029	FY 2029-2030

Please note that detailed operational guidelines for inviting application, selection of eligible participants, effective monitoring of the scheme, releasing of incentives, and appropriate grievance redressal mechanism etc. will be finalized and notified after inter-ministerial consultations.

A copy of the guidelines on the PLI Scheme for the textiles as notified in the Official Gazette is attached herewith for your ready reference.

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

**Amit Singhania**

Partner  
amit.singhania@AMSShardul.com

**Abhay Sharma**

Partner  
abhay.sharma@AMSShardul.com

**Rajat Bose**

Partner  
rajat.bose@AMSShardul.com

**Gouri Puri**

Partner  
gouri.puri@AMSShardul.com

**Ankita Bhasin**

Counsel  
ankita.bhasin@AMSShardul.com

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