

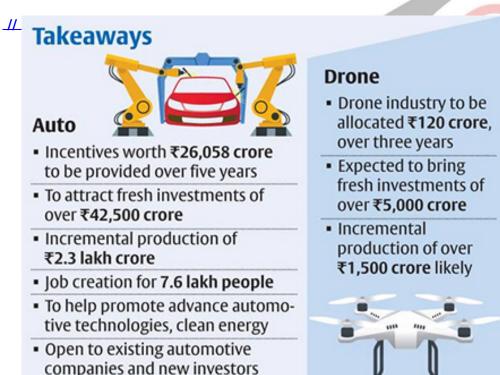
PLI Scheme for Auto & Drone Sector

Why in News

Recently, the Union Cabinet approved a Rs. 26,058 crore **Production Linked Incentive (PLI) scheme** for auto, auto-components and **Drone** industries to enhance India's manufacturing capabilities.

- The scheme for the sector is part of the overall production-linked incentives announced for 13 sectors in the <u>Union Budget 2021-22</u> with an outlay of Rs 1.97 lakh crore.
- It is a significant milestone in India's journey towards <u>'Atma Nirbharta'</u> and will enable the country to join the top order of Auto and Drone manufacturing nations.

The Vision



Key Points

PLI Scheme: HOW DOES THE INCENTIVE WORK

It is a kind of subsidy to the sector

Is a direct | Amount | Is b

Is a direct payment from varies disadvantage the budget to goods made in India

Amount varies disadvantage /disability faced by a sector

- PLI scheme, introduced in March 2020, aims to give companies incentives on incremental sales from products manufactured in domestic units.
- Apart from inviting foreign companies to set shop in India, it also aims to encourage local companies to set up or expand existing manufacturing units.
- It has also been approved for sectors such as automobiles, <u>pharmaceuticals</u>, <u>IT hardware including laptops</u>, <u>mobile phones & telecom equipment</u>, <u>white goods</u>, <u>chemical cells</u>, <u>food processing</u>, <u>Textile Sector</u> etc.

PLI for Auto Sector:

About:

- It excludes conventional **petrol, diesel and CNG segments** (Internal Combustion Engine) since it has sufficient capacity in India.
- It is incentivizing **only advanced automotive technologies** or auto components whose supply chains are weak, dormant, or non-existing.
- It is aimed at boosting new technology and the economy of clean fuels.

Components:

- Champion OEM (Original Equipment Manufacturers) Scheme:
 - It is a sales value linked plan, applicable to Battery Electric and <u>Hydrogen Fuel</u> Cell Vehicles of all segments.
- Champion Incentive Scheme:
 - It is a Sales Value Linked plan for advanced technology components, Complete and Semi-Knocked Down (CKD/SKD) kits, vehicle aggregates of 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles and tractors.

Significance:

- This scheme along with the already launched <u>PLI for Advanced Chemistry Cell</u> and <u>Faster Adoption of Manufacturing of Electric Vehicles (FAME)</u> Scheme will give a <u>big boost to the manufacture of Electric Vehicles</u>.
- It will contribute towards reducing carbon emissions and oil imports.
- It will encourage production of auto components using advanced technologies that will boost localisation, domestic manufacturing and also attract foreign investments.
- It will help setting up new facilities and create more jobs. It is expected to generate 7.5 lakh jobs for the auto sector.

PLI for Drone Sector:

About:

- It covers a wide variety of drone components, including airframe, propulsion systems, power systems, batteries, inertial measurement unit, flight control module, ground control station, communication systems, cameras, sensors, spraying systems, emergency recovery system, and trackers.
- It is expected to bring fresh investments of over Rs 5,000 crore and incremental production of over Rs 1,500 crore and create additional employment of about 10,000 jobs.

• Significance:

- It will encourage entrepreneurs to strive towards building drones, components, and software for the global market. It will also open many more verticals for the utilisation of drones.
- It will help reduce imports. At present 90 %of the drones in India are imported.
 - The government intends to make India into a global drone hub by 2030.

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