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NITI Aayog

# IMPACT ASSESSMENT OF PLI SCHEMES



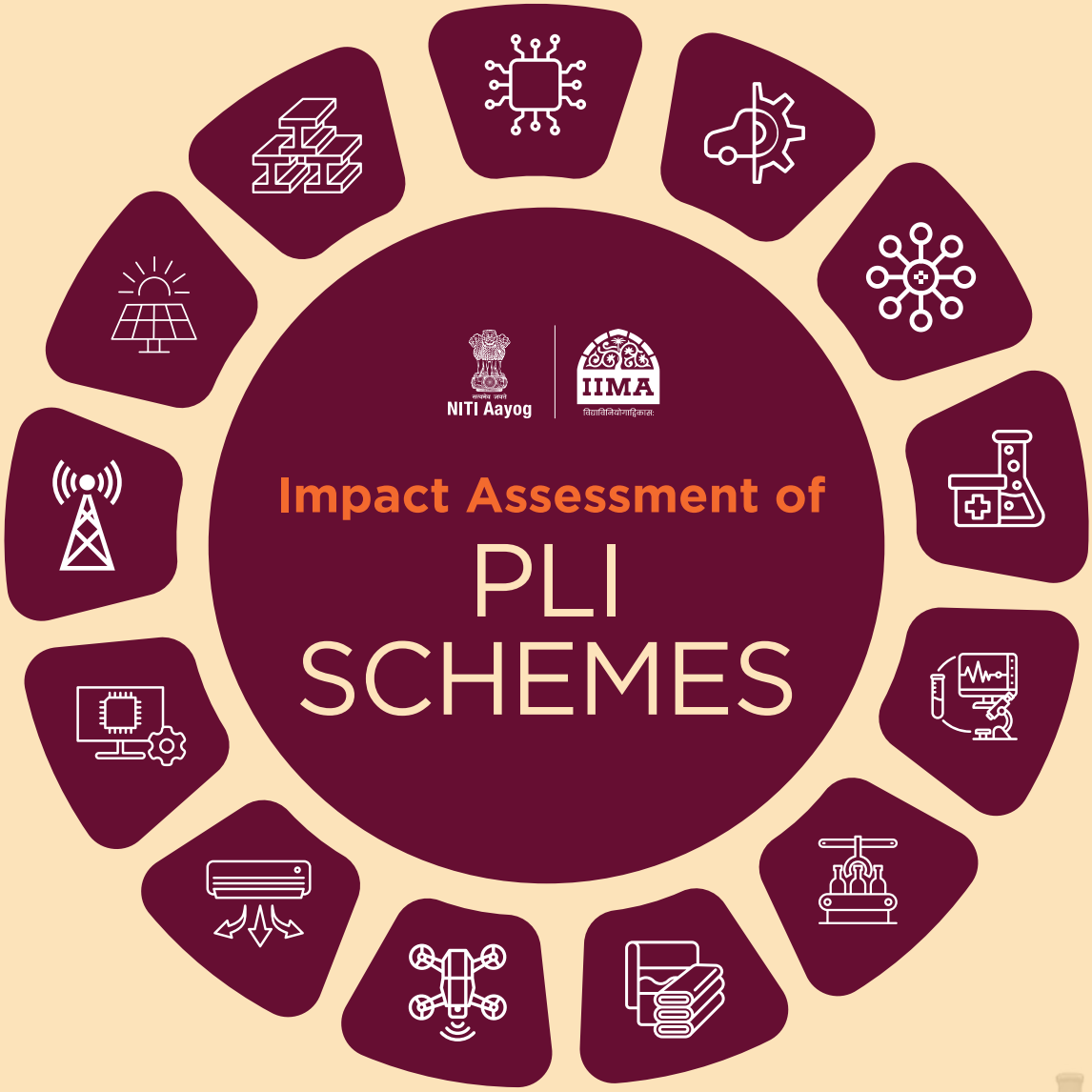
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# Message from the Vice Chairman



**Dr. Ashok Kumar Lahiri**
Vice Chairman, NITI Aayog

Manufacturing has long been recognised as an engine of employment, innovation and productivity-led growth. A vibrant manufacturing sector generates employment across skill levels, deepens domestic value chains, encourages innovation and strengthens a country's integration with global production networks. Its multiplier effects extend well beyond the factory floor, supporting logistics, infrastructure, services and skill development. For India, as it advances towards the vision of Viksit Bharat @2047, strengthening manufacturing capabilities will be central to sustaining high, inclusive and broad-based growth.

This imperative has acquired renewed urgency at a time when global supply chains are undergoing significant structural realignment. As firms and nations seek to diversify their production networks, build resilience and reduce concentration risks, India has a distinct opportunity to emerge as a trusted and preferred destination for investment-led manufacturing. Realising this opportunity, however, will require strengthening domestic capabilities in sectors of strategic importance and enabling Indian industry to move up the value chain, from assembly towards deeper domestic value addition, advanced technologies and globally competitive production.

It is with this objective that the Government of India introduced the Production Linked Incentive scheme. Spanning fourteen sectors of strategic and economic importance, the scheme seeks to attract investment in areas of core competency and advanced technology, enhance manufacturing efficiency and economies of scale, and improve the global competitiveness of Indian industry. In its design, the scheme reflects the role of an enabling State, one that seeks to build productive capabilities, encourage investment and innovation, and reward performance, rather than relying on protection alone. It represents a significant and forward-looking commitment to placing manufacturing at the heart of India's growth and development trajectory.

I am glad that NITI Aayog, in collaboration with its knowledge partner, the Indian Institute of Management Ahmedabad, has undertaken this impact assessment of the PLI Schemes. A policy intervention of this scale and ambition deserves careful and independent evaluation, and this report offers a candid and balanced account of the encouraging progress achieved so far, while also pointing to the areas that will require sustained attention as the scheme matures.

I commend the team for this valuable effort. I am confident that this report will serve as a useful reference for policymakers, industry and researchers alike, and that it will help strengthen the design and delivery of the PLI Schemes in the years ahead. Sustaining the momentum of these initial years will be essential to building lasting industrial strength, thereby reinforcing India's position as a globally competitive manufacturing hub and contributing to the realisation of Viksit Bharat @2047.

# Message from the CEO



**Anurag Jain**
CEO, NITI Aayog

India's ambition to emerge as a Global Manufacturing Hub is central to its journey towards becoming a Viksit Bharat. A competitive manufacturing sector can drive economic growth, generate employment, strengthen domestic capabilities and enhance India's participation in Global Value Chains (GVCs). Deeper integration into GVCs can facilitate access to new markets, strengthen domestic suppliers, expand exports and reduce import dependence in critical areas. Real manufacturing GVA increased from ₹34.82 lakh crore in FY 2022–23 to ₹47.47 lakh crore in FY 2025–26, registering a CAGR of 10.88% and cumulative growth of 36.3% over the period. Sustaining this momentum is essential for strengthening India's manufacturing sector.

The Production Linked Incentive (PLI) Scheme is a key policy intervention to strengthen domestic manufacturing, attract investment and enhance export competitiveness. Covering 14 strategic sectors, the scheme provides financial incentives to eligible companies on incremental sales of goods manufactured in India. It seeks to expand production capacity, generate employment, promote exports, strengthen domestic capabilities and develop supplier ecosystems. Its coverage spans labour-intensive industries, critical value chains and sunrise sectors, with public support targeted at areas with significant growth potential and global competitiveness. The time-bound sunset clause encourages sustainable competitiveness and removes long-term dependence on government support.

NITI Aayog's study, "Impact Assessment of PLI Schemes", evaluates the performance of the 14 schemes at the mid-course stage, assessing outcomes, identifying implementation challenges and drawing lessons from their experience. The assessment examines sectoral performance across investment, production, exports and employment, while seeking to distinguish scheme-led outcomes from underlying industry trends. For sectors where schemes remain in the gestation period or reliable data are unavailable, the report refrains from drawing definitive conclusions. It also recognises the importance of complementary enabling conditions, including infrastructure, logistics, the business environment and state-level facilitation.

I hope that this report will provide policymakers, industry stakeholders and researchers with a comprehensive, evidence-based understanding of the performance, achievements and limitations of the PLI schemes. By highlighting evolving outcomes, implementation challenges and the need for complementary policy measures, it seeks to identify areas requiring further attention, course correction or targeted interventions. The findings are expected to contribute to the strengthening of existing schemes, improve the design and implementation of future manufacturing policies, ensure efficient utilisation of public resources, generate sustainable economic benefits, enhance India's global competitiveness and deepen its integration into GVCs.

# Message from the Programme Director



**Ishtiyaque Ahmed**
Programme Director – Industry and Foreign Investment, NITI Aayog

Global manufacturing has evolved into a highly interconnected and technology-driven ecosystem, shaped by global value chains, digitalization, and shifting geopolitical dynamics. Countries are increasingly focusing on resilience, diversification, and sustainability in their manufacturing strategies, moving beyond cost competitiveness to innovation-led growth. In this context, India is emerging as a significant manufacturing hub, leveraging its large domestic market, demographic dividend, and improving infrastructure. India's manufacturing output as on 2024 was USD 490 billion. With a 2.91% share of global manufacturing output, India ranks as the fifth-largest manufacturing economy in the world, after China, United States, Japan, and Germany.

To keep pace in the present era of global competitiveness, it is imperative for India to boost its manufacturing and create a conducive atmosphere for the manufacturing sector to thrive. This necessitates that companies manufacturing in India must become an integral part of global supply chains. To fulfil one's stated objectives and to achieve India's vision of becoming global manufacturing hub, Government of India has introduced Production Linked Incentive (PLI) Scheme.

The objective of the scheme is to bring size and scale in India's manufacturing and make it an integral part of global value chains. The scheme is designed to do this within a defined period as the scheme has a sunset clause. The total outlay of the scheme is Rs.1.97 Lakh crore and is expected to catalyse additional production of over USD 500 billion.

The Government of India through PLI conceptualized and brought forward a scheme which is outcome-oriented, growth driven and focusses on enhanced production. The scheme is structured in such a way that it identifies the potential areas/sectors of growth, visualizes the prospective production targets and investments, and provides incentives only after these enhanced production targets are achieved. The scheme encourages the companies to perform and achieve the desired targets so, the growth of the sector is automatically ensured.

PLI is an innovative concept in policy-making of the Government where scheme with financial outlays is expected to be result-oriented and incentives are dispersed only when the committed targets are achieved. Scheme of this characteristic is being implemented for the first time and has invited great interest from domestic as well as foreign investors.

The scheme structure eliminates any possibility of wastage of funds as incentives are released only after the production target has been achieved and sales are recorded. This scheme has been built on the foundation of strengths of the sectors, their production capabilities and their drive to become global champions. Additionally, to boost nation-wide infrastructure delivery, the Government has come up with PM Gati Shakti-National Master Plan for Multimodal Connectivity, to further facilitate India's manufacturing sector in the long run and also provide impetus to PLI schemes.

NITI Aayog in partnership with IIM Ahmedabad has undertaken a research study on impact assessment of PLI Schemes, to evaluate the impact of PLI scheme on key parameters such as investment, additional production, exports, import substitution generation. Further, this study also aims to develop scenarios to understand the long-term impact of PLI schemes across 14 sectors.

This report evaluates the impact of the PLI scheme on key parameters across capital and labour-intensive sectors. It also presents the comparative analysis of India's performance due to the PLI scheme with the global benchmarks, suggest measures for augmenting the success of the existing PLI schemes and also analyse the Impact of PLI schemes on attracting FDI and participation in global value chains.

As we move towards the vision of a developed India, or Viksit Bharat, manufacturing and exports will play the central role. By aligning policy, industry, and innovation, we can ensure that India not only participates in global trade - but helps shape its future.

# Message from the
# Prof. IIM Ahmedabad



**Prof. Vishwanath Pingali**



**Prof. Saral Mukherjee**

The Production Linked Incentive (PLI) scheme launched by the Government of India stands apart from earlier schemes intended for import substitution or export promotion in its potential to stimulate the creation of global-scale capacities, which, in turn, may increase the cost-competitiveness of Indian manufacturers. However, a firm's ability to scale, especially in an ever-changing geopolitical environment, is fraught with significant risks. A stable policy environment, exemplified by the PLI scheme, can spur corporates to invest in newer technologies at a global scale and drive employment generation, import substitution, and export promotion objectives.

The objective of this report is to figure out whether or not the scheme is progressing towards its goals and to what extent. This should also provide some ideas about how schemes of similar nature should look in future. Our analysis suggests that, across many sectors, PLI has had a significant positive impact on several parameters. Further, across other sectors, there is sufficient evidence to believe that PLI is likely to have a positive impact in the near future. This is because while in some sectors the technology is easily adaptable to scale, in other sectors the nature of technology is such that even a minimal impact becomes discernible only after a long gestation period.

The key parameters we examined are overall production, investment, import substitution, export promotion, and overall employment generation-the key parameters connected to Vision 2047 of the Government of India. The PLI scheme is still a work in progress and needs continued support. Directionally, the scheme is starting to bear fruit; however, in terms of quantitative impact, progress remains varied across sectors and is not yet out of the woods. Investment offtake shows some progress, but the impact on production, employment, import substitution, and exports may be too early to fully evaluate, given the lagging nature of these parameters and the gestation periods involved.

Our review also highlighted that data collection regarding additional revenue and employment needs needs to be standardised across ministries. This may require clarification on what firms need to report, when, and how the data can be communicated periodically so that the health of the PLI scheme can be more easily tracked.

Finally, we believe that schemes of similar nature in the future should not rely solely on supply-side interventions like the existing PLI scheme, but also incorporate demand-side incentives for downstream firms and consumers to purchase from PLI firms. A balance between push and pull mechanisms may herald the next evolution of the PLI scheme.

Overall, PLI is a good initiative by the Government, and is likely to help the Indian industry become more globally competitive in the near future.


MAKE IN INDIA

# Acknowledgement

Production Linked Incentive (PLI) schemes have been introduced across 14 sectors to realise India's vision of becoming a global manufacturing hub. The schemes aim to enhance scale and competitiveness in selected sectors and provide a strong impetus to domestic manufacturing. This report presents a sector-wise assessment of the impact of PLI schemes, which have been instrumental in reshaping India's manufacturing trajectory.

The Report on Impact Assessment of PLI Schemes is the result of a collective effort. I am grateful to the Hon'ble Vice Chairman, NITI Aayog, for his leadership and guidance. I also extend my sincere thanks to Shri Anurag Jain, CEO, NITI Aayog, for his valuable suggestions in the preparation of this report. The insights and guidance provided by the leadership from time to time have been invaluable in bringing this report to fruition.

I would like to thank all the implementing Ministries and Departments of the PLI schemes for their cooperation in sharing the latest data and providing valuable inputs, which have been duly incorporated in the report.

IIM Ahmedabad has been our knowledge partner for this project. Prof. Viswanath Pingali and Prof. Saral Mukherjee, supported by Ms. Oindrila Banerjee, have undertaken extensive analysis of beneficiary-level data across the PLI schemes. Each sector has been examined in depth, and its specific nuances have been clearly articulated in this report. I sincerely acknowledge their contribution.

Finally, this endeavour would not have been possible without the dedicated efforts of the team from the Industry & Foreign Investment Division. I would like to acknowledge the contributions of Shri Upendra Kumar Gupta, Deputy Adviser; Shri Abhishek Mukherjee, Research Officer and Ms. Pragya Bajpai, Young Professional.

**Ishtiyaque Ahmed**
Programme Director
NITI Aayog, GOI

# Executive Summary

The Production Linked Incentive (PLI) Scheme is a major policy initiative of the Government of India aimed at strengthening domestic manufacturing, attracting investment, creating employment, promoting exports and building globally competitive production capabilities. By linking incentives to incremental production and performance, the scheme seeks to address specific constraints relating to scale, technology, investment and competitiveness, while encouraging firms to expand manufacturing capacity and integrate more deeply into global value chains. This report assesses the implementation and emerging impact of the PLI Scheme across the 14 sectors under its ambit, with a focus on four key outcomes: investment, production, employment and exports.

The assessment indicates that the PLI Scheme is beginning to generate meaningful additionality across several sectors, although the extent and nature of the impact vary considerably depending on the maturity of the sector, the technological complexity of the products and the gestation period of investments. Sectors such as large-scale electronics manufacturing, Pharmaceuticals Drugs, food processing, drones, medical devices and white goods show relatively strong evidence of progress across multiple parameters. Other sectors, including automobiles and auto components, telecom and Speciality steel, demonstrate encouraging progress, particularly in investment and production, but require further strengthening in areas such as employment, exports and domestic value addition. In relatively newer or more capital-intensive sectors such as ACC batteries and advanced electronic components, outcomes remain at an early stage, with substantial investments still in the capacity-creation and commissioning phase. The sector-wise findings therefore need to be interpreted in the context of the differing implementation timelines and investment-to-production cycles of individual schemes.

Large Scale Electronics Manufacturing (LSEM) with an outlay of ₹34,193 crore has emerged as one of the strongest performers, particularly in mobile manufacturing, with significant growth in production, sales, exports and employment across both domestic and global firms. The scheme has successfully expanded production, attracted investment, and generated employment, while also laying the foundation for the recently launched Electronics Component Manufacturing Scheme (ECMS) with an outlay of ₹40,000 crore. Overall, the LSEM scheme shows strong progress, particularly in mobile manufacturing.

The Pharma Bulk Drugs scheme with an outlay of ₹6,940 Crore presents a more differentiated picture across its four target segments. Target Segment IV – Other Chemical Synthesis Based KSMs/Drug Intermediates/APIs has been the strongest and most consistent performer, while Target Segment I has recorded a relatively late but sharp production scale-up and Target Segment II has shown gradual growth from a low base. In contrast, Target Segment III – Key Chemical Synthesis Based KSMs/Drug Intermediates has experienced vulnerability across indicators. A sharp increase in investment during FY 2024–25 nevertheless indicates renewed industry confidence. Overall, the scheme has generated additional growth, but with significant variation across segments.

The Medical Devices PLI scheme, with an outlay of ₹3,420 crore, has generated ₹1,151 crore in investment, ₹14,945 crore in sales and 5,268 jobs by March 2026. Investment has consistently exceeded targets, indicating a strong industry response and additional capital formation.

Production has also improved beyond the underlying trend, while employment has shown gradual improvement and recently surpassed targets. However, relatively low incentive disbursement and limited information on export trends indicate that the scheme remains in an evolving phase and warrants continued monitoring.

The Pharmaceuticals Drugs PLI scheme with an outlay of ₹15000 crore demonstrates broadly positive outcomes across all four parameters. Large firms have recorded the strongest performance, supported by scale and integration with global markets, while mid-sized firms have shown steady improvement. MSMEs have experienced more uneven outcomes, particularly in exports, reflecting constraints relating to scale and market access. Importantly, investment has consistently exceeded targets, while production and employment have recorded significant growth, indicating a positive overall industrial impact from the scheme.

The IT Hardware scheme, with an outlay of ₹17,000 crore, remains at a relatively early stage. As of March 2026, only four firms had received incentives, although most approved firms had commenced operations. Production initially declined during the transition from the earlier scheme and the associated gestation period, but improved during 2024–25 as participation increased. Investment and employment have shown moderate growth, while the export impact remains difficult to establish because of limited data. The scheme therefore shows gradual progress, with its longer-term impact still emerging.

The Telecom and Networking Products PLI scheme, with an outlay of ₹12,195 crore, has supported growth in production, investment, exports and employment across large domestic firms, global firms and MSMEs. Sales and exports have generally increased, following a temporary slowdown in 2023 and a strong recovery in 2024–25. Employment has broadly followed the production cycle, while investment has remained strong despite some recent moderation. The principal challenge remains high import dependence for high-value components, with domestic manufacturing still concentrated substantially in final assembly. Deeper domestic value addition and stronger component capabilities will therefore be important for sustaining the scheme's long-term impact.

The Automobile and Auto Components PLI scheme, with an outlay of ₹25,938 crore, has generated substantial investment, with ₹44,326 crore invested by March 2026. Production of electric vehicles has increased significantly across segments, supported by greater localisation and Domestic Value Addition certification. Rising incentive disbursements also indicate increasing industry participation and are generating positive spillover effects across the broader ecosystem, encouraging greater participation across the value chain, strengthening linkages among industry players, and supporting the development of a more integrated manufacturing ecosystem. While the scheme has demonstrated strong results in investment and production, employment remains below target and export outcomes cannot yet be assessed comprehensively owing to limited data.

The Advanced Chemistry Cell (ACC) Battery scheme, with an outlay of ₹18,100 crore, is intended to establish 50 GWh of domestic ACC capacity and 5 GWh of niche battery capacity. Progress, however, remains at an early stage, with only 1.4 GWh of capacity developed so far and no commercial production or incentive disbursement yet. Most participating firms remain engaged in infrastructure and capacity creation. Key constraints include limited domestic technological capabilities, dependence on foreign expertise, the absence of a sufficiently developed upstream

ecosystem for key materials, reliance on imported machinery, project execution delays and shortages of skilled manpower.

The Drones and Drone Components scheme, with an outlay of only ₹120 crore, has demonstrated strong early momentum. By the period covered in the assessment, 77.5% of the allocated funds had been disbursed, with most approved firms receiving incentives. Turnover and investment have increased consistently, indicating expanding production capacity and strengthening industry confidence. Although limited employment and export data restrict a complete assessment, the available evidence points to additional investment and production growth and supports the scheme's role in developing an emerging strategic manufacturing sector.

The Textiles PLI scheme, with an outlay of ₹10,683 crore, is focused on MMF apparel, fabrics and technical textiles and seeks to build large-scale, globally competitive manufacturing capacity. By March 2026, the scheme had generated ₹8,117 crore in investment, ₹11,241 crore in sales and 33,427 jobs. Since implementation began only in 2022–23, the assessment remains constrained by the relatively short implementation period and incomplete reporting. Investment improved significantly in 2024–25 and initial evidence indicates rising sales and exports among reporting firms, but investment remains below aggregate targets and employment trends remain inconclusive. Accordingly, while the scheme shows emerging signs of progress, it is premature to establish significant additionality in production and employment.

The White Goods PLI scheme, with an outlay of ₹6,238 crore and participation from 80 firms, has demonstrated strong operational progress. By March 2026, cumulative investment had reached ₹6,409 crore, production ₹43,150 crore, and employment more than 52,703 jobs. Firms have consistently exceeded threshold investment and sales requirements, while domestic value addition increased substantially from 20% to 55%, reflecting progress in localisation of critical components and technology transfer through global partnerships. Although export outcomes cannot yet be assessed, the scheme has clearly contributed to the development of a more competitive and self-reliant domestic white goods ecosystem.

The High Efficiency Solar PV Modules PLI scheme, with an outlay of ₹24,000 crore, has contributed to a significant expansion of India's domestic solar manufacturing capacity and local value addition. Manufacturing capacity increased from 8 GW to nearly 116 GW, of this, approximately 24 GW about 20.7% is directly attributable to PLI-supported projects, indicating the scheme's substantial contribution to capacity augmentation. While imports declined and exports increased, indicating improving domestic competitiveness. At the same time, the sector remains exposed to global market conditions, including falling module prices associated with Chinese overcapacity, supply-chain constraints relating to critical materials and uncertainty arising from emerging alternative energy technologies.

The Food Processing Industries PLI Scheme (PLISFPI) with an outlay of ₹10900 crore has generated encouraging outcomes across investment, production, exports and employment, with investment exceeding ₹9,207 crore by March 2026. The strongest gains have been recorded among larger firms, particularly in ready-to-eat foods and processed fruits and vegetables. Category 2 MSMEs have shown more uneven performance, reflecting structural constraints. Millet-based products have also recorded encouraging growth. Overall, the scheme has delivered positive outcomes, although strengthened MSME participation and sustaining international competitiveness remain important areas for further attention.

The Speciality Steel PLI scheme, with an outlay of ₹6,322 crore, has attracted substantial investment and is intended to increase domestic production of high-quality steel, reduce import dependence and improve export competitiveness. By March 2026, the scheme had generated ₹23,896 crore in investment, sales of 2,774 thousand tonnes and 14,138 jobs. The scheme remains at an early stage, with only one firm having received incentives despite wider participation. Reporting firms have recorded increasing production, suggesting improving capacity utilisation, while declining investment indicates a shift from capital expenditure towards operations. However, limited employment and export data constrain a comprehensive assessment. The available evidence points to additional investment and some employment gains, while evidence of production beyond the expected trend remains limited at this stage.

A cross-sector assessment highlights an important feature of the PLI framework: the schemes are not uniform in either their objectives or their implementation trajectory. In some sectors, the immediate priority is to establish domestic capacity and reduce import dependence; in others, the emphasis is on achieving scale, increasing exports and securing a position in global value chains. Similarly, capital-intensive sectors may generate substantial investment without a proportionate increase in employment, while technology-intensive sectors may require a longer gestation period before production and export outcomes become visible. These sectoral differences are important when evaluating the effectiveness of a common policy instrument.

The assessment also identifies certain issues that merit continued policy attention. Investment and capacity creation often precede production by several years, particularly in capital – and technology-intensive industries. In addition, the incentive may not always be sufficiently large relative to the scale of investment required to materially alter firm-level investment decisions. The use of nominal values also requires caution, as increases in the value of production or sales may not necessarily represent equivalent increases in physical output. Further, higher investment does not automatically translate into proportionate employment generation, particularly in sectors where automation and capital intensity are high. These considerations suggest that PLI outcomes should be assessed using a combination of value, volume, capacity, productivity, employment, exports and domestic value-addition indicators, wherever data permits.

Overall, the evidence suggests that the PLI Scheme is on track in achieving several of its intended objectives, while the full impact remains to emerge in a number of sectors. Several schemes have already demonstrated additional investment and production, while others have established the foundations for future scale and competitiveness. With a substantial portion of the implementation period still remaining, continued monitoring, timely resolution of sector-specific bottlenecks and close engagement with industry will be important. Going forward, the experience of PLI can also inform the design of future targeted industrial interventions, particularly in identifying sectors where policy support can catalyse investment, build scale, strengthen domestic value chains and enable Indian firms to compete more effectively in global markets.

# Introduction

Manufacturing occupies a pivotal position in India's development journey because its impact extends well beyond the factory floor. A stronger manufacturing base can simultaneously raise productivity, generate productive employment, deepen domestic value addition, stimulate investment and exports, and create powerful linkages with agriculture and services. It also generates a multiplier effect by fostering innovation, technology adoption, logistics and other service ecosystems, thereby contributing to broad-based economic gains. For a country with a large and relatively young workforce, expanding manufacturing is particularly important for converting demographic potential into productive economic opportunity. Manufacturing is, therefore, central to India's aspiration of sustaining high growth over the coming decades.

India's manufacturing sector is gaining increasing importance in the country's growth trajectory, with its contribution to real economic activity strengthening steadily. Manufacturing's share in GVA at constant prices increased from Rs.34.82 lakh crore in 2022–23 to Rs.47.47 lakh crore in 2025-26. The compounded annual growth rate of manufacturing GVA at constant prices during 2022–23 to 2025–26 is 10.88%. This progress builds on India's established capabilities across automobiles, pharmaceuticals, chemicals, steel, electronics, textiles, engineering goods and defence, while creating significant opportunities to deepen domestic value addition, expand production scale, enhance productivity and technology adoption, and strengthen integration into global value chains. Sustaining this momentum will be critical to expanding manufacturing's contribution to investment, employment, exports, technological advancement and India's long-term economic growth.

International economic experience suggests that manufacturing, particularly when combined with export orientation, has played an important role in enabling economies to move from low – to high-income status. The Production Linked Incentive (PLI) Scheme draws on this experience, with the objective of building globally competitive manufacturing capabilities in India. Rather than providing broad-based or untargeted support, the scheme seeks to incentivise firms that demonstrate the potential to invest, adopt advanced technologies, expand production and achieve scale. By linking incentives to incremental production and performance, PLI is designed to catalyse investment and enhance competitiveness while enabling firms to progressively operate at greater scale and efficiency. Its significance, therefore, lies not simply in supporting additional production, but in creating the conditions for firms to build capabilities, integrate more deeply into GVCs and compete in international markets. In this sense, PLI represents a targeted instrument for addressing specific capability and scale constraints that can otherwise impede India's entry into strategically important manufacturing segments. Sector wise financial outlays under different PLI schemes is as follows:

***Table 1: Financial Outlay under the PLI Scheme across 14 Sectors***

| Sl. No. | Sectors | Actual Financial Outlay (₹ Crore) |
|---|---|---|
| 1 | Large Scale Electronics Manufacturing | 34193 |
| 2 | Critical Key Starting materials/Drug Intermediaries and Active Pharmaceutical Ingredients (Bulk Drugs) | 6940 |
| 3 | Manufacturing of Medical Devices | 3420 |

| Sl. No. | Sectors | Actual Financial Outlay (₹ Crore) |
|---|---|---|
| 4 | Pharmaceuticals drugs | 15000 |
| 5 | Electronic/Technology Products (IT Hardware 2.0) | 17000 |
| 6 | Telecom & Networking Products | 12195 |
| 7 | Automobiles & Auto Components | 25938 |
| 8 | Advanced Chemistry Cell (ACC) Battery | 18100 |
| 9 | Drones & Drone Components | 120 |
| 10 | Textile Products: MMF segment and technical textiles | 10683 |
| 11 | White Goods (ACs & LED) | 6238 |
| 12 | High Efficiency Solar PV Modules | 24000 |
| 13 | Food Products | 10900 |
| 14 | Speciality Steel | 6322 |
| **GRAND TOTAL** | | **191049** |

The PLI architecture is deliberately selective and largely product-specific, reflecting the recognition that manufacturing competitiveness cannot be built through a uniform policy across all sectors. The scheme covers three broad strategic segments: labour-intensive sectors, which have significant potential for employment generation; value-chain sectors, where building domestic capabilities can deepen value addition and strengthen India's integration into global production networks; and sunrise sectors, where technological change and emerging global demand create opportunities for India to establish early competitive positions. The selection of a limited number of sectors allows public support to be concentrated where the potential for investment, scale, employment, technological capability and global value-chain integration is particularly significant.

As of March 2026, cumulatively the scheme has attracted investments of ₹2,40,138 crore, generated production worth ₹22,66,412 crore, created employment for 8,49,069 individuals, and disbursed ₹35,354 crore in incentives. The sector-wise assessment indicates that nearly 70% of the targeted segments are broadly on track, with particularly strong outcomes emerging in electronics, telecom and pharmaceuticals drugs. At the same time, the pace of outcomes varies across sectors, reflecting differences in the maturity of the schemes, investment cycles and sectoral characteristics. These aggregate outcomes provide the broader context for examining the financial architecture of the PLI framework and the extent to which the allocated resources have translated into actual disbursements.

The overall outcomes need to be considered alongside the financial architecture of the PLI framework. The 14 PLI schemes have a combined financial outlay of ₹1,91,049 crore, against which cumulative disbursements stood at ₹35,354 crore as of March 2026, representing 18.51% of the total outlay. The relatively modest share of cumulative disbursement is consistent with the performance-linked design of the scheme, under which incentives are released only upon

achievement of specified investment, production and other eligibility criteria, rather than being front-loaded. As participating firms expand capacity, scale up production and meet progressively higher performance thresholds, disbursements are expected to increase over the respective scheme tenures. The sector-wise financial outlay is presented in Table 1.

While the aggregate disbursement provides an overview of the financial utilisation of the PLI portfolio, the year-wise disbursement profile provides a more meaningful indication of the pace of implementation. It captures how actual disbursements have evolved against the planned amounts as the schemes have progressed through their respective implementation cycles.

The year-wise profile indicates a clear improvement in the pace of disbursement over time. Against a planned disbursement of 15,401 crore up to FY 2023–24, actual disbursement stood at ₹9,721 crore, or 63% of the planned amount. This increased to ₹10,114 crore against a plan of ₹14,277 crore in Fy 2024–25, representing 71% achievement. In FY 2025–26, actual disbursement reached ₹15,519 crore against a planned ₹15,472 crore, achieving 100% of the annual target. The acceleration is consistent with the performance-linked structure of PLI: as participating projects mature, manufacturing capacity becomes operational and production expands beyond the base-year levels, eligible incremental sales and corresponding incentive claims increase. The year-wise trajectory therefore indicates that the schemes are progressing in line with their performance-linked implementation framework, although the pace naturally varies across sectors depending on their respective maturity and investment cycles.

The financial and implementation profile of the schemes needs to be viewed in the context of the broader objectives for which the PLI framework was designed. Across sectors, the schemes seek to achieve three interrelated objectives: attracting investment in strategically important and technology-intensive sectors; promoting efficiency, scale and economies of scale in domestic manufacturing; and enabling Indian companies to become globally competitive and expand their presence in international markets and global value chains. These objectives provide the common framework against which the performance of individual sectors is assessed in the subsequent sections.

While these objectives provide a common framework, their relative emphasis differs across sectors in accordance with their stage of development, competitive position and strategic requirements. In textiles, large-scale electronics manufacturing (LSEM) and food processing, for instance, export expansion and deeper integration into GVCs are important objectives, given India's potential in labour-intensive and tradable segments. In sectors such as Speciality steel, telecom and networking products, white goods, advanced chemistry cell batteries and drones, the immediate priority also includes strengthening domestic capabilities in areas where production remains relatively limited and domestic demand has historically been met substantially through imports. In these sectors, PLI can help create the initial scale and ecosystem required to make domestic production commercially viable, after which greater scale, productivity and technological capability can support a transition towards stronger export competitiveness. The objective, therefore, is not limited to import substitution; the creation of domestic scale and capabilities can provide the foundation for subsequently improving productivity, competitiveness and export performance.

The development of these manufacturing ecosystems also has important implications for MSMEs, even though the PLI schemes are primarily designed to support investment and scale in selected manufacturing sectors rather than to function as dedicated MSME schemes. As anchor firms

expand production, they create demand for components, intermediate goods, logistics and specialised services, providing opportunities for MSMEs to participate as suppliers and become integrated into multi-tier manufacturing networks. This spillover can facilitate technology diffusion, market access and the emergence of new supplier ecosystems around manufacturing clusters. At the same time, MSMEs continue to face constraints relating to technology upgradation, access to finance, market access and skilling. The experience of PLI could therefore provide useful lessons for designing complementary interventions aimed specifically at enabling MSMEs to scale and integrate more effectively into larger domestic and global value chains.

The impact of PLI also needs to be assessed as part of a broader and mutually reinforcing manufacturing policy ecosystem, rather than in isolation. Sector-specific government initiatives provide complementary support at different stages of the value chain. In pharmaceuticals, for example, the PLI scheme is complemented by initiatives for Bulk Drug Parks and Medical Device Parks, which can help address ecosystem and infrastructure constraints. In food processing, PLI is supported by programmes such as PM Kisan Sampada Yojana and PM Formalisation of Micro Food Processing Enterprises (PMFME), while in textiles, PM MITRA Parks are intended to strengthen integrated manufacturing ecosystems. These interventions are further supported by industrial infrastructure initiatives such as the National Industrial Corridor Development Programme (NICDP). At the economy-wide level, reforms and initiatives such as PM GatiShakti, the Insolvency and Bankruptcy Code, competitive corporate tax rates, public procurement policies and improvements in the investment and business environment contribute to the conditions required for manufacturing investment to take root and scale. State Governments, too, play an important role through measures such as single-window clearances, capital incentives, land facilitation, power-related support and interest subvention. The effectiveness of PLI should therefore ultimately be judged not only by the incentives disbursed, but by how effectively it works in conjunction with these complementary policies to create scale, competitive ecosystems, domestic value addition, employment and sustained integration into global value chains.

This broader policy context also raises a fundamental question for the present assessment: what should constitute success for the PLI Scheme, and how should its contribution be measured at its current stage of implementation. Since PLI is a targeted, performance-linked intervention, its effectiveness is best assessed by examining whether it is translating policy support into tangible improvements in manufacturing capacity and competitiveness. Accordingly, this report evaluates the performance of the PLI Scheme across key parameters.

**Evaluation Benchmarking**

1. The PLI Schemes are designed to accelerate manufacturing in key sectors by promoting investment, expanding production capacity, generating employment, achieving economies of scale, deepening domestic value addition and strengthening India's integration into global value chains. Accordingly, the performance of the schemes is assessed primarily against three key parameters: investment, production and employment.

2. The investment data provides the first indication of the extent to which the schemes have progressed. Cumulative investment has reached ₹2,40,138 crore, or 76% of the full-tenure target of ₹3,15,092 crore. Thus, investment mobilisation has already progressed considerably beyond the halfway point of the schemes' overall implementation period. This indicates that a substantial part of the investment envisaged under the schemes has already materialised.

3. The production data provides a similar indication of emerging outcomes. Cumulative production/sales have reached ₹22,66,412 crore, equivalent to 64% of the corresponding full-tenure target of ₹35,37,863 crore. More importantly, the year-wise performance shows that production has been broadly in line with or above annual targets: achievement was 102% up to FY2022-23, 96% in FY2023-24, 107% in FY2024-25 and 119% in FY2025-26. The aggregate production outcome has therefore already crossed the halfway mark of the corresponding full-tenure target.

4. The employment trajectory is different. Cumulative employment stands at 8,49,069, or 28% of the full-tenure target of 30,18,750. However, annual performance has not been uniformly low: employment achievement was 86% of the target up to FY2022-23, around 85% in FY2023-24 and 156% in FY2024-25, before falling to 31% of the annual target in FY2025-26. The divergence between cumulative employment and investment and production is important for interpreting the overall performance of the schemes.

5. This divergence can be understood in the context of the gestation period of manufacturing investments. Investment generally takes place before facilities become fully operational; production then ramps up as capacity is commissioned and utilisation increases, while employment can evolve further as operations reach commercial scale. Therefore, the three principal outcome parameters need not progress at the same pace. A lower cumulative achievement in one parameter, particularly during the implementation phase, cannot automatically be interpreted as failure to achieve the eventual full-tenure objective.

6. The 14 PLI Schemes have completed 58% of their aggregate implementation period, with 578 months completed against an aggregate duration of 996 months. A substantial 42% of the aggregate implementation period is still remaining. The portfolio therefore represents a mix of schemes at different stages of maturity, with some having progressed substantially and others still moving through the investment and gestation phase. The current stage is consequently sufficiently advanced to assess emerging outcomes, but not sufficiently mature to judge the schemes solely against their ultimate full-tenure targets.

7. The disbursement pattern provides further evidence of this progressive maturation. Against planned disbursement of ₹15,401 crore up to FY2023-24, actual disbursement was ₹9,721 crore, or 63%. This increased to ₹10,114 crore against a plan of ₹14,277 crore, or 71%, in FY2024-25, and further to ₹15,519 crore against a plan of ₹15,472 crore in FY2025-26, achieving 100% of the annual target. Overall disbursement over these years has reached 78% of the planned amount.

8. At the same time, cumulative disbursement under the 14 schemes was ₹35,354 crore as of March 2026 against a total financial outlay of ₹1,91,049 crore, or 18.51% of the overall outlay. This apparently low utilisation of the total outlay needs to be viewed in conjunction with the design of the PLI framework. Incentives are not released upfront; they are linked to the achievement of specified investment, production and other performance conditions. As firms expand capacity, scale up production and satisfy progressively higher eligibility conditions, eligible claims and disbursements increase.

9. Taken together, the evidence reveals an important pattern. The portfolio is 58% through its aggregate implementation period, investment achievement is 76%, production/sales achievement is 64%, while employment achievement is 28%. This shows that the schemes

have generated substantial investment and production outcomes, while some outcomes, particularly employment are still developing. It also demonstrates that outcomes do not move proportionately with elapsed implementation time.

10. This evidence suggests that a benchmark based simply on the 58% implementation completion level would not be appropriate. Such a benchmark would effectively assume that outcomes should progress at the same rate as time elapsed. The available evidence does not support such a linear relationship. Investment has already moved substantially ahead of the implementation timeline, production has also crossed the implementation midpoint, while employment remains below it. The observed pattern is consistent with the normal sequencing of manufacturing investments, where investment is followed by commissioning, production ramp-up and subsequently fuller employment generation.

11. Therefore a 50% threshold of targeted investment, production and employment has been considered as a meaningful mid-course benchmark. At approximately the halfway point of implementation, achievement of at least half of the corresponding full-tenure target would indicate that a substantial part of the intended outcome has already materialised. The threshold is also supported by the actual portfolio experience: both investment and production have already exceeded 50% of their respective full-tenure targets, while annual production and employment performance demonstrate that outcomes can accelerate as projects mature.

12. The 50% benchmark has accordingly been applied as a mid-course screening threshold across the principal outcome parameters, rather than as the final measure of success. A scheme achieving less than 50% of its full-tenure target at this stage would warrant examination of the reasons for the gap: such as delays in investment, commissioning, capacity utilisation, production ramp-up or beneficiary performance. A scheme achieving 50% or more would indicate that a substantial proportion of the intended outcome has already been realised during implementation, while still leaving adequate time for further outcomes to materialise.

13. Importantly, 50% is not the desired final achievement. The full-tenure target remains the ultimate benchmark, and final effectiveness should be assessed against 100% achievement of the stipulated investment, production and employment outcomes. The 50% threshold merely provides an evidence-based basis for distinguishing between schemes that are broadly progressing as the implementation cycle advances and schemes that may require closer examination during implementation.

Accordingly, the sector-wise assessment in this report examines the extent to which the PLI Scheme has contributed to outcomes across the four identified dimensions of investment, production, employment and exports. The assessment further considers whether these outcomes indicate an impact beyond the underlying or "natural" trend of the respective industry, recognising that industry performance may also be influenced by broader economic and sector-specific factors.

The following colour coding is used in the assessment tables to provide a concise visual representation of the findings:

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

The framework described above is applied consistently across all 14 PLI sectors. For each sector, the available evidence is examined against the four outcome dimensions – investment, additional production, export potential and employment generation, with particular emphasis on whether the observed performance indicates outcomes beyond the underlying industry trend. The assessment also takes into account the stage of implementation of each scheme and the availability and quality of sector-specific data. Where a scheme is still within its gestation period, it is not considered appropriate to draw a definitive conclusion on outcomes that would ordinarily materialise only after manufacturing capacity becomes operational. Similarly, where reliable data are not available, the assessment does not infer an outcome in the absence of evidence.

The following Table provides a summary view of the extent to which each sector is on track across the four identified parameters, while the detailed sector-wise chapters that follow provide the underlying data, analysis and rationale supporting each assessment.

***Table 2: Evaluation of Impact of PLI Scheme***

| Sl. No. | Sector | Investments | Production | Exports | Employment |
|---|---|---|---|---|---|
| 1 | Large Scale Electronics Manufacturing | | | | |
| 2 | Critical Key Starting materials/Drug Intermediaries and Active Pharmaceutical Ingredients (Bulk Drugs) | | | | |
| 3 | Manufacturing of Medical Devices | | | | |
| 4 | Pharmaceuticals drugs | | | | |
| 5 | Electronic/Technology Products (IT Hardware 2.0) | | | | |
| 6 | Telecom & Networking Products | | | | |
| 7 | Automobiles & Auto Components | | | | |
| 8 | Advanced Chemistry Cell (ACC) Battery | Production yet to commence | | | |
| 9 | Drones & Drone Components | | | | |
| 10 | Textile Products: MMF segment and technical textiles | | | | |
| 11 | White Goods (ACs & LED) | | | | |
| 12 | High Efficiency Solar PV Modules | Scheme in gestation period | | | |
| 13 | Food Products | | | | |
| 14 | Speciality Steel | | | | |

The sector-wise position of these four parameters is presented in Table 2. The table also identifies schemes that are still within their gestation period or whose scheme tenure has been completed, thereby providing important context for interpreting the reported outcomes.

Taken together, the analysis in this chapter establishes the framework for assessing the contribution of the PLI Scheme to India's manufacturing objectives. The scheme represents a targeted effort to accelerate investment, build manufacturing scale, strengthen domestic capabilities and enhance global competitiveness in selected strategic sectors. While the aggregate outcomes already indicate significant activity across investment, production and employment, the extent and nature of impact vary across sectors, reflecting differences in scheme maturity, industry characteristics and implementation cycles. The subsequent chapters therefore examine each of the 14 PLI sectors in detail, assessing performance against the four identified parameters and considering whether the outcomes observed indicate an incremental contribution beyond the underlying industry trend. This sector-wise assessment provides the basis for identifying areas where PLI is delivering the intended outcomes, sectors where results are still emerging, and areas where further policy attention may be warranted.

***Table 3: Total Disbursement under the PLI Scheme across 14 Schemes***

| Sl. No. | Sectors | *Disbursement till March 26 (₹ Crore) | Disbursement (%) |
|---|---|---|---|
| 1 | Large Scale Electronics Manufacturing | 19,091 | 55.83% |
| 2 | Critical Key Starting materials/Drug Intermediaries and Active Pharmaceutical Ingredients (Bulk Drugs) | 88 | 1.27% |
| 3 | Manufacturing of Medical Devices | 267 | 7.79% |
| 4 | Pharmaceuticals drugs | 6,659 | 44.39% |
| 5 | Electronic/Technology Products (IT Hardware 2.0) | 98 | 0.57% |
| 6 | Telecom & Networking Products | 2,756 | 22.59% |
| 7 | Automobiles & Auto Components | 2,386 | 9.20% |
| 8 | Advanced Chemistry Cell (ACC) Battery | - | - |
| 9 | Drones & Drone Components | 93 | 77.50% |
| 10 | Textile Products: MMF segment and technical textiles | 386 | 3.61% |
| 11 | White Goods (ACs & LED) | 580 | 9.29% |
| 12 | High Efficiency Solar PV Modules | - | - |
| 13 | Food Products | 2,714 | 24.89% |
| 14 | Speciality Steel | 236 | 3.73% |
| | **GRAND TOTAL** | **35,354** | **18.51%** |

** The values are cumulative till March 2026*

*Table 4: Sector Wise PLI Indicators Performance till March 2026*

| S. No. | Sectors | Investment (₹ Crore) | | Production / Sales (₹ Crore) | | Employment (Numbers) | |
|---|---|---|---|---|---|---|---|
| | | FY 2025-26 | Cumulative till Mar 26 | FY 2025-26* | Cumulative till March 26 | FY 2025-26 | Cumulative till March 26 |
| | | Actual | | Actual | | Actual | |
| 1 | Large Scale Electronics Manufacturing | 9,282 | 20,580 | 3,79,055 | 11,61,505 | 1,69,249 | 1,69,249 |
| 2 | Bulk Drugs | 516 | 50,70 | 1,452 | 3,270 | 736 | 5,226 |
| 3 | Manufacturing of Medical Devices | 134 | 1,151 | 5,022 | 14,945 | 108 | 5,268 |
| 4 | Pharmaceuticals Drugs | 7,820 | 45,158 | 97,962 | 3,64,588 | 21,348 | 1,14,880 |
| 5 | IT Hardware 2.0 | 310 | 908 | 9,793 | 21,853 | 1,673 | 4,859 |
| 6 | Telecom & Networking Products | 1,268 | 5,278 | 31,379 | 1,10,016 | 7,145 | 33,610 |
| 7 | Automobiles & Auto Components | 14,750 | 44,326 | 32,661 | 52,414 | 22,833 | 67,820 |
| 8 | Advanced Chemistry Cell (ACC) Battery | 2,672 | 4,570 | 0 | 0 | 405 | 1,245 |
| 9 | Drones & Drone Components | ## | 595 | ## | 1,379 | ## | 2,650 |
| 10 | Textile Products: MMF Segment & Technical Textiles | 1,555 | 8,117 | 6,632 | 11,241 | 8,748 | 33,427 |
| 11 | White Goods (ACs & LEDs) | 1,042 | 6,409 | 14,798 | 43,150 | - | 52,703 |
| 12 | High Efficiency Solar PV Modules (Tranche I & II)* | - | 64,873 | Gestation Period | | 14,794 | |
| 13 | Food Products | 9,207 | 9,207 | 96,724 | 4,82,051 | 4,882 | 3,29,200 |
| 14 | Speciality Steel | 3,029 | 23,896 | 1337 ('000 tonnes) | 2,774 ('000 tonnes) | 4,398 | 14,138 |
| | TOTAL | 51,585 | 2,40,138 | 6,75,478 | 22,66,412 | 2,41,525 | 8,49,069 |

*## The scheme tenure has been completed*

** year-wise target is not mentioned in Cabinet Note/Scheme guidelines*

# Analysis

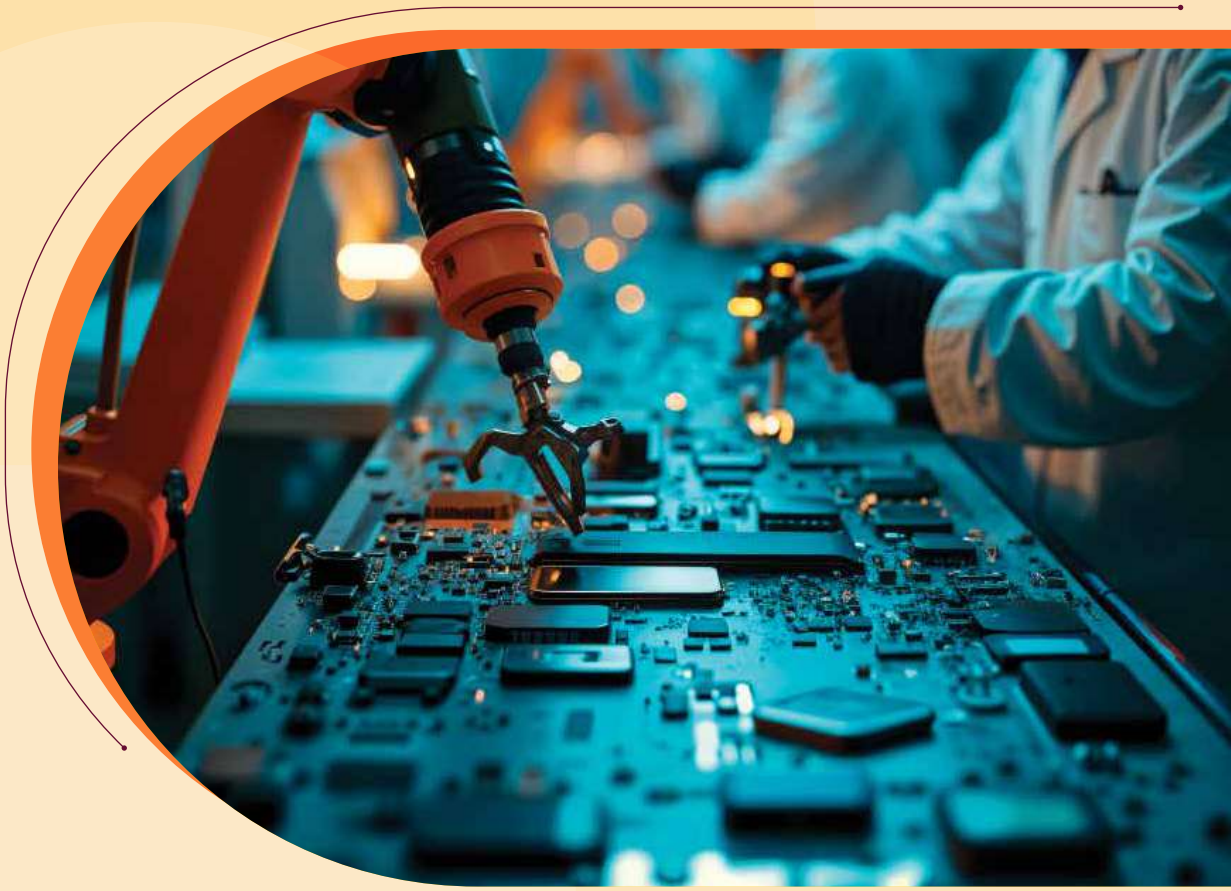
of the Impact of the

# PLI Scheme Across 14 Sectors



# 1.

# The Production Linked Incentive Scheme for Large Scale Electronics Manufacturing (LSEM)



## 1.1 PLI Scheme on Large Scale Electronics Manufacturing

### 1.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing (LSEM) is designed to boost domestic manufacturing and attract large-scale investments across the electronics value chain, including electronic components and semiconductor packaging. With a substantial outlay of ₹34,193 crore spread over five years, the scheme aims to position India as a global manufacturing hub while reducing import dependence and enhancing export competitiveness.

The scheme covers multiple segments, including specified electronic components and mobile manufacturing under both domestic and global categories, across two rounds. Performance, however, varies across these segments. In the specified electronic components segment under Round 1, initial growth in production and sales is observed up to 2022, followed by a subsequent decline. Similar patterns are seen in imports, exports, and employment, suggesting that early gains were not sustained. Data limitations are also evident, as only a small number of firms have reported consistently, and incentive disbursement has been minimal, with only one firm receiving PLI benefits in this category.

### 1.1.2 Implementation Strategy

The implementation strategy of PLI-LSEM is centred on providing targeted and performance-linked support to large-scale electronics manufacturing. The scheme links incentives to incremental sales of eligible goods manufactured in India, while also requiring participating companies to meet specified investment thresholds. Progressive annual targets are intended to encourage firms to expand production capacity and achieve scale over the incentive period. The scheme combines participation by global and domestic manufacturers with support for selected electronic components, thereby seeking to strengthen India's integration into global value chains and gradually expand domestic manufacturing capabilities.

### 1.1.3 Performance Analysis

Across Rounds 1 and 2 of PLI-LSEM, performance has varied across product segments. The specified electronic components segment, covered in both rounds, shows a broadly similar pattern, with production/sales, exports, imports and cumulative employment increasing initially and reaching their highest levels around 2022, followed by a decline in subsequent years. Although production levels remain above initial levels, both exports and imports have fallen below earlier benchmarks, indicating weakening momentum. The limited scale of disbursement in this segment further reflects its relatively modest progress compared to other parts of the scheme.

In contrast, the mobile manufacturing segment, both domestic and global demonstrate strong and sustained growth across key indicators. Production and

sales have increased consistently from 2020 to 2025, supported by significant participation and higher incentive disbursement. In the domestic mobile segment, a few leading firms drive performance, with one firm accounting for a substantial share of both production and exports. However, imports in this segment remain significantly higher than exports, highlighting continued dependence on imported components despite increased domestic assembly. The global mobile segment shows even stronger outcomes, with multiple firms receiving large incentive disbursements and contributing to rising production and export levels.

In the domestic mobile segment under Round 1, all key indicators, including production/sales, exports and employment, show an increasing trend between 2020 and 2025, have also remained significant. Five companies participated in this segment, with two companies receiving ₹1,040.78 crore in PLI incentives as of September 2025.

Across the scheme, employment trends broadly mirror production performance. Segments with sustained growth, particularly mobile manufacturing, exhibit increasing employment, while those experiencing volatility, such as specified electronic components, show corresponding fluctuations. However, data limitations—particularly the absence of consistent import tracking and the ministry's stance that production and export outcomes are market-driven—constrain the ability to fully attribute observed trends to the scheme.

Overall, the PLI scheme for electronics manufacturing appears to have successfully stimulated additional investment beyond natural trends and has translated this into increased production and employment. Export performance has improved in certain segments, particularly mobile manufacturing, although gains are uneven across categories. While the scheme has made significant progress in scaling up domestic manufacturing, especially in mobile assembly, challenges remain in deepening value addition and sustaining growth in component manufacturing segments.

### 1.1.4 Industry Performance

The PLI Scheme for Large Scale Electronics Manufacturing (PLI-LSEM), notified in April 2020, delivered a transformative impact on India's mobile phone manufacturing sector, comfortably surpassing its own targets across every major metric. Mobile phone production rose roughly 30–fold, from about ₹18,000 crore in 2014–15 to ₹5.45 lakh crore by 2024–25 and beyond, while exports surged from around ₹1,500 crore to over ₹2 lakh crore in the same period.

The number of mobile manufacturing units grew from just 2 to around 300, a 150-fold increase, and the share of domestically-made mobile phones sold in India rose from 26% in 2014-15 to 99.2% in later years, with India standing as the world's second-largest mobile phone manufacturer.

On the value-addition front, domestic value addition rose substantially though it

is still an area needing deeper focus, since India's growth rested largely on final assembly with imported displays, batteries, and printed circuit board assemblies rather than deep component manufacturing. This gap between headline volume success and shallow value-chain integration directly shaped the design of the ₹62,500 crore Mobile Phone Manufacturing Scheme (MPMS), approved in July 2026 to succeed PLI-LSEM and run through FY 2030–31, shifting the policy emphasis from pure production scale-up toward deeper domestic sourcing, design, R&D, and the development of Indian brands.

### 1.1.5 Evaluation Matrix for Analysing Impact Assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments– ₹20,580.20 crore | |
| Production ₹11,61,505 crore | |
| Exports | |
| Employment Generation (in Nos.) – 1,69,249 | |

**cumulative till March 2026*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

Production values have fallen in 2025–26 but still are over 50% of the targets. Export for some categories have increased more than the others.

### 1.1.6 Key Insights:

(i) Among all Production Linked Incentive (PLI) schemes, this scheme has emerged as one of the most efficient in terms of resource Utilisation and output generation. Mobile phone exports have witnessed remarkable growth, rising almost nine-fold from ₹22,868 crore in FY 2021 to about ₹2,00,000

crore in FY 2025. During the same period, mobile phone imports declined by 77%, reflecting a significant strengthening of domestic manufacturing capabilities. Beyond the growth of mobile phone production itself, PLI has catalysed investment and capacity expansion across the wider electronics manufacturing ecosystem, helping India emerge as an increasingly important manufacturing and export base within global value chains.

(ii) The scheme's performance has been highly encouraging. While a substantial share of benefits has accrued to large global manufacturers, domestic firms have also demonstrated good performance in terms of production, investment, exports, and employment generation. The scheme was intentionally designed to incentivise large-scale mobile phone assembly, with value addition not prescribed as a mandatory criterion. This approach was adapted to rapidly scale up mobile manufacturing in the country while gradually building a robust domestic supply chain and component ecosystem.

(iii) The scheme has successfully expanded production, attracted investment, and generated employment, while also laying the foundation for the recently launched Electronics Component Manufacturing Scheme (ECMS) with an outlay of ₹40,000 crore and Mobile Phone Manufacturing Scheme (MPMS) with an outlay of ₹62,500 crore. The new schemes are designed to deepen domestic value addition and strengthen the electronics manufacturing ecosystem further.

(iv) Overall, the PLI Scheme for Large Scale Electronics Manufacturing has effectively stimulated incremental investment beyond prevailing market trends and translated these investments into substantial gains in production, exports, and employment. Export performance has been particularly strong in the mobile phone segment and the scheme has made significant progress in scaling up domestic manufacturing, especially in mobile assembly.

# 2.

## The Production Linked Incentive Scheme for Promotion of Domestic Manufacturing of Critical Key Starting Materials (KSM)/ Drug Intermediates (DIs)/Active Pharmaceutical Ingredients (APIs)-Bulk Drugs



## 2.1 PLI Scheme on Bulk Drugs

### 2.1.1 Overview

The PLI scheme on bulk drugs with an outlay of ₹6,940 crore, aims to boost domestic manufacturing of identified Key Starting Materials (KSMs), Drug Intermediates and Active Pharmaceutical Ingredients (APIs) and attract large-scale investments in the sector. It covers four product segments: (i) key fermentation-based KSMs/Drug Intermediates; (ii) niche fermentation-based KSMs/Drug Intermediates/APIs; (iii) key chemical synthesis-based KSMs/Drug Intermediates; and (iv) other chemical synthesis-based KSMs/Drug Intermediates/APIs.

*Table 2.1: Fund Disbursement*

| Segments | No. of Firms Approved | No. of PLI Recipients | PLI Disbursed ( ₹crore)* |
|---|---|---|---|
| Target Segment I – Key Fermentation Based KSMs/Drug Intermediates | 4 | 0 | 0 |
| Target Segment II – Fermentation Based Niche KSMs/Drug Intermediates/APIs | 3 | 0 | 0 |
| Target Segment III – Key Chemical Synthesis Based KSMs/Drug Intermediates | 5 | 1 | 6.73 |
| Target Segment IV – Other Chemical Synthesis Based KSMs/Drug Intermediates/ APIs | 21 | 5 | 29.59 |
| Total | 33 | 6 | 36.32 |

** Cumulative till FY June 25*

The segment-wise analysis of the pharma bulk drugs sector under the PLI scheme reveals a mixed but gradually strengthening of performance across sales, exports, employment, and investment, with significant variation across segments.

Segment IV emerges as the most stable and consistent performer, driving overall sectoral growth. It records steady increases in sales, relatively stable export performance with signs of recovery, and sustained employment generation. Its strong and resilient performance indicates efficient capacity Utilisation and robust demand conditions, making it the backbone of the sector under the scheme.

Segment I reflects a late but sharp entry into production. The absence of sales until 2023–24 followed by a substantial increase in 2024–25 indicates recent commencement of commercial operations and a transition into a scale-up phase. However, exports remain absent, suggesting a current domestic focus, while employment trends, though increasing, remain inconclusive due to the short operational timeline.

Segment II shows gradual and balanced growth. Sales and exports both increase steadily from a low base, indicating improving market integration. Employment

trends are positive overall despite some fluctuations, suggesting stable expansion. This segment reflects a measured and steady scaling trajectory.

In contrast, Segment III exhibits a sustained decline across all key indicators. Sales and exports fall significantly over the period, accompanied by a decline in employment. This points to underlying structural challenges, potentially linked to reduced competitiveness, changing demand patterns, or external market pressures.

At an aggregate level, sales trends indicate a structural shift within the sector, with growth concentrated in more competitive segments, particularly Segment IV. Export performance shows volatility, with a dip in 2023–24 followed by partial recovery in 2024–25, suggesting temporary market adjustments rather than a persistent downturn. Employment trends broadly align with production dynamics; though temporary adjustments are visible in certain periods. A key highlight of the analysis is the sharp increase in investment in FY 2024–25, significantly exceeding targets. This indicates renewed industry confidence and points toward future capacity expansion.

In terms of outcomes, the PLI scheme has led to additional investment, production, and employment beyond natural trends. Export potential has also improved, though unevenly across segments, with stronger gains in some segments relative to others.

Overall, while the sector shows positive momentum driven by strong-performing segments and rising investments, the presence of structural weaknesses in certain segments and variability in export performance suggests that the gains under the scheme remain uneven and evolving.

### 2.1.2 Implementation Strategy

The PLI Scheme for Bulk Drugs adopts a targeted and performance-based implementation strategy aimed at creating domestic manufacturing capacity for critical Key Starting Materials (KSMs), Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs), thereby reducing import dependence and strengthening India's pharmaceutical supply chain. The scheme focuses on 41 identified products across four segments, covering key and niche fermentation-based as well as chemical synthesis-based KSMs, DIs and APIs. The strategy emphasises the establishment of new manufacturing capacity through Greenfield projects.

Selected firms are required to commission their manufacturing facilities within stipulated timelines, and incentive claims are subject to verification of investment, production and other prescribed conditions. The implementation framework has also been periodically revised in response to stakeholder feedback and emerging implementation challenges, providing flexibility to address issues during the course of the scheme.

### 2.1.3 Performance Analysis

Performance across the four target segments has been mixed, with significant variations in sales, exports, employment and investment. Segment IV has emerged as the primary growth driver, recording consistent growth in sales and relatively stable exports, while Segment I reflects the recent commencement and scaling-up of production and Segment II shows gradual expansion from a relatively low base. In contrast, Segment III has witnessed a sustained decline in sales, exports and employment, indicating greater exposure to global price movements, competitive pressures and fluctuations in demand. Export performance across the segments has been uneven, with a decline in 2023–24 followed by some recovery in 2024–25; while Segment IV provides relative stability, Segment II is gradually developing an international market presence and Segment I has yet to establish export activity. Employment outcomes broadly mirror production trends, with growth in Segment I but mixed outcomes across the other segments, including some workforce adjustments.

Against this backdrop, the overall impact of the PLI Scheme appears moderate in terms of output and exports during the period under review, although investment recorded a pronounced increase in FY 2024–25. The sharp rise in investment may indicate improving investor confidence and could support further capacity expansion and production growth in the coming years. Overall, the divergent performance across segments suggests that market conditions, product characteristics, global competitiveness and the stage of capacity development have played an important role in determining outcomes alongside the PLI support.

(i) **Target Segment I: Key Fermentation-Based KSMs/Drug Intermediates**

Segment I appears to be in an early expansion and scale-up phase. No sales were reported in 2023–24, followed by a sharp increase to approximately ₹61.6 crore in 2024–25, indicating that commercial production has commenced only recently. Employment has also shown a consistent year-on-year increase, broadly reflecting the commencement and expansion of production. However, no exports have been reported during the period under review, suggesting that production remains primarily domestically oriented and that firms have yet to establish a significant international market presence. Overall, the segment appears to be consolidating its domestic production base, with the potential for exports and further employment generation to emerge as production capacity stabilises and firms achieve greater scale. (Refer Graphs B.2 and B.11 in the Appendix.)

(ii) **Target Segment II: Fermentation-Based Niche KSMs/Drug Intermediates/APIs**

Segment II demonstrates gradual and measured growth, with sales increasing from ₹24.7 crore in 2023–24 to ₹33.4 crore in 2024–25. Exports increased notably in 2023–24 and remained broadly stable in 2024–25, indicating a gradual emergence of firms in international markets, although the overall scale

remains modest. Employment has also shown an overall positive trend, despite some fluctuations and a decline in the third year, which may reflect temporary workforce adjustments. The simultaneous improvement in sales and exports suggests that the segment is progressively strengthening its domestic and international market integration. Overall, Segment II appears to be scaling in a balanced manner, although the relatively low base of production and exports indicates considerable scope for further expansion. (Refer Graphs B.3, B.6 and B.12 in the Appendix.)

(iii) **Target Segment III: Key Chemical Synthesis-Based KSMs/Drug Intermediates**

Segment III exhibits significant deterioration in performance, with sales declining sharply from approximately ₹285 crore in 2022–23 to nearly ₹120 crore in 2024–25. Export performance broadly follows the same pattern, with a sharp decline in 2023–24 and only a partial recovery thereafter, while employment also declined in the third year, potentially reflecting workforce rationalisation in response to lower production and demand. The simultaneous weakening of sales, exports and employment indicates that the segment is facing considerable market and competitiveness-related challenges. These may include global price corrections, intensified competition, fluctuations in international demand and the post-COVID normalisation of demand for certain APIs. Given the exposure of chemical synthesis-based KSMs and Drug Intermediates to global prices and international competition, these factors may have moderated the impact of PLI support and limited the extent of gains achieved under the scheme. Overall, Segment III appears to be under structural and market-related stress, warranting closer monitoring of its competitiveness and capacity utilisation. (Refer Graphs B.4, B.7 and B.13 in the Appendix.)

(iv) **Target Segment IV: Other Chemical Synthesis-Based KSMs/Drug Intermediates/APIs**

Segment IV has emerged as the strongest and most consistent performing segment under the scheme, with sales increasing from approximately ₹250 crore in 2022–23 to around ₹330 crore in 2024–25. Exports have remained relatively stable, with a decline in 2023–24 followed by partial recovery in 2024–25, indicating resilience to fluctuations in international market conditions. Employment has also shown a broadly positive trend, with continued job creation despite some fluctuations in the pace of growth. The consistent performance across sales, exports and employment indicates relatively favourable demand conditions, expanding production and stronger market resilience. Overall, Segment IV can be considered the principal contributor to the scheme's performance, although continued monitoring would be necessary to assess whether this growth translates into sustained competitiveness and higher export penetration. (Refer Graphs B.5, B.8 and B.14 in the Appendix.)

### 2.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹ 5,070 crore | |
| Production – ₹ 3,270 crore | |
| Exports | |
| Employment Generation (in Nos.) – 5,226 | |

**cumulative till march 2026*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

From FY 2024–25 the investments have increased significantly, well above targets. Exports have increased more in some segments than others.

### 2.1.5 Key Insights:

(i) The Bulk Drugs initiative represents a shift towards reducing dependence on external supply chains for critical pharmaceutical ingredients. Once heavily dependent on imports for essential raw materials, India's pharma backbone is now regaining its strength. The country transitioned from a net importer ( ₹1,930 crore deficit in FY 2021–22) to a net exporter of bulk drugs ( ₹2,280 crore surplus in FY 2024–25). Before the PLI intervention, India imported nearly 70% to 80% of its bulk drugs, but the PLI Scheme has helped establish a manufacturing capacity of about 55,000 MT across 26 critical APIs, significantly strengthening domestic production capacity and reducing import dependence for products such as Paracetamol, levofloxacin, and Norfloxacin. The intervention has strengthened investment in an upstream pharmaceutical manufacturing ecosystem of strategic importance, extending its impact beyond individual products to the broader domestic supply chain.

(ii) The implementation of certain projects under the scheme has experienced delays due to disruptions caused by the COVID-19 pandemic and procedural delays in obtaining regulatory approvals, including environmental clearances, drug manufacturing licences, and land acquisition approvals. Segment-wise analysis reveals a mixed but gradually strengthening performance across sales, exports, employment, and investment, with considerable variation among product categories.

(iii) Under the PLI Scheme for Bulk Drugs, the fermentation-based segment has exhibited moderate performance, reflecting the inherent characteristics of this technology-intensive industry. Fermentation-based projects generally involve longer gestation periods due to higher capital investment requirements, complex manufacturing processes, and significant technological challenges. Consequently, the segment witnessed limited sales activity up to 2023–24. However, the increase in sales recorded in 2024–25 indicates that several projects have recently commenced commercial operations and are transitioning into the scale-up phase. While the segment's performance has been relatively gradual compared to chemical synthesis-based products, the recent growth trajectory suggests improving production capacities and a strengthening domestic manufacturing base.

(iv) Chemical Synthesis-based segment has emerged as the most stable and consistent performer, serving as the principal driver of overall sectoral growth. The segment has recorded sustained growth in sales, relatively stable export performance with signs of recovery, and continuous employment generation. Its resilience and strong operational performance suggest efficient capacity Utilisation and robust market demand, making it the backbone of the sector under the scheme.

(v) In terms of outcomes, the scheme has generated additional investment, production, and employment beyond underlying market trends. Export potential has also improved, although gains have been uneven across segments, with some categories demonstrating stronger performance than others.

(vi) The APIs available in the international markets may be cheaper than the Indian counterparts, making it rational for the Indian pharmaceutical companies to buy from there. Second, gestation period is long, especially in a volatile market. Some of the trends such as establishment of API and Bio-Tech parks indicate that the sector is poised to take advantage of the scheme in a short period. Overall, the sector is exhibiting positive momentum, supported by strong-performing segments and rising investment activity. Beyond its direct economic impact, the scheme has also contributed to technology development for the manufacture of targeted products.


98
3.56
77
96
/63
(73)
23.7

# 3.

# The Production Linked Incentive Scheme for Manufacturing of Medical Devices



## 3.1 PLI Scheme on Medical Devices

### 3.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Medical Devices is aimed at strengthening domestic manufacturing capabilities and attracting significant investments into the sector. With a total outlay of ₹3,420 crore, the scheme seeks to reduce import dependence and promote the development of a robust medical devices manufacturing ecosystem in India.

The scheme covers four target segments, namely cancer care/radiotherapy devices, radiology and imaging medical devices, anaesthesia and cardio-respiratory medical devices, and other medical devices.

Applicants are classified into Category A and Category B. Category A carries a maximum incentive of ₹121 crore per applicant, while Category B carries a maximum incentive of ₹40 crore per applicant, with both categories receiving an incentive of 5 per cent on eligible incremental sales. Category B was introduced through the revised guidelines to extend support to an additional set of specified medical devices, subject to prescribed incremental-sales thresholds.

### 3.1.2 Implementation Strategy

The scheme was implemented through multiple rounds of applications, covering four identified target segments of medical devices. Eligible applicants were classified into Category A and Category B, with Category A comprising specified high-value medical devices and Category B covering other eligible devices. Category A applicants were required to meet a higher net-worth threshold of at least 30% of committed investment, while Category B applicants were required to have positive net worth. Selection was undertaken based on prescribed eligibility and evaluation criteria, subject to available scheme outlay. Selected applicants were eligible for a 5% incentive on incremental sales of manufactured medical devices for five years, subject to category-wise ceilings.

### 3.1.3 Performance Analysis

In terms of performance, the scheme has shown strong outcomes in investment. Actual investment has consistently exceeded stipulated targets, indicating a positive response from industry participants. This suggests that the scheme has successfully stimulated additional investment beyond natural trends.

Production performance, as reflected in sales, has also been positive, with cumulative values indicating growth in output. While production levels remain modest relative to the scale of the scheme, the data suggest that increased investment has translated into higher production beyond expected trends. Employment generation shows a mixed but improving pattern. Although employment was relatively low compared to annual targets in 2024–25, it has surpassed targets in 2025–26. However, this improvement should be interpreted cautiously, as overall targets for 2025–26 were

lower than in previous years.

Despite these positive indicators, the limited disbursement of incentives and the modest scale of production and employment suggest that the scheme is still in a developing phase. Additionally, the absence of export-specific trend analysis restricts the ability to assess improvements in global competitiveness.

Overall, the PLI scheme for medical devices demonstrates encouraging progress, particularly in terms of investment and production. While employment outcomes are improving and have recently surpassed targets, the scheme's full impact is yet to be realised.

### 3.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment:** Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment:** Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential:** Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹1,151 crore | |
| Production – ₹14,945 crore | |
| Exports | |
| Employment Generation (in Nos.) – 5,268 | |

**cummulative till march 26*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

Employment generation was significantly low (as compared to the yearly target) in year 2024–25 but it has surpassed targets in 2025–26. Overall targets for 2025–26 were quite low compared to the previous year.

### 3.1.5 Key Insights:

(i) The Medical Devices PLI is catalysing the development of domestic manufacturing capability in a high-technology sector where India has historically depended significantly on imported equipment. The scheme has made significant progress in promoting domestic manufacturing and reducing import dependence in high-value medical device segments, including:

a) Advanced imaging equipment

b) Cancer care equipment (LINAC, cobalt therapy machines)

c) Cardiac and orthopaedic implants

d) Dialysers and critical care equipment

(ii) The scheme has also enabled domestic manufacturing of key diagnostic and therapeutic equipment such as CT scanners, MRI machines, Cath labs, and ultrasonography systems. The growth of this sector demonstrates the catalytic role of PLI in creating a domestic manufacturing ecosystem in technologically sophisticated segments where capacity creation requires sustained investment, specialised capabilities and technology development.

(iii) At the design stage, the scheme prescribed high minimum threshold sales requirements, which limited participation, particularly among smaller MedTech start-ups and MSMEs. The companies had the flexibility of reporting self-committed investment, despite this, minimum threshold investment could not be achieved. Although the Department subsequently introduced a Category B with lower eligibility thresholds, early gains under the scheme remained largely concentrated among larger firms.

(iv) In terms of performance, the scheme has demonstrated strong outcomes on the investment front. Actual investments have consistently exceeded stipulated targets, with the gap between targets and achievements widening over time. This indicates a strong and sustained positive response from industry and suggests that the scheme has successfully catalysed investment beyond natural market trends. Production performance, as reflected in sales, has also shown a steady upward trajectory, with cumulative output reflecting sustained growth. Employment generation presents a mixed but improving trend, with recent performance indicating stronger job creation outcomes.

(v) Despite these positive developments, the relatively modest level of incentive disbursement and the still developing scale of production and employment suggest that the scheme remains in an early growth phase. Its full impact, particularly in terms of deep manufacturing capabilities and ecosystem development, is yet to be fully realised.

(vi) Overall, the PLI Scheme for Medical Devices demonstrates encouraging progress, especially in investment mobilisation and production growth. While employment outcomes are improving and have recently begun to align more closely with targets, the scheme's full potential is still unfolding and will become clearer with further Maturity of participating firms and manufacturing capacities.

# 4.

# The Production Linked Incentive Scheme for Pharmaceuticals Drugs



## 4.1 PLI Scheme on Pharmaceuticals Drugs

### 4.1.1 Overview

The Pharmaceutical Production Linked Incentive (PLI) Scheme, with an outlay of ₹15,000 crore, aims to enhance India's manufacturing capabilities and production in the pharmaceutical sector, promote investment, and facilitate product diversification towards high-value pharmaceutical goods. The scheme also seeks to strengthen India's position in global pharmaceutical value chains and support the emergence of globally competitive Indian companies.

The beneficiaries are classified into three categories based on their global manufacturing revenue from pharmaceutical goods and/or in-vitro diagnostic medical devices in FY 2019–20: Group A, comprising companies with revenue of ₹5,000 crore or more; Group B, comprising companies with revenue of ₹500 crore or more but less than ₹5,000 crore; and Group C, comprising companies with revenue of less than ₹500 crore, including MSMEs.

*Table 4.1: Fund Disbursement*

| Beneficiary Category | No. of Applicants | No. of PLI Recipients | Amount of PLI Received (₹crore)* |
|---|---|---|---|
| Group A | 11 | 11 | 3,340.71 |
| Group B | 9 | 9 | 838.31 |
| Group C – MSMEs | 16 | 10 | 108.13 |
| Group C – MSMEs (IVDs) | 4 | 3 | 31.48 |
| Group C – Non-MSMEs | 14 | 14 | 237.95 |
| Group C – Non-MSMEs (IVDs) | 1 | 1 | 2.22 |
| **Total** | **55** | **48** | **4,558.80** |

** Cumulative fund disbursement till FY 2023–24, with two firms (across Group A and Group B) having submitted 9-monthly claims for FY 2024–25.*

The category-wise assessment of firms under the PLI scheme indicates a positive overall impact on investment, production, employment, and exports, with clear differences in outcomes across firm sizes.

Large firms (Group A) are the primary drivers of performance. They demonstrate strong and consistent growth in sales, lead export expansion, and show sustained employment generation over the assessment period. Their scale, established market presence, and integration with global supply chains enable them to effectively leverage scheme incentives and contribute significantly to overall outcomes.

Mid-sized firms (Group B) exhibit steady and stable growth across key indicators. Sales and exports increase at a moderate but consistent pace, while employment generation remains positive throughout. Although their performance is not as strong as that of large firms, the trends indicate effective Utilisation of the scheme in supporting gradual expansion.

MSMEs (Group C firms) display more variable performance. While there are initial gains in sales and employment, growth slows in the later period before showing partial recovery. Export performance remains relatively limited compared to larger firms, reflecting structural constraints such as scale and market access. Employment trends are positive overall but show greater fluctuations, indicating higher sensitivity to operational and market conditions.

### 4.1.2 Implementation Strategy

The scheme is implemented across three categories of beneficiaries: Group A, B and C. The scheme covers three different product categories for which applicants have applied under the scheme. These products are expected to give an impetus to innovation, R&D and widening of product profile of India Pharmaceutical industry.

### 4.1.3 Performance Analysis

(i) **Group A Firms (Large Firms)**

Group A firms demonstrate a strong and consistent growth trajectory in sales, reflecting their established market presence, superior production capacity and ability to scale operations efficiently. Their export performance is similarly robust, with exports increasing steadily, supported by established global supply chains, stronger compliance capabilities and deeper integration with international markets. Consequently, Group A firms emerge as the leading contributors to the overall export expansion under the scheme. Employment generation also shows a consistently positive trend, broadly in line with their expanding production and operational scale. Overall, the performance of Group A firms indicates that larger firms have been able to leverage the scheme effectively to expand production, strengthen market presence and increase employment. Refer Graphs C.2 and C.15 in the Appendix.

(ii) **Group B (Mid-sized Firms)**

Group B firms exhibit stable and positive growth in sales, although the pace of expansion is relatively moderate compared with Group A firms. Their export performance broadly follows the sales trajectory, with exports registering growth but remaining lower in scale and pace than those of larger firms, suggesting relatively limited integration with global markets. Employment trends are also broadly positive, with continued job creation over the assessment period and no evidence of a sustained decline, indicating stable labour absorption alongside output growth. Taken together, the performance of Group B firms suggests that mid-sized enterprises have benefited from the scheme through gradual expansion in production, exports and employment, although their ability to achieve the scale and global market penetration observed among Group A firms remains comparatively limited. Refer Graphs C.3 and C.16 in the Appendix.

(iii) **Group C firms (MSMEs)**

Group C firms including MSMEs, show a more uneven performance profile compared with Groups A and B. Sales initially registered an upward trend, indicating early gains following scheme participation; however, growth moderated after 2022, followed by a partial recovery. This pattern suggests greater sensitivity of smaller firms to market fluctuations and operational constraints. Export performance remains relatively subdued, with growth falling short of that achieved by larger firms, reflecting challenges related to limited scale, compliance costs and access to international markets. Employment generation nevertheless shows an overall increasing trend, although fluctuations are more pronounced, highlighting the greater vulnerability of smaller firms to cyclical and operational pressures. Refer Graphs C.4–C.8 and C.17–C.20 in the Appendix.

### 4.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹ 45,158 crore | |
| Production – ₹ 3,64,588 crore | |
| Exports | |
| Employment Generation (in Nos.) – 1,14,880 | |

**cumulative till march 26*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

Actual production values surpassed targets in 2024–25 but the values fell in 2025–26. It was still more than 50% of the target. Export values were partially higher for some categories than others where the increase is modest.

### 4.1.5 Key Insights:

(i) PLI has added a new dimension to India's established pharmaceutical strength by encouraging investment in high-value formulations, biologics, and critical pharmaceutical inputs. The emergence of domestic manufacturing of 191 pharmaceutical products for the first time in India is particularly significant, demonstrating the Scheme's role in expanding domestic technological and manufacturing capability. Total exports of pharmaceutical products rose by 32.7%, from USD 19,460.5 million in 2021 to USD 25,822.2 million in 2025. The broader impact of PLI has therefore been to catalyse investment and move the pharmaceutical sector towards greater technological sophistication, domestic value addition, and strategic manufacturing capability.

(ii) The PLI Scheme for Pharmaceutical Drugs, with an outlay of ₹15,000 crore, has successfully catalysed investments exceeding ₹45,000 crore, reflecting a strong investment response from the industry. The scheme has 55 approved applicants across three categories of firms.

(iii) Large firms (Group A) have emerged as the principal drivers of the scheme's performance. These firms have demonstrated strong and sustained growth in sales, export led expansion, and generated substantial employment throughout the assessment period. Their scale, established market presence, technological capabilities, and integration with global supply chains have enabled them to leverage scheme incentives effectively and contribute significantly to overall outcomes. Performance assessments indicate that Group A firms account for approximately 61% of the total value of production achieved under the scheme.

(iv) Mid-sized firms (Group B) have exhibited steady and consistent growth across key performance indicators. Sales and exports have increased at a moderate but stable pace, while employment generation has remained positive throughout the implementation period. Although their performance is comparatively lower than that of large firms, the observed trends suggest that the scheme has effectively supported their gradual expansion and capacity enhancement.

(v) Micro, Small and Medium Enterprises (MSMEs) under Group C have demonstrated relatively moderate growth in sales, production, and employment. While their contribution to overall output remains lower than that of larger firms, the scheme has nonetheless facilitated investment and business expansion within this segment.

(vi) Export performance has improved overall; however, the gains have been uneven across firm categories. While larger firms have recorded substantial export growth, mid-sized firms and MSMEs have relatively modest growth.

(vii) The scheme has been significantly successful in the pharmaceutical sector. However, the sector received a significant boost because of the COVID pandemic. Anecdotal evidence and industry interactions inform us that, while the industry might have grown on its own, the PLI scheme boosted the industry confidence significantly.

# 5.
# The Production Linked Incentive Scheme for IT Hardware 2.0



## 5.1 PLI Scheme on IT Hardware 2.0

### 5.1.1 Overview

The Production Linked Incentive (PLI) Scheme for IT Hardware 2.0, introduced by the Ministry of Electronics and Information Technology (MeitY), aims to strengthen domestic manufacturing of key IT hardware products such as laptops, tablets, servers, all-in-one PCs, and ultra-small form factor devices. With a total outlay of ₹17,000 crore over a six-year period, the scheme builds upon the earlier PLI scheme notified in 2021, incorporating industry feedback and expanding its scope. A total of 27 applicants has been approved under the revised scheme, including several firms that transitioned from the earlier version through restructuring at the group level.

The scheme provides flexibility to firms in terms of the commencement of production, allowing them to begin operations in different years between 2023 and 2025. This flexibility reflects the recognition of varying gestation periods across firms. However, as of March 2026, PLI incentives amounting to ₹ 98.00 crore has been disbursed, indicating that the scheme is still in the early stages of implementation. While around 18 firms have reported production and a smaller subset has reported exports, the limited coverage and evolving participation make it difficult to draw firm conclusions about overall performance.

Performance trends show a transitional pattern influenced by the shift from the earlier scheme to PLI 2.0. Investment trends under the scheme appear modest but improving. While cumulative investment prior to 2024–25 achieved only about one-third of the targets, more recent data suggest that approximately half of the annual targets are being met, although these targets vary significantly across years. Employment generation has shown moderate growth, with a noticeable increase in reported labour figures.

The PLI Scheme for IT Hardware 2.0 appears to be progressing gradually, with early signs of improvement in production, investment, and employment. The scheme has contributed to additional investment and production beyond natural trends, although the impact is still emerging and uneven across firms. Given its recent implementation and the presence of a gestation phase, a more comprehensive evaluation will require additional time, broader participation, and more complete data to fully assess its effectiveness in achieving its objectives.

### 5.1.2 Implementation Strategy

PLI 1.0 for IT Hardware offered companies 1-4% incentives on incremental sales over a 2019–20 base year. However, high entry thresholds and rigid conditions prompted a redesign. PLI 2.0, notified in May 2023 with a ₹17,000 crore outlay, retained this core administrative structure but introduced key changes. Companies gained flexibility to spread investment across the six-year tenure rather than meet fixed annual targets, with shortfalls causing proportional incentive cuts rather than

disqualification. A migration provision let PLI 1.0 approved companies continue, migrate to 2.0 carrying forward prior investment, or reapply as fresh applicants.

### 5.1.3 Performance Analysis

The performance of the PLI scheme for IT Hardware needs to be assessed in the context of the transition from the original scheme to PLI 2.0. As of March 2026, only four companies had received PLI incentives, amounting to ₹98 crore, while around 18 companies reported production and only four reported exports. Although reported employment has increased significantly, this partly reflects the rise in the number of companies reporting data, making it difficult to assess the extent of underlying employment growth.

Production declined sharply after 2022, with Fy 2023–24 reflecting a transition period following the introduction of PLI 2.0 in May 2023. Under the earlier scheme, production levels in Fy 2022–23 were relatively high; subsequently, 13 of the 14 applicants under the original scheme migrated to PLI 2.0, and most opted for a gestation period in the first year of the new scheme. This contributed to the decline in reported production in Fy 2023–24. Production subsequently recovered in Fy 2024–25 as 25 of the 27 approved applicants commenced participation under PLI 2.0.

Investment performance has so far been moderate, although there are indications of improvement, with recent achievement levels approaching half of the applicable annual targets compared with lower achievement under the earlier phase. Employment has also increased, although the rise is partly associated with the growing number of firms reporting data, making it difficult to isolate the underlying employment impact. Export performance remains particularly difficult to assess because of limited reporting by participating firms

Overall, PLI 2.0 for IT Hardware appears to be progressing gradually, with improvements in production, investment and employment as more firms enter the operational phase; however, its broader impact on manufacturing scale, exports and domestic value addition will become clearer only as firms move beyond the gestation period and more consistent firm-level performance data become available. The available evidence suggests that the scheme is still in a phase of expansion and transition, and its performance should therefore be assessed over a longer period as participating firms move beyond the gestation phase and begin to scale up production.

### 5.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹ 908 crore | |
| Production – ₹ 21,853 crore | |
| Exports | |
| Employment Generation (in Nos.) – 4,859 | |

**cumulative till March 26*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

### 5.1.5 Key Insights:

(i) PLI for IT Hardware represents an important step towards establishing India as a manufacturing location for global IT Hardware companies. Its broader significance lies in catalysing the expansion of India's electronics manufacturing ecosystem beyond mobile phones and into a wider range of digital technologies.

(ii) IT Hardware 1.0 scheme did not achieve the intended outcomes, primarily due to certain design limitations:

a) Low Incentive Rates: The financial incentives offered under the scheme were considered inadequate to encourage firms to relocate large-scale supply chains and manufacturing operations to India. Incentives ranged from 1% to 4%, with an average incentive rate of only about 2%.

b) Stringent Localisation Requirements: The scheme prescribed strict domestic value-addition targets. Given that India's ecosystem for critical IT hardware components such as bare PCBs, memory modules, and display panels was still at a nascent stage, many beneficiary companies found it difficult to meet the prescribed localisation and manufacturing thresholds.

(iii) Drawing on the lessons from IT Hardware 1.0, the Government launched the IT Hardware 2.0 Scheme in 2023 by subsuming the earlier scheme into a revised framework. The scheme has a total outlay of ₹17,000 crore and covers five product categories: (i) laptops, (ii) tablets, (iii) all-in-one PCs, (iv) servers, and (v) ultra-small form factor (USFF) devices.

(iv) The transition from IT Hardware 1.0 to IT Hardware 2.0 resulted in a loss of valuable time and temporarily slowed the momentum of domestic manufacturing in the sector. Nevertheless, the revised scheme incorporates several design improvements aimed at enhancing industry participation and improving overall effectiveness.

(v) IT Hardware 2.0 provides an average incentive of approximately 5%. In addition, it offers incremental incentives linked to the Localisation of selected components. This flexible approach enables firms to avail incentives in line with their manufacturing capabilities and Localisation plans, thereby making the scheme more attractive to industry participants.

(vi) The scheme also provides flexibility regarding the commencement of production, allowing approved firms to begin operations between 2023 and 2025. This provision recognises the differing investment cycles and gestation periods across firms and product segments.

# 6.

# The Production Linked Incentive Scheme for Promoting Telecom & Networking Products



## 6.1 PLI Scheme on Telecom & Networking Products

### 6.1.1 Overview

The Production Linked Incentive (PLI) Scheme for the telecom sector is designed to strengthen India's manufacturing ecosystem by boosting domestic production, attracting investment, increasing exports, and generating employment. With a total outlay of ₹12,195 crore, the scheme targets both MSMEs and non-MSMEs, with the latter further classified into domestic and global firms. A dedicated allocation of ₹1000 crore has been reserved for MSMEs, reflecting the policy's intent to promote inclusive growth alongside large-scale industrial expansion.

The scheme came into effect from 1st April, 2021 for a period of 5 years. Support under the Scheme is provided to companies who manufacture specified telecom and networking products in following 4 product categories in India:

(i) Core transmission Equipment

(ii) 4G/5G, Next Generation RAN and Wireless Equipment

(iii) Access & CPE, IoT Access Devices and Other Wireless Equipment

(iv) Enterprise Equipment: Switch and Router

The structure of beneficiaries highlights a diverse participation base, with firms distributed across MSMEs, domestic non-MSMEs, and global companies. However, the disbursement of incentives is relatively concentrated, with non-MSME domestic and global firms receiving a significantly larger share of total PLI funds compared to MSMEs. This suggests that while smaller firms are actively participating, larger firms continue to play a dominant role in leveraging scheme incentives and scaling operations.

*Table 6.1: Fund Disbursement*

| S.No. | Segments | Total Number of Applicants | No. of Firms who received PLI | Amount of PLI received ( ₹crore) * |
|---|---|---|---|---|
| 1. | MSME | 28 | 10 | 114.49 |
| 2. | Non MSME Domestic | 8 | 6 | 791.02 |
| 3. | Non MSME Global | 6 | 5 | 664.59 |
| | **TOTAL** | **42** | **21** | **1570.10** |

** Cumulative till FY March 2024–25*

In terms of performance, the telecom sector demonstrates strong and encouraging trends across key indicators. Sales have shown consistent growth over the period from 2022–23 to 2024–25, with particularly strong expansion among domestic firms. MSMEs also exhibit steady and broad-based growth, even after accounting for the influence of a few large players, indicating that gains are not overly concentrated. While global firms show some volatility – with sales peaking

in 2023–24 before moderating in 2024–25, the overall trajectory suggests a strengthening domestic manufacturing base, increasingly driven by domestic and MSME firms. Export performance mirrors this positive trend, albeit with some short-term fluctuations. Employment trends broadly align with movements in sales and exports. Investment trends, meanwhile, show strong growth up to 2023–24, followed by some moderation in 2024–25, possibly indicating a transition from capital expenditure to operational consolidation.

Despite these positive developments, import dependence remains a key structural concern. Evidence suggests that India's role in global value chains, particularly in electronics and telecom manufacturing, continues to be concentrated in final assembly rather than high-value component production. Structural challenges such as limited economies of scale, gaps in advanced technological capabilities, and constraints in skilled labour availability contribute to continued reliance on imported components. As a result, while India has made progress as an assembly hub, deeper manufacturing capabilities remain underdeveloped.

Overall, the PLI scheme for telecom appears to have successfully stimulated additional investment, increased production, and generated employment beyond natural trends, while also enhancing export potential. However, the persistence of structural constraints highlights the need for complementary policy measures to deepen domestic value addition and reduce import dependence.

### 6.1.2 Implementation Strategy

The PLI Scheme for Telecom and Networking Products is implemented through a competitive, performance-linked incentive mechanism, under which eligible companies receive financial incentives based on their incremental sales of products manufactured in India, subject to prescribed eligibility, investment and performance criteria. Selected beneficiaries are required to meet specified thresholds for investment, incremental sales and other performance parameters during the tenure of the scheme. The scheme also provides differentiated support to MSMEs, domestic companies and global companies, with the objective of encouraging both indigenous manufacturing capabilities and large-scale investment in the telecom equipment ecosystem.

The design-led manufacturing incentive under India's Production-Linked Incentive (PLI) Scheme for Telecom and Networking Products provides an additional 1% financial incentive over standard rates for products designed, developed, and manufactured domestically.

### 6.1.3 Performance Analysis

(i) **MSMEs**

MSME firms have demonstrated a broadly positive performance trajectory over the review period. Sales have shown a steady upward trend from 2022–23 to

2024–25, and the growth remains significant even after excluding the two major driver firms, indicating that the improvement is relatively broad-based rather than being concentrated among a small number of large performers. Export performance also reflects a similar pattern, with a temporary moderation in 2023 followed by a strong recovery in 2024, suggesting renewed momentum in overseas markets. Employment trends broadly mirror the movements observed in sales and exports, with a decline in 2023–24 followed by improvement in 2024–25. While investment performance was strong up to FY 2023–24, a moderation was observed in FY 2024–25. Overall, the performance of MSMEs indicates a strengthening manufacturing and market presence. Refer Graphs E.2, E.7 and the relevant employment and investment graphs in the Appendix.

(ii) **Domestic Firms**

Domestic firms recorded the strongest expansion in sales among all categories, with a particularly sharp increase in 2024–25, indicating significant scaling up of manufacturing and business operations. Their export performance experienced a decline in 2023, in line with the broader sectoral trend, but recovered strongly in 2024, contributing substantially to the overall improvement in telecom exports. Employment trends broadly followed the same pattern as sales and exports, with a moderation in 2023–24 followed by an improvement in 2024–25, suggesting that the recovery in output was accompanied by an expansion in employment. Investment by domestic firms remained strong through FY 2023–24, although the moderation observed in FY 2024–25 may indicate a slowdown in the pace of capacity expansion. Overall, domestic firms appear to be the principal drivers of the recent growth momentum in the telecom sector, particularly in terms of sales and exports.

(iii) **Global Firms**

Global firms also contributed significantly to the overall performance of the telecom sector, although their growth pattern appears relatively more volatile. Sales increased up to 2023–24 before declining in 2024–25, in contrast to the continued expansion observed among MSMEs and domestic firms. Export performance similarly witnessed a sector-wide moderation in 2023, followed by a strong recovery in 2024, with global firms remaining among the major contributors to telecom exports. Employment performance broadly moved in line with sales and export trends, reflecting the decline in 2023–24 and subsequent improvement in 2024–25. Investment performance remained strong through FY 2023–24 but moderated in FY 2024–25, consistent with the overall investment trend across the scheme. Taken together, the performance of global firms indicates their continued importance in the telecom manufacturing and export ecosystem, while the decline in sales and moderation in investment in the latest year suggest the need to closely monitor the sustainability of their growth momentum.

### 6.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹ 5,278 crore | |
| Production – ₹ 1,10, 016 | |
| Exports | |
| Employment Generation (in Nos.)– 33,610 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Blue-Data unavailable |

### 6.1.5 Key Insights:

(i) The Telecom PLI has strengthened India's domestic manufacturing capability in telecom and networking products. It has supported the development of indigenous 4G technology and strengthened domestic manufacturing capability for 5G telecom equipment, marking an important expansion of India's capabilities in a strategically significant technology sector. Between Fy 21 and Fy 25, India's telecom exports rose by 1.5% average annual growth rate (AAGR), while imports concurrently declined by 18.5% AAGR. This represents an important expansion of domestic manufacturing in a strategically significant technology sector. More broadly, PLI has catalysed investment, production, and technology capability in the telecom manufacturing ecosystem, strengthening India's position in an increasingly strategic global industry.

(ii) This scheme has a unique feature of incentivising design -led manufacturing. An additional 1% incentive for products designed, developed, and manufactured in India has been included in this scheme to promote design-led manufacturing.

In this particular sector, where, net exports are usually negative, with imports exceeding exports, this sort of an inclusion in the scheme provides the impetus for domestic manufacturing and scaling up.

(iii) Volume of sales for both the categories MSMEs and non-MSMEs have witnessed growth over the scheme period so far. Exports have also grown with some short-term fluctuations. Job creation in the sector is closely linked to output performance and demand conditions. A crucial contribution of this scheme has been manufacturing of 4G/5G equipment's in India by companies like Nokia, Ericsson and Cisco.

(iv) While this sector seems promising, few caveats need to be pointed out. The scheme does not stipulate domestic value addition. As a result, beneficiaries may import up to 100% of the components, assemble them, and still qualify for the Production-Linked Incentive (PLI) benefits. This limits the scheme's contribution to technological self-reliance. While manufacturing capacity has strengthened, the scheme may not substantially reduce technological dependence on foreign vendors in the near future. That said, one would hope that assembly is only a beginning, and over time even technology transfers would happen. However, it is to be noted that import substitution has been a key factor. Evidence suggests that there has been reduction in imports.

# 7.

# The Production Linked Incentive Scheme for Automobile and Auto Components



## 7.1 PLI Scheme on Automobile & Auto Components

### 7.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components is a major policy initiative aimed at boosting domestic manufacturing of advanced automotive technologies and attracting investments across the automotive value chain. With a substantial outlay of ₹25938 crore, the scheme focuses on promoting next-generation mobility solutions, particularly electric and hydrogen-based vehicles, through two key components: the Champion OEM Incentive Scheme and the Component Champion Incentive Scheme. While the former incentivises vehicle manufacturers based on sales of advanced automotive technologies, the latter supports component manufacturers in strengthening the supply ecosystem.

The implementation of the scheme has seen participation from leading automotive firms, including Tata Motors, Bajaj Auto, Mahindra & Mahindra, TVS Motor, and Ola Electric, among others. Incentive disbursement has increased significantly over time, rising from ₹322 crore in Fy 2024–25 to nearly ₹2000 crore in Fy 2025–26, indicating a gradual scaling up of scheme benefits. Additionally, a number of firms have received Domestic Value Addition (DVA) certification, reflecting progress toward Localisation and strengthening of domestic manufacturing capabilities.

| Sr. No. | Name of Applicant | Category | Incentive Disbursed in FY 2024–25 | Incentive Disbursed in FY 2025–26 |
|---|---|---|---|---|
| 1 | Tata Motors Ltd. | OEM | 142.13 | 403.18 |
| 2 | Bajaj Auto Ltd. | OEM | - | 625.65 |
| 3 | Mahindra & Mahindra Ltd. | OEM | 104.08 | 283.82 |
| 4 | TVS Motor Co. | OEM | - | 320.51 |
| 5 | Ola Electric Tech | OEM | 73.74 | 366.78 |
| 6 | Toyota Kirloskar Auto Parts Pvt. Ltd. | Component | 2.05 | - |

The scheme is sub-divided into the following categories

(i) Champion OEM Incentive Scheme

(ii) Component Champion Incentive Scheme

The Champion OEM Incentive scheme is a 'sales value linked' scheme, applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments – 2 wheelers, 3 wheelers, passenger vehicles, commercial vehicles, Tractors, Automobile meant for Military use and any other Advanced Automotive Technology vehicle as prescribed by MHI depending upon technical developments.

PLI – Auto Sales (in terms of units of vehicle production)

| Category of Vehicle | Units Incentivised (Sales for FY 2023–24) | Units Incentivised (Sales for FY 2024–25) | Total Units Incentivised |
|---|---|---|---|
| e-2w | 41758 | 1000414 | 1042172 |
| e-3w | 23486 | 214899 | 238385 |
| e-4w | 11314 | 68226 | 79540 |
| e-bus | 280 | 1111 | 1391 |
| Total | 76838 | 1284650 | 1361488 |

In terms of performance, the scheme has led to a substantial increase in production, particularly in electric vehicles across segments such as two-wheelers, three-wheelers, passenger vehicles, and buses. The number of incentivised units has grown sharply, especially between Fy 2023–24 and Fy 2024–25, suggesting that firms are scaling up production in response to policy support. However, due to the cumulative nature of the data, it remains difficult to precisely isolate the scheme's contribution from broader industry trends.

Investment performance under the scheme has been strong, with cumulative investments reaching ₹44,326 crore by March 2026, against projected ₹42,500 crore. This indicates that the scheme has successfully stimulated additional investment beyond natural trends, particularly evident in Fy 2024–25 where targets were surpassed. However, the translation of this investment into production outcomes appears uneven. While production has increased and exceeded 50% of targets in Fy 2024–25, performance in Fy 2025–26 shows some moderation, suggesting that gains are still stabilising.

Employment generation presents a more subdued picture. Although cumulative employment stands at 67,820, this remains significantly below the projected target of over 1.48 lakh jobs, indicating that the scheme has not yet led to employment growth beyond natural trends, but the picture can change duly as the scheme progresses. Similarly, export performance cannot be assessed due to the absence of relevant data, limiting the evaluation of the scheme's impact on global competitiveness.

When viewed in the context of overall industry trends, the automobile sector exhibits a cyclical pattern, with a pandemic-induced contraction followed by a strong recovery and subsequent stabilization. While the trends under the PLI scheme appear broadly aligned with this recovery phase, the limited availability of disaggregated data makes it difficult to establish a clear causal relationship between the scheme and industry-wide performance.

Overall, the PLI scheme for automobiles and auto components demonstrates positive outcomes in terms of investment and production, particularly in the

emerging electric mobility segment. As the scheme progresses, a clearer picture of its effectiveness will emerge with more granular data and a longer time horizon.

### 7.1.2 Implementation Strategy

The PLI Scheme for Automobile and Auto Components is implemented through a performance-linked incentive mechanism administered by the Ministry of Heavy Industries (MHI), under which selected companies are required to undertake prescribed investments and establish or expand domestic manufacturing capacity for Advanced Automotive Technology (AAT) vehicles and components. Incentives are provided based on the achievement of specified performance parameters, particularly incremental sales of eligible products, subject to meeting the prescribed investment, domestic value addition and other eligibility conditions.

### 7.1.3 Performance Analysis

The Champion OEM Incentive Scheme is a sales value-linked incentive scheme covering Battery Electric Vehicles (BEVs) and Hydrogen Fuel Cell Vehicles across a range of segments, including two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, tractors and military-use automobiles. Major firms participating in the scheme include Tata Motors Ltd., Bajaj Auto Ltd., Mahindra & Mahindra Ltd., TVS Motor Co. and Ola Electric Technologies Pvt. Ltd. The scheme has witnessed a gradual scaling up of implementation, with incentive disbursements increasing substantially from ₹322 crore in Fy 2024–25 to nearly ₹2,000 crore in Fy 2025–26.

Production performance has been particularly encouraging in the electric mobility segment. Total incentivised production increased sharply from 76,838 units in Fy 2023–24 to 13,61,488 cumulative units, with e-2W and e-3W segments accounting for a significant share of the increase. Progress has also been made in establishing domestic value addition, with eight applicants under the Champion OEM category receiving DVA certification covering 94 variants, while 10 applicants under the Component Champion category received certification for 37 variants. Investment performance has also been strong, indicating that the scheme is supporting capacity creation and expansion in the domestic automotive ecosystem.

However, the production and investment gains have not yet translated fully into incremental sales. Incremental sales currently stand at ₹52,414 crore against the projected ₹2,31,500 crore, suggesting that production capacities are still being scaled up and market realisation of the investments may require more time. Employment generation also remains relatively modest, indicating that the employment impact of the scheme has so far been limited. Further, the contribution of the scheme to export competitiveness cannot yet be assessed adequately due to the absence of sufficiently disaggregated export-related data.

The performance of the scheme also needs to be viewed against the broader trajectory of the automobile industry, which has experienced a cycle of pandemic-induced contraction, subsequent strong recovery and more recent moderation

in growth. The trends observed under the PLI scheme appear broadly consistent with this recovery, although the limited availability of disaggregated data makes it difficult to establish a direct causal relationship between the scheme and industry-wide performance.

Overall, the scheme has demonstrated positive outcomes in terms of investment, capacity creation and production, particularly in electric mobility. However, employment generation, incremental sales realisation and export competitiveness require continued monitoring before the full impact of the scheme can be assessed.

### 7.1.4 Industry Performance: A Comprehensive Overview

The overall automobile industry data shows a clear cyclical pattern shaped by both external shocks and subsequent recovery. After recording positive growth in 2018–19, the sector experienced a sharp contraction in 2019–20 and 2020–21, reflecting broader economic slowdown and the impact of the pandemic. This was followed by a strong rebound in 2021–22 and 2022–23, with sales growing by 32.88% and 31.15% respectively, driven by pent-up demand, easing supply constraints, and price effects. Growth moderates thereafter, with increases of 11.73% in 2023–24 and 5.78% in 2024–25, indicating a gradual normalisation of demand conditions. Overall, the trend suggests a classic downturn-recovery-stabilization cycle, and while it appears broadly aligned with trends observed under the PLI scheme, limited data makes it difficult to establish a direct causal relationship.

Income & Expenditure Summary: Automobiles & Ancillaries Industry (₹ Crore)

| Years | 2018-19 | 2019–20 | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 |
|---|---|---|---|---|---|---|---|
| Total income | 1072470.17 | 950914.35 | 923535.14 | 1240999.42 | 1582388.28 | 1760453.21 | 1851699.64 |
| Sales | 1036977.56 | 912213.45 | 873402.86 | 1179667.88 | 1548694.80 | 1711973.85 | 1803420.94 |

*Source CMIE Industry Outlook*

### 7.1.5 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment

beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹44,326 crore | |
| Production – ₹52,414 crore | |
| Exports | |
| Employment Generation (in Nos.) – 67,820 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

Production values have fallen in 2025–26 based on the data that is available, but still are over 50% of the targets. Export for some categories have increased more than the others.

*Table 9.3: PLI – Auto Parameters*

| Parameter | Projected for 5 Years (Cabinet Projection) | Actual (Cumulative) till March 2026 |
|---|---|---|
| Investment | ₹ 42500 crore | ₹ 44326 crore |
| Incremental Sales (Base Year Fy 2019–20) | ₹ 231500 crore | ₹ 52414 crore |
| Employment | 148147 | 67820 |
| Incentive Disbursement | ₹ 25938 crore | ₹ 2386.36 crore |

**Comments**

a) Over the two years of available sales data, a significant increase in production has been observed.

b) Given the cumulative nature of the furnished data, it is difficult to draw definitive conclusions about the precise state of the industry or the extent of progress under the PLI Scheme.

### 7.1.6 Key Insights:

(i) The Automobile and Auto Components PLI is helping India build manufacturing capacity in Advanced Automotive Technologies. India's established automotive

manufacturing ecosystem is transitioning towards electric mobility and advanced technologies. In vehicles, total exports rose by 33.2%, from USD 18,897.2 million in 2021 to USD 25,162.7 million in 2025. The role of PLI in this established sector lies in accelerating investment and capacity creation in technologies that will shape the next phase of India's automotive growth.

(ii) The scheme mandates a DVA of 50% to claim incentives under the scheme. The auto companies and component makers are required to calculate and present the DVA across their supply chain and present these details to the testing agencies. While domestic value addition component has been mandated to boost domestic manufacturing of components, however, the stringent norms make compliance difficult for the beneficiary companies domestic ecosystem for EV components and advanced automated technology are still developing in the country.

(iii) The scheme's eligibility criteria involve high investment thresholds, significant turnover requirements and advanced technology capabilities. These requirements favour large manufacturers. The scheme has resulted in increase in EV production across 2-wheelers, 3-wheelers, passenger vehicles, and buses. Investment has been steady over the years. However, grounding of investment in value of production terms has been irregular.

(iv) This scheme is different from the other schemes, as it has not earmarked any beneficiary company for availing incentives under the scheme The scheme takes an 'open to all' approach in which any company can claim incentive for their production subject to threshold investment that has been specified during the commencement of the scheme.

(v) The auto components industry has been going through a lot of technological transformation. While in the recent times, electric vehicles have dominated the discussion, the internal combustion engine continues to have utility and may survive in the short to medium run. Overall, the PLI scheme for automobiles and auto components demonstrates favourable outcomes in terms of investment and production, particularly in the emerging electric mobility segment.

# 8.
# The Production Linked Incentive Scheme Advanced Chemistry Cell (ACC) Battery



## 8.1 PLI Scheme on ACC Batteries

### 8.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC) batteries is a strategic initiative aimed at building domestic manufacturing capacity for energy storage technologies, with a targeted cumulative capacity of 50 GWh for ACCs and an additional 5 GWh for niche technologies. Backed by a substantial outlay of ₹ 18100 crore, the scheme is intended to support India's transition toward clean energy and strengthen its position in emerging battery value chains.

However, the scheme is currently in its early gestation phase, and progress has been slower than anticipated. As of now, only about 1.4 GWh of capacity has been developed against the targeted 50 GWh, and commercial production has not yet commenced. Most beneficiary firms remain focused on infrastructure development and capacity creation, which explains the absence of reported production and incentive disbursement so far. While some delays are expected given the capital-intensive and technologically complex nature of the sector, the extent of the lag has raised concerns about the scheme's performance.

A range of structural and implementation challenges underpin this slowdown. India's limited domestic capabilities in advanced battery technology have led to continued dependence on foreign expertise and technology transfers. At the same time, the absence of a robust upstream ecosystem made Localisation difficult to achieve. This dependence is made stronger by reliance on imported machinery, delays in project execution, and shortages of skilled manpower required for such a specialised sector.

### 8.1.2 Implementation Strategy

The Scheme is implemented through a competitive bidding mechanism designed to support the establishment of large-scale domestic ACC manufacturing capacity. Under the scheme, eligible manufacturers are selected through a transparent bidding process based on parameters such as the proposed manufacturing capacity, investment commitments, and the extent of domestic value addition. Selected manufacturers are required to establish gigafactory-scale production facilities in India and progressively increase domestic value addition by developing capabilities across the battery value chain. Financial incentives are linked to the actual production and sale of ACC batteries and are provided over a defined period, subject to manufacturers meeting prescribed thresholds relating to investment, manufacturing capacity, production and domestic value addition.

### 8.1.3 Performance Analysis

In the current scenario, there is growing concern around the performance of the ACC Battery PLI Scheme. The scheme is constrained by India's limited domestic technological capabilities in advanced battery manufacturing, with continued reliance on foreign technology and expertise. At the same time, particularly for

critical components such as cathodes, anodes, and key minerals like lithium and cobalt, a well-developed upstream ecosystem is absent. This has made it difficult to achieve Localisation targets.

Further, domestic value addition requirements (In PLI ACC scheme, the beneficiary firms are required to achieve a minimum of 25% DVA by end of 2nd Year and 60% by the end of 5th Year of the scheme.) appear misaligned with India's current industrial base, leading to delays in capacity creation. Only 1.4 GWh of capacity has been built out of the expected 50 GWh; the delay reflects the capital-intensive nature of the sector and the targeted capacity is expected to be achieved at a later date. Beyond the general dependence on foreign technology and expertise, the upstream ecosystem for critical components such as cathodes, anodes and key minerals like lithium and cobalt remains underdeveloped, making Localisation difficult.

Weak execution is reflected in the limited capacity addition so far and the lack of incentive disbursement, while slower-than-expected growth in electric vehicle demand has also dampened the pace of investment. Together, these factors suggest that the scheme's lag is not merely cyclical but rooted in deeper structural constraints.

### 8.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹4,570 crore | Production yet to commence |
| Production | |
| Exports | |
| Employment Generation (in Nos.) – 1,245 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

### 8.1.5 Key Insights:

a) The ACC PLI is creating domestic capacity in advanced battery technologies that are critical for electric mobility and energy storage. The initiative is laying the foundation for a domestic battery manufacturing ecosystem to support India's clean-energy transition. More significantly, PLI is catalysing the emergence of a strategic manufacturing sector that was previously limited in India's industrial landscape and is expected to become increasingly important with the growth of electric mobility and energy storage.

b) Owing to stringent domestic value addition norms, strict timelines and shorter gestation period, the scheme so far has not performed as per expectation. There has also been an operational issue, with one of the beneficiary companies been disqualified due to suppression of material facts. ACC battery is at nascent stage of development in the country, so, a substantial technology gap exists due to limited domestic technological capabilities. This industry is also susceptible to risks in the form of availability of rare earth minerals. In the last few months, some of the firms have made significant investments in battery technologies. Like many other sectors, investment in this technology is likely to have a long gestation period. Therefore, while the outlook is positive, actual impact can only be felt over time.

# 9.

# The Production Linked Incentive Scheme for Drones & Drone Components



## 9.1 PLI Scheme on Drones & Drone Components

### 9.1.1 Overview

The Production Linked Incentive (PLI) Scheme for drones has been introduced with the objective of promoting domestic manufacturing of drones and their components, with the broader aim of making India self-sufficient and globally competitive in this emerging sector. With a relatively modest outlay of ₹120 crore, the scheme targets a niche but high-potential industry that is expected to play a critical role in future technological and industrial applications.

The implementation of the scheme shows encouraging progress, particularly in terms of fund Utilisation and firm participation. Approximately ₹92.99 crore, or 77.5% of the total outlay, has already been disbursed, with 18 out of 23 approved applicants receiving incentives. A significant share of the disbursement is concentrated among a few leading firms, notably IdeaForge Technology Private Limited, Raphe MPhibr Private Limited, and IoTechWorld Avigation Private Limited, indicating the presence of dominant players driving growth in the sector.

Performance indicators suggest a strong and positive trajectory. Both cumulative turnover and investment have shown consistent growth among participating firms, reflecting increasing scale of operations and rising industry confidence. In particular, 12 firms have reported steadily increasing turnover over the period from 2021 to 2023, pointing to sustained expansion in production and market demand. The parallel growth in investment further indicates that firms are continuing to build capacity and strengthen their manufacturing capabilities.

Employment trends cannot be meaningfully assessed, as only a single year of employment data has been provided. Similarly, the absence of export data prevents an analysis of the scheme's effectiveness in enhancing global competitiveness.

The PLI scheme for drones appears to be performing well in its early stages, demonstrating strong growth in investment and production. While data limitations restrict a full assessment of employment and export outcomes, the scheme shows promising signs of contributing to the development of a self-sustaining and competitive domestic drone manufacturing ecosystem.

### 9.1.2 Implementation Strategy

The Production Linked Incentive (PLI) Scheme for Drones and Drone Components was implemented over three financial years. Incentives under the scheme are linked to domestic value addition. A minimum value addition of 40% of net sales is specified as a condition of eligibility. To widen participation, the eligibility norm for MSMEs and start-ups is kept at a nominal level of annual sales turnover of ₹2 crore for drone manufacturers and ₹50 lakh for drone-component manufacturers, and the PLI for any single beneficiary is capped at 25% of the total annual outlay.

### 9.1.3 Performance Analysis

Overall, the data indicate a positive growth trajectory in both cumulative turnover and cumulative investment for the applicant firms. 12 applicants have reported positive and increasing turnovers in the years 2021, 2022 and 2023.

There has been a positive growth in both turnover and investments. Given the limitations of data, it is not possible to comment on employment as the data shared by the ministry has only 1 year of employment data. Export performance cannot be assessed due to the absence of export-related data. Refer to Graph F.1 in the appendix.

### 9.1.4 Industry Performance: A Comprehensive Overview

When viewed in the context of overall industry trends, the drone sector is an emerging industry that had a minimal manufacturing presence in India prior to the launch of the PLI Scheme. From a very low base, the industry has expanded rapidly, growing from about USD 0.01 billion in Fy 2021 to approximately USD 0.38 billion in Fy 2026, reflecting a five-year compound annual growth rate of close to 100%. This steep trajectory, though partly a function of the small starting base, is consistent with the scheme's objective of catalysing a domestic manufacturing ecosystem in a niche but strategically important sector.

Overall, the PLI scheme for drones and drone components demonstrates positive early outcomes in terms of investment and production. While the limited availability of disaggregated data on employment and exports makes it difficult to establish a clear causal relationship between the scheme and industry-wide performance, the available evidence points to promising progress in the development of a self-sustaining and globally competitive domestic drone manufacturing ecosystem.

### 9.1.5 Evaluation Matrix for Analysing Impact Assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focuses on the following key questions:

(i) **Additional Investment:** Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production:** Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment:** Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential:** Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹595 Crore | |
| Production – ₹1379 Crore | |
| Exports | |
| Employment Generation (in Nos.) – 2650 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

Investment has been steady under the scheme and has resulted in increased production. Employment generation has also been good, though supported by only a single year of data, and export performance could not be assessed as no export data were shared.

### 9.1.6 Key Insights

(i) The Drone PLI is supporting the development of an indigenous drone manufacturing and component ecosystem. Official data shows that the drone sector has experienced rapid growth, with turnover increasing seven-fold under the PLI Scheme. It is helping build domestic capabilities in a rapidly growing sector with applications across agriculture, logistics, infrastructure, and other emerging areas, creating the foundation for India to participate in the global drone industry. The broader significance lies in its catalytic role in creating momentum, investment, and manufacturing capability in an emerging technology sector that previously had only a limited domestic industrial base.

(ii) The scheme has demonstrated strong early implementation, with ₹92.99 crore (77.5%) of the outlay disbursed and 18 out of 23 approved applicants receiving PLI incentives. The scheme targets a niche but high-potential industry with significant future technological, industrial and strategic applications.

# 10.

## The Production Linked Incentive Scheme for Textile Products: MMF Segments & Technical Textiles



## 10.1 PLI Scheme on Textiles

### 10.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Textiles is designed to promote the production of man-made fibre (MMF) apparel, fabrics, and technical textiles in India, while enabling the industry to achieve scale, enhance competitiveness, and generate employment. With a total outlay of ₹10,683 crore, the scheme focuses on supporting greenfield investments and building a globally competitive textile manufacturing base. However, given that the scheme commenced only in 2022–23 and projects are still in early stages of implementation, the available data remains limited both in duration and coverage.

*Table 10.1: Fund Disbursement*

| Year | No. of PLI Recipients | PLI Disbursed ( ₹crore) * |
|---|---|---|
| 2024–25 | 2 | 40 |
| 2025–26 | 4 | 346 |
| **Total** | **6** | **386** |

* *Cumulative till FY March 25-26*

The initial evidence suggests a mixed performance across key indicators such as sales, investment, exports, and employment. Among the subset of firms that have reported data consistently, sales exhibit a clear upward trend, indicating that operational firms are gradually scaling up production and improving market performance. Export performance among these firms also shows a rising trend, suggesting emerging competitiveness in external markets. However, this observation is based on a very small number of reporting firms, limiting the robustness of conclusions.

Investment trends present a more nuanced picture. While investment levels were significantly below targets in the initial years, reaching only about 24 percent of targets up to 2023–24, there is a noticeable improvement in 2024–25, with investments rising to approximately 72 percent of the target. This pattern suggests that firms may have front-loaded some capital expenditure earlier and are now transitioning toward operational phases. Nevertheless, overall investment has yet to fully meet the scheme's targets, indicating that the scale of expansion is still evolving.

Employment trends are difficult to assess due to data limitations. Since employment data is reported on an "as on date" basis rather than cumulatively, consistent year-on-year comparisons are not possible. While absolute employment numbers have increased across reporting years, these figures are derived from a limited and changing sample of firms, making it difficult to draw definitive conclusions about employment generation attributable to the scheme.

Based on the available evidence, the scheme appears to have led to additional investment only in the later phase while earlier years do not show a clear deviation from natural trends. However, this investment has not yet translated into measurable gains in production beyond the natural trend, nor has it resulted in a clear increase in employment. Export performance remains inconclusive due to insufficient data.

Overall, while early signs of progress are visible in terms of sales growth and improving investment trends, the limited data availability, low reporting rates, and early stage of implementation make it difficult to draw firm conclusions about the scheme's effectiveness. A more reliable assessment would require sustained reporting and a longer time horizon to capture the full impact of the policy.

### 10.1.2 Implementation Strategy

The strategy combines minimum investment thresholds with prescribed turnover/ performance requirements, thereby linking incentive support to actual capacity creation and production outcomes rather than investment alone. Given the greenfield nature of several projects, a gestation period has been provided to facilitate establishment and operationalisation of manufacturing facilities.

### 10.1.3 Performance Analysis

Among the approved applicants, reporting continuity remains limited. Approximately 25% of the approved applicants reported both sales and investment for two consecutive years, whereas fewer than 10% reported these variables consistently for all three years. This indicates that while a subset of firms has been reporting regularly, sustained and comprehensive reporting across the scheme participants remains limited.

Among the firms that reported consistently across the years, sales show a clear upward trend, suggesting expansion of operations and/or improvement in market performance (refer Graph G.1 in the Appendix). In contrast, investment levels have declined over the period, which may indicate that a significant portion of the initial capital expenditure was undertaken during the earlier stages of project establishment and that firms are subsequently focusing more on operationalisation and production rather than undertaking fresh investment. Nevertheless, investment performance relative to the prescribed targets has improved significantly. Up to FY 2023–24, reported investment remained considerably below the targets, at around 24% of the targeted level, while in FY 2024–25, investment increased to approximately 72% of the target, although the prescribed targets were still not fully achieved (refer Graph G.4 in the Appendix).

Export performance among the consistently reporting firms also shows an increasing trend, which is a positive indication of emerging competitiveness and market penetration in international markets; however, this finding needs to be interpreted cautiously as export data are available for only a small number of firms (refer Graph G.2 in the Appendix).

The assessment of employment generation remains constrained by the limited availability of comparable data. While total employment reported for 2025–26 stood at approximately 33,427 comprising both direct and indirect employment, comparable firm-level data for the preceding years are not available for the same set of firms, thereby limiting the assessment of year-on-year growth and the pace of employment generation. At the aggregate reporting level, 43 firms reported employment of 3,937 in 2022–23, 36 firms reported 14,670 in 2023–24, and 33 firms reported 24,163 in 2024–25. Some firms also reported zero employment. Given the changing number of reporting firms and the relatively small subset of firms reporting consistently across years, these employment figures should therefore be interpreted with caution. The observed trends may reflect the performance of relatively more active or better-established firms and may not necessarily represent the performance of the entire universe of approved applicants.

Overall, the available evidence suggests improvement in sales and exports and a significant acceleration in investment relative to targets in FY 2024–25, but the limited continuity and coverage of firm-level reporting constrain the extent to which these trends can be generalised to the scheme as a whole.

### 10.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹8,117 crore | |
| Production – ₹11,241 crore | |
| Exports | |
| Employment Generation (in Nos.) – 33,427 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

### 10.1.5 **Key Insights:**

(i) Technical textiles have emerged as one of the important segments of India's manufacturing sector, particularly in high-value products such as medical and hygiene textiles and mobiltech (automotive textiles). Imports declined by 49.4%, falling from USD 947.8 million in 2021 to USD 479.9 million in 2025. Combined exports increased by 59%, rising from USD 611.6 million in 2021 to USD 972.5 million in 2025. Investments in these areas have facilitated significant domestic production capacity. The PLI is supporting India's movement towards higher-value and more technologically advanced textile segments, catalysing investment and capacity creation in areas that are important for the future diversification of India's textile manufacturing base.

(ii) Initially, scheme has set high investment and turnover thresholds. Considering most of the players in the textile sector are MSMEs, the investment and turnover thresholds have been difficult for them to achieve. The target products have been decided based on HSN codes. The HSN codes under the scheme have been stringently mapped allowing little flexibility to beneficiary companies. The scheme also emphasises on new company formation. This has adversely affected the performance of schemes in its initial years. Subsequently, additional HSN codes were added. Investment criterion has been lowered down and clause for formation of new company has been abolished. Impact of these changes may be visible in coming years.

(iii) Utilisation of the PLI funds in this sector is very limited (around 3.61% of the allocated outlay). With the tariff debate seeming to reach a conclusion with India in the countries with the least US tariff bracket, and several trade agreements being signed with other geographies, things look promising for the PLI associated with textiles.


MODE

# 11.

# The Production Linked Incentive Scheme for White Goods (ACs and LED Lights)



## 11.1 PLI Scheme on White Goods (ACs & LED Lights)

### 11.1.1 Overview

Having fincacial outlay of ₹ 6238 crore, the Production Linked Incentive (PLI) Scheme for White Goods is designed to strengthen domestic manufacturing capabilities in key segments such as Air Conditioners (ACs) and LED products. By linking incentives to incremental investment and sales, the scheme aims to promote scale, enhance domestic value addition, and reduce import dependence. With participation from 80 firms across these segments, it reflects a broad-based effort to develop a competitive manufacturing ecosystem in India.

Beyond quantitative indicators, the scheme has led to important structural improvements. Investments have been geographically diversified across 18 states, 47 districts, and 158 locations, contributing to wider industrial development. The presence of both multinational and domestic firms, along with 26 MSME participants, reflects a balanced industrial ecosystem. Notably, domestic value addition has increased significantly from about 20% in Fy 2019–20 to 55% in Fy 2024–25, with expectations of reaching 75–80% in the coming years. This progress is supported by the Localisation of critical components such as compressors, inner grooved copper tubes, cross-flow fans, printed circuit board assemblies (PCBAs), and motors, many of which were previously import-dependent.

Technological capability has also improved through strategic collaborations and joint ventures. Partnerships involving global and domestic firms have enabled technology transfer and facilitated the establishment of manufacturing capacity for key components within India. These developments signal a shift toward deeper integration of the domestic industry into higher-value segments of the supply chain.

Despite these positive developments, the scheme is still ongoing, and the available data are not sufficient to draw definitive conclusions about its long-term impact. Additionally, export performance cannot be assessed, as export obligations are not mandated under the scheme and corresponding data are not maintained.

Overall, the PLI scheme for White Goods shows strong early progress, with clear evidence of increased investment, production, and employment beyond natural trends. While cumulative reporting limits precise year-on-year analysis, the consistent surpassing of threshold levels and improvements in value addition and Localisation suggest that the scheme is effectively contributing to the development of a more self-reliant and competitive manufacturing base in the white goods sector.

### 11.1.2 Implementation Strategy

A central feature of the scheme is its structured incentive mechanism, which requires firms to meet threshold investment and incremental sales targets relative

to a base year. Incentives are tied to net incremental sales rather than cumulative output, ensuring that only additional production is rewarded. At the same time, firms commit to cumulative investment and sales over the scheme period, which forms the basis for monitoring overall progress.

### 11.1.3 Performance Analysis

In terms of performance, the available data suggest steady progress, though interpretation requires caution due to the cumulative nature of reported figures and the ongoing status of the scheme. As of March 2026, cumulative investment has reached ₹6409 crore, while cumulative production stands at ₹43150 crore. Employment generation has also been notable, with over 52700 jobs created. While these outcomes remain below overall projections, they indicate meaningful advancement in capacity creation and operationalisation. Incentive disbursement has also increased over time, with ₹70.44 crore released in FY 2023–24 and ₹210 crore in FY 2024–25, and ₹300 Crore in FY 2025–26.

More detailed data indicate that both investment and sales have consistently exceeded their respective threshold levels across reporting years, suggesting that firms are not only meeting minimum eligibility conditions but also expanding their scale of operations. Actual investment has risen steadily from ₹830 crore in 2021–22 to ₹6058 crore by September 2025. Similarly, reported sales increased from ₹4157 crore in 2022–23 to ₹37467 crore over the same period. However, it is important to note that the sales figures are cumulative in nature, reflecting the aggregation of performance over time rather than year-on-year changes. As such, while the trend indicates steady scaling of production, it should not be interpreted as a direct annual increase in output.

*Table 11.1: PLI – White Goods Parameters*

| FY (in Cr) | Threshold Investment | Cumulative Actual Investment | Threshold sales | Cumulative Actual sales |
|---|---|---|---|---|
| 2021–22 | 278 | 830 | 0 | 0 |
| 2022–23 | 942 | 1968 | 1428 | 4157 |
| 2023–24 | 992 | 3130 | 6250 | 13209 |
| 2024–25 | 2785 | 5367 | 11322 | 28352 |
| 2025–26 | 1626 | 6409 | 34078 | 43150 |

### 11.1.4 Industry Performance: A Comprehensive Overview

When viewed in the context of overall industry trends, the white goods sector, comprising air conditioners and LED products, has recorded steady long-term expansion. The industry grew from about USD 0.76 billion in Fy 2016 to approximately USD 3.48 billion in Fy 2024, registering a compound annual growth rate of around 31.5% in the pre-scheme period (Fy 2016–Fy 2020) and a five-year growth rate of about 16.5% thereafter. This sustained growth provides the backdrop against which the scheme's structural contributions are best understood.

### 11.1.5 Evaluation Matrix for Analysing Impact Assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focuses on the following key questions:

(i) **Additional Investment:** Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production:** Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment:** Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential:** Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹6,409 crore | |
| Production – ₹43,150 crore | |
| Exports | |
| Employment Generation (in Nos.)-52,703 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

While the Scheme guidelines impose no export obligation on participating companies and export performance data is consequently not maintained, its achievements remain substantial against the core objectives of import substitution, value addition, and technological self-reliance. Investment has achieved considerable geographical spread across 18 states, 47 districts, and 158 locations, contributing to more balanced regional industrialization, while the Scheme has fostered a diverse investor base comprising both multinational and domestic companies, including 26 MSME applicants.

Most significantly, domestic value addition has risen sharply from 20 per cent in FY 2019–20 (the pre-PLI baseline) to 55 per cent in FY 2024–25, and is projected to reach 75–80 per cent by FY 2027-28, a trajectory reflecting structural transformation rather than incremental gain. This deepening is evident in the Localisation of critical, technologically demanding components: hermetic compressors, Inner Grooved Copper (IGT) tubes, cross-flow fans, PCBAs, and motors are now manufactured domestically.

Compressor manufacturing capacity has grown ten-fold, from 1 million units in 2021 to 10 million units in 2025–26; IGT tube capacity, currently at 12,000 MT, is projected to more than triple to 40,140 MT by 2026; cross-flow fans, wholly imported in 2021, are now 80 per cent localised; and PCBAs, around 70 per cent import-dependent in 2021, are now 90 per cent localised.

These outcomes have been underpinned by tangible technology transfer, indicating that the Scheme's impact extends beyond assembly-stage value addition to the Localisation of core manufacturing capability itself. Illustrative examples include the joint venture between Daikin India and Taiwan's Rechi Precision for domestic manufacture of rotary compressors, the establishment of a manufacturing subsidiary by Mettube Malaysia for IGT tube production in India, and a further joint venture between Mettube and Kutch Copper Limited for the same purpose.

Collectively, these developments suggest the Scheme has catalysed not merely production scale-up, but a genuine transfer of process technology and component-level manufacturing capability into the domestic ecosystem.

### 11.1.6 Key Insights

(i) PLI has significantly strengthened India's domestic ecosystem for air-conditioner and LED components and has helped in moving from assembly to component manufacturing. Compressor manufacturing capacity increased from 1 million units in 2021 to 10 million units in 2025–26, while domestic manufacturing has expanded into components such as PCBAs and cross-flow fans. The impact of PLI is particularly visible in the way investment has extended beyond final-product manufacturing and contributed to the development of a wider domestic supplier and component ecosystem.

(ii) Beyond headline growth, the scheme has led to important structural improvements in the sector. Investments have been geographically diversified across 18 states, 47 districts, and 158 locations, and the presence of multinational and domestic firms alongside 26 MSME participants reflects a balanced industrial ecosystem.

(iii) Domestic value addition and Localisation have improved significantly, with key components such as compressors, copper tubes, PCBAs and motors increasingly being manufactured domestically. Strategic collaborations between global and domestic firms have also supported technology transfer and capability building.

(iv) The scheme has contributed to reducing import dependence and strengthening domestic supply chains, thereby supporting India's transition towards a more self-reliant and competitive white goods manufacturing ecosystem. However, export performance cannot be assessed as export obligations are not mandated under the scheme and corresponding export data are not maintained.

(v) Overall, the scheme appears to be performing well, with strong progress in investment, production, employment and Localisation. However, the relatively low incentive disbursement of around ₹580 crore, compared with the scale of investment and production, may warrant further assessment of the pace and effectiveness of incentive disbursement.

# 12.

# The Production Linked Incentive Scheme for High Efficiency Solar PV Modules



## 12.1 PLI Scheme on High Efficiency Solar PV Modules

### 12.1.1 Overview

The Production Linked Incentive (PLI) Scheme for High Efficiency Solar PV Modules is a key initiative aimed at strengthening India's renewable energy manufacturing base by promoting domestic production of high-efficiency solar modules. With an outlay of ₹24,000 crore, the scheme seeks to build large-scale manufacturing capacity, encourage the adoption of advanced technologies, promote integrated production facilities, and reduce dependence on imports. A central feature of the scheme is its emphasis on local value addition (LVA), with incentives increasing as manufacturers source more components domestically, thereby fostering the development of a complete solar manufacturing ecosystem within the country.

At present, the scheme is in its gestation phase, with most firms focused on establishing production facilities and scaling up capacity. As a result, while some segments have begun production, the scheme's full impact is yet to materialise. Investment trends, however, indicate strong progress. Cumulative investment reached ₹26,469 crore up to 2023–24, with additional investments of ₹15,712 crore in 2024–25 and total of ₹64,873 crore up to March 2026, reflecting sustained capital inflow into the sector.

Employment generation has been more modest in comparison. While cumulative employment stood at 5,990 up to 2023–24, it remained relatively stable at 5,936 in 2024–25 and was lower at 2,868 as of FY 2025-26. This pattern is consistent with the early stage of the scheme, where capital-intensive capacity creation precedes large-scale employment generation.

Significant progress has been achieved in terms of capacity expansion. India's solar PV module manufacturing capacity has increased from around 8 GW prior to the scheme to nearly 116 GW. Of this, approximately 24 GW, about 20.7% is directly attributable to PLI supported projects, indicating the scheme's substantial contribution to capacity augmentation.

### 12.1.2 Implementation Strategy

The scheme is currently in its gestation phase, with manufacturers in the process of establishing their production facilities. PLI Scheme for High Efficiency Solar PV Modules, the amount of PLI is linked to the local content in the solar PV modules manufactured by the solar PV manufacturers selected under the Scheme. The PLI amount increases with increased Local Value Addition (LVA), in order to encourage manufacturers to source their material from the domestic market.

### 12.1.3 Performance Analysis

Investment under the scheme has been robust. As of March 2026, total investments amount to approximately ₹ 64,873 crore. The Solar PV PLI Scheme has made strong early progress in strengthening domestic solar manufacturing, with Local Value

Addition (LVA) serving as a key design feature. By linking incentives to higher levels of domestic sourcing, the scheme seeks to encourage greater localisation of components and the development of an integrated solar manufacturing ecosystem.

However, the assessment of the scheme needs to take into account the rapidly changing global solar industry. A sharp decline in global module prices, driven partly by excess manufacturing capacity and aggressive pricing by Chinese producers, has created considerable pressure on manufacturers worldwide. At the same time, fluctuations in international demand, supply-side constraints and restrictions affecting the availability of critical materials have added uncertainty to the operating environment. The continued dominance of China in global solar supply chains further exposes the domestic industry to external supply and price developments.

Overall, the Solar PV PLI Scheme demonstrates strong early outcomes in investment mobilisation, manufacturing capacity creation, import substitution and export expansion. At the same time, employment generation and production-related outcomes are still evolving, given the relatively early stage of implementation and the time required for new manufacturing facilities to reach full capacity utilisation. The scheme appears to be making a meaningful contribution towards reducing India's dependence on imported solar modules and building a more integrated domestic manufacturing base. Going forward, the effectiveness of the scheme will depend not only on the scale of capacity created, but also on the extent to which firms achieve higher domestic value addition, remain globally cost-competitive, develop capabilities across the wider value chain, and sustain export growth amid rapidly changing global market conditions.

### 12.1.4 Industry Performance: A comprehensive overview

Against the target of around 48.3 GW of fully or partially integrated solar module manufacturing capacity, India's overall solar PV module manufacturing capacity has increased substantially from around 8 GW before the scheme to nearly 116 GW as of October 2025. Of this, around 24 GW, or 20.7%, is directly attributable to PLI-supported projects, indicating a significant contribution of the scheme to capacity creation. Solar PV module imports declined from approximately USD 4.35 billion in FY2023–24 to USD 2.15 billion in FY2024–25, while exports increased sharply from USD 83 million in FY2021–22 to USD 1.97 billion in FY2023–24, remaining relatively strong at around USD 1.12 billion in FY2024–25. These trends suggest that domestic manufacturers are progressively gaining scale and improving their ability to compete in international markets.

### 12.1.5 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹64,873 | Gestation period |
| Production | |
| Exports | |
| Employment Generation (in Nos.)-14,794 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

### 12.1.6 Key Insights:

(i) Solar PV manufacturing is among the clearest examples of a new manufacturing sector emerging from a limited manufacturing base to a major priority under Government policy. Its significance extends beyond module production: the scheme has catalysed investment and capacity creation in a sector that is now central to India's industrial, energy-security, and clean-energy strategy. Solar PV, which previously did not occupy such a prominent position in India's manufacturing landscape, has emerged as one of India's major new strategic manufacturing priorities.

(ii) The scheme had 3 beneficiaries in Tranche-I. The extent of integration would be Polysilicon + Wafers + Cells + Modules. In Tranche-II, the scheme allows for flexibility across 3 baskets. Basket-1 comprises of the entire integration i.e., Polysilicon + Wafers+ Cells+ Modules. Three beneficiaries have been selected for Basket-1. Basket-2 comprises of Wafers + Cells + Modules and five beneficiaries are selected under this basket. Basket-3 comprises of only Cells + Modules and has three beneficiaries.

(iii) India's solar PV manufacturing capabilities are presently at initial stages of development. There exists considerable technology gap. The scheme however has resulted in substantial capacity expansion. Around 21% of the total capacity created in the country has been a direct outcome of PLI. Further, imports of solar PV modules have fallen in recent years.

(iv) It needs to be noted that this sector is facing significant uncertainty. First, the prices of solar cells in the international market (including India) are very volatile owing to the fact some major solar cell exporting countries have slashed the prices. Further, whether this price reduction is due to efficiency reasons or just a dumping exercise, is not clear from the available data. If it is the former, lower prices are permanent and may deter the Indian firms from further investments. If it is the latter, the reduced prices are more transient, and the Indian industry may benefit from the PLI scheme. Finally, supply chain required for solar cells is heavily controlled by a few international players, exacerbating the uncertainty. Overall, there have been considerable progress in capacity expansion, investments and import substitution in solar PV sector.

# 13.

## The Production Linked Incentive Scheme for Food Products



## 13.1 PLI Scheme on Food Products

### 13.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Food Processing Industries (PLISFPI) represents a significant policy initiative aimed at strengthening India's food processing sector by promoting large-scale manufacturing, enhancing farmer incomes, generating employment, and fostering global competitiveness. Implemented in two rounds and later merged for analytical consistency, the scheme covers multiple segments including ready-to-eat/ready-to-cook products, processed fruits and vegetables, marine products, mozzarella cheese, MSME-led innovation and organic products, branding initiatives, and millet-based products.

The scheme has an overall outlay of ₹10,900 crore. Under Category 1, the allocated outlay comprises ₹4,181 crore for Ready-to-Eat/Ready-to-Cook (RTE/RTC) products, ₹3,582 crore for processed fruits and vegetables, ₹993 crore for marine products, and ₹283 crore for mozzarella cheese. Category 2 has an outlay of ₹250 crore, while Category 3, covering branding and marketing of Indian food products abroad, has an outlay of ₹1,500 crore. Category 4, comprising the millet component introduced under Round-2, has an outlay of ₹800 crore, which is to be funded from available savings under the RTE/RTC segment.

The scheme defines four distinct beneficiary categories to accommodate different types of applicants. Category-1 consists of large entities applying for incentives based on Sales and Investment Criteria, covering subcategories such as Ready to Eat/Ready to Cook, Marine, Fruits & Vegetables, and Mozzarella Cheese; applicants in this category also have the option to undertake Branding & Marketing activities abroad and claim incentives for the same. Category-2 is reserved for MSME applicants manufacturing innovative or organic products, who apply for PLI incentives based solely on sales, with subcategories divided into innovative and organic products. Category-3 is meant for applicants who are applying exclusively for incentives related to Branding & Marketing activities abroad, without a sales – or investment-based claim. Finally, Category-4 covers applicants primarily engaged in the manufacturing of millet-based products.

*Table 13.1: PLI-FPI Fund Disbursement*

| Category | Sub-category | No. of Firms Approved | Firms Currently Active under PLI | No. of PLI Recipients | PLI Disbursed (₹crore)* |
|---|---|---|---|---|---|
| 1 | Ready to Eat/Ready to Cook | 12 | 12 | 10 | 1,253.34 |
| 1 | Fruits & Vegetables | 28 | 25 | 19 | 909.53 |
| 1 | Marine | 11 | 9 | 9 | 251.07 |
| 1 | Mozzarella Cheese | 4 | 4 | 3 | 56.27 |

| Category | Sub-category | No. of Firms Approved | Firms Currently Active under PLI | No. of PLI Recipients | PLI Disbursed (₹crore)* |
|---|---|---|---|---|---|
| 2 | Organic | 11 | 10 | 8 | 7.334 |
| 2 | Innovative | 2 | 2 | 0 | 0 |
| 3 | Branding & Marketing (exclusive) | 60 | 56 | 16 | 96.30 |
| 3 | Branding & Marketing (common with Cat-1) | 17 | 15 | — | — |
| | Total (Categories 1, 2 & 3) | 145 | 133 | 65 | 2,573.84 |
| 4 | Millets – Large Entity | 8 | 8 | 7 | 30.80 |
| 4 | Millets – MSMEs | 22 | 21 | 11 | 19.53 |
| | **Total (Category 4)** | **30** | **29** | **18** | **50.33** |
| | **Total (All Categories)** | **175** | **162** | **83** | **2,624.17** |

** cumulative data MoFPI FY-26.*

The performance of the scheme varies across categories, with large firms under Category 1 emerging as the primary drivers of growth. This category demonstrates a stable and upward trajectory in sales, supported particularly by strong performance in ready-to-eat/ready-to-cook products and processed fruits and vegetables. Export performance is largely positive, and employment generation aligns with output growth. However, certain segments such as mozzarella cheese and marine products exhibit signs of volatility, indicating sector-specific demand fluctuations and competitive pressures.

In contrast, Category 2, comprising MSMEs engaged in innovative and organic products, shows a more inconsistent performance. Sales shows periods of growth followed by decline, ultimately returning close to base-year levels. Export performance remains subdued, and employment generation is limited, suggesting structural challenges such as scale constraints and limited market access. Although the organic segment shows minor signs of recovery, the overall trajectory remains fragile.

The introduction of millet-based products provides a relatively more encouraging outlook. Both large firms and MSMEs in this segment display consistent growth in sales and exports. However, even within this category, the organic segment continues to underperform.

From a broader perspective, the scheme has been successful in stimulating investment, with total investments reaching approximately ₹9,207 crore by March 2026, exceeding initial targets. This reflects a strong response from industry participants. The scheme has also supported branding and marketing efforts, although their impact on global market penetration remains uncertain due to the

inherently gradual process of building international distribution networks, ensuring regulatory compliance, and establishing consumer trust.

Industry-level trends provide important context to these outcomes. The food processing sector experienced significant volatility in recent years, with a sharp post-pandemic recovery in 2021–22 driven by demand rebound and inflation, followed by a slowdown and near-stagnation in 2023–24 due to demand compression. This pattern reflects a temporary overshoot followed by market correction rather than a structural transformation, which is important when interpreting the scheme's impact.

Overall, the evidence suggests that the PLI scheme for food processing has successfully led to additional investment, increased production, and higher employment beyond natural trends, while also improving export potential, albeit unevenly across categories. The benefits are more pronounced among large firms, whereas MSMEs continue to face structural constraints. Going forward, the scheme's long-term success will depend on its ability to sustain growth momentum, strengthen MSME participation, and translate initial gains into durable global competitiveness.

### 13.1.2 Implementation Strategy

The scheme was implemented in two rounds, with applications invited for millet and organic products in the second round. Unlike Round-1, Round-2 did not prescribe an investment criterion, and the number of selected applicants was relatively limited. In view of these differences, the Ministry suggested that Round-1 and Round-2 be considered together and analysed as a single scheme, with millets treated as the fourth category.

The scheme aims to support the creation of global food manufacturing champions, promote Indian food-product brands, generate employment opportunities, particularly in off-farm activities, and ensure remunerative prices for farm produce.

### 13.1.3 Performance Analysis

Investment under the scheme has been robust. As of March 2026, total investments amount to approximately ₹9,207 crore, surpassing the initial targets. This reflects strong industry participation and a positive response to the incentives provided under the scheme.

The scheme has also supported branding and marketing initiatives for domestic firms. However, there is limited evidence at this stage to conclusively assess whether these efforts have translated into enhanced global market penetration or significantly improved export competitiveness. This is partly because the development of global distribution networks, brand recognition, and consumer trust in international markets is inherently a gradual process, requiring sustained investment, consistent quality standards, regulatory compliance, and long-term

engagement with global value chains. Additionally, firms often face challenges related to market access barriers, certification requirements, and competition from established global players. This remains an important area for future evaluation.

(i) **Category** 1

Category 1 demonstrates a relatively strong and stable performance trajectory over the assessment period. Sales in this category have exhibited a consistent upward trend, indicating sustained demand and effective market positioning of its constituent segments. Refer Graph H.2 in the appendix. Within this category, certain segments have emerged as clear growth drivers. Ready-to-eat/ready-to-cook products and fruits and vegetables have shown steady and continuous expansion, reflecting evolving consumer preferences towards convenience-oriented and health-conscious food choices. Refer Graphs H.4 & H.7 in the appendix.

However, not all segments within Category 1 have maintained this momentum. The mozzarella cheese segment, which initially recorded consistent year-on-year growth, experienced a decline in 2024–25, suggesting potential demand saturation or increased competitive pressures. Similarly, the marine segment displayed a steady growth pattern with a notable spike in 2021–22, followed by a decline in 2023–24 and subsequent stabilization. Refer Graphs H.5 & H.6 in the appendix.

Export performance in Category 1 has largely remained positive, with most sub-categories recording steady growth. The marine segment, however, stands out as an exception, exhibiting volatility in export trends. Employment generation within the category has generally been positive, aligning with output growth, although segments such as mozzarella cheese have shown relatively weaker employment expansion in recent periods. Refer Graphs H.14, H.16, H.17, H.18, H.19 & H.25 in the appendix.

(ii) **Category 2 (MSMEs)**

In contrast, Category 2 presents a comparatively weaker and more volatile performance profile. Sales trends in this category do not exhibit a consistent upward trajectory. While the years 2020–21 and 2021–22 recorded growth, this was followed by a decline in 2022–23. Although there was a temporary recovery in 2023–24, sales declined again in 2024–25, reverting to levels comparable to the base year (2019–20). This indicates a lack of sustained growth momentum. Refer Graph H.3 in the appendix. At the sub-category level, both segments within Category 2 are broadly on a declining path, despite some variation in performance across individual firms. The organic segment shows faint but positive signs of recovery; however, the pace of growth remains modest and insufficient to offset the overall downward trend. Refer Graphs H.8 & H.9 in the appendix

Export performance further reinforces this pattern, with Category 2 sub-categories exhibiting a general decline, suggesting limited competitiveness in international markets. Employment trends in this category are also subdued, reflecting the overall stagnation in output and investment. Refer Graphs H.15, H.20, H.21, & H.25 in the appendix.

(iii) **Category 4 (Round 2) – Millet-Based Products**

Focusing on millet-based products, segment presents a more encouraging outlook. Millet-based products have demonstrated consistent growth across both large firms and MSMEs, indicating the effectiveness of policy support combined with rising consumer awareness regarding overall health benefits. Refer Graph H.11 in the appendix. However, the organic segment within this category continues to face challenges. Despite being aligned with broader health and sustainability trends, it has not experienced comparable growth. Refer Graph H.10 in the appendix. Export trends for millet-based products are positive, with a noticeable increase over the assessment period. Employment generation in Round 2 is broadly positive, although the organic segment again shows relatively weaker outcomes. Refer Graphs H.22, H.23, H.24 & H.25 in the appendix.

### 13.1.4 Industry Performance: A Comprehensive Overview

Overall sales growth in the food processing industry for the entire Industry as a whole shows notable fluctuation over recent years, with 2020–21 recording a subdued due to the pandemic shock, followed by an exceptionally high spike in 2021–22 (peak growth year in the series) driven by recovery and inflationary effects. This was followed by a moderation in 2022–23 (returning to mid-range growth levels), and then a sharp and unusual collapse in 2023–24 to approximately 0.85%, indicating near-stagnation despite ongoing inflation. The preliminary recovery in 2024–25 shows a modest uptick. The most unusual values in the series are thus the abnormally high positive growth in 2021–22 and the near-zero growth in 2023–24, reflecting a post-pandemic overshoot followed by a strong demand compression phase.

The spike in food processing sales in Fy 2021–22 reflects a temporary alignment of post-pandemic demand recovery and inflation-driven price effects, resulting in an exceptional increase in nominal sales. This surge was not solely market-driven; government policies during COVID primarily acted as stabilisers by sustaining demand, ensuring supply chain continuity, and facilitating export expansion, thereby creating the conditions for this sharp rebound. However, the subsequent decline in Fy 2023–24, despite continued inflation, indicates a contraction in real demand, where falling consumption volumes outweighed price gains. Together, this pattern is consistent with a classic post-shock overshoot followed by a phase of market correction rather than a structural shift in industry performance.

### 13.1.5 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹ 9,207 crore | |
| Production – ₹ 4,82,051 crore | |
| Exports | |
| Employment Generation (in Nos.) – 3,29,200 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

Production values have fallen in 2025–26 but still are over 50% of the targets. Export for some categories have increased more than the others.

### 13.1.6 Key Insights:

(i) The Food Processing PLI has demonstrated how manufacturing incentives can catalyse sectoral growth and generate employment across wider value chains. Government data shows that PLI-supported food products recorded sales of ₹1,08,854 crore in FY 2025–26, compared with ₹58,758 crore in FY 2019–20. The sector has also generated around 3.29 lakh jobs and created approximately 35 lakh MT per annum of food processing and preservation capacity, linking manufacturing growth with farmers, food enterprises, and supply chains. The investment and capacity creation have extended their impact beyond the factory floor and strengthened the wider ecosystem of processing, storage, logistics, and distribution.

(ii) Category-3 that is incentive for branding and marketing requires attention. As per the scheme, applicants will be extended financial incentives @ 50% of expenditure on Branding & Marketing abroad subject to a maximum grant of 3% of Sales of food products or ₹ 50 crore per year, whichever is less. The minimum expenditure for incentive shall be ₹5 crore over a period of five years. In such case, an admissible grant would be ₹ 2.5 crore. Support is insignificant for any global branding.

(iii) With regard to the objective of creating global champions, the outcomes so far appear to be limited. At this stage, there is insufficient evidence to establish that PLI-supported investments have resulted in the emergence of globally competitive champions. However, the longer-term impact of these investments may become more evident as the participating firms scale up production, strengthen capabilities and expand their presence in international markets.

(iv) One critical observation on this scheme is the PLI data of production is almost equal to the overall production of some of the beneficiary companies. This is unusual, as several beneficiary companies are big names in the food processing sector, so, value of production for other than PLI categories are likely to be substantial. Therefore, any assessment of additionality must be undertaken with careful consideration of the underlying factors, as, it is not clear whether without incentives the production would have shown similar trend. There is a possibility of repurposing by beneficiary companies to claim PLI benefits.

(v) Overall, the analysis suggests that the scheme is on track and has been fairly successful in achieving the desired objectives. It has catalysed a wave of positive spin-offs across the entire agricultural and industrial value chain.



# 14.

## The Production Linked Incentive Scheme for Speciality Steel



## 14.1 PLI Scheme for Speciality Steel

### 14.1.1 Overview

The Production Linked Incentive (PLI) Scheme for Speciality Steel is aimed at strengthening India's domestic manufacturing capabilities by promoting the production of high-quality steel grades, reducing import dependence, and enhancing export potential. With an outlay of ₹6,322 crore, the scheme seeks to encourage firms to move up the value chain and develop advanced steel products within the country. An incentive of ₹236 crore has been disbursed to participating companies so far in the scheme.

Third round of PLI Scheme for Speciality Steel (PLI 1.2) was launched on 04 November 2025, covering 22 product sub-categories under four product categories, namely: (i) Steel Grades for Strategic Sector, (ii) Commercial Grades – Category 1, (iii) Commercial Grades – Category 2, and (iv) Coated & Wire Products. The scheme offers incentive rates ranging from 4% to 15% for a period of five years, commencing from FY 2025–26.

### 14.1.2 Implementation Strategy

The implementation framework is based on five target segments, with products further divided into specified sub-categories and PLI Slabs A, B and C, with higher incentive rates generally applicable to Speciality grades having greater import-substitution potential. Applications are submitted online within the notified window, followed by scrutiny of eligibility and commitments against prescribed investment and production thresholds. Applicants may apply for multiple sub-categories, with separate MoUs permissible for each selected sub-category. Selected companies are required to execute an MoU with the Ministry of Steel and furnish performance security equivalent to 0.5% of committed investment.

### 14.1.3 Performance Analysis

Preliminary evidence suggests that while the scheme has succeeded in stimulating additional investment beyond the natural trend, this has not yet translated into production gains exceeding expected levels. At the same time, employment is assessed to have increased, although supporting data remains limited, and export potential cannot yet be evaluated.

In its current phase, the scheme is still at an early stage of implementation, with limited participation translating into actual incentive disbursement. So far, only one firm, JSW Steel Coated Products Limited under the tin mill products sub-category, has received PLI support. While there are 67 applicants across 21 sub-categories (with 32 unique applicants), and 43 firms have signed Memoranda of Understanding

(MoUs), only a small subset of firms has begun reporting performance data. Specifically, 13 firms reported in 2024–25, 5 in 2023–24, and only 5 firms have provided consistent data across both years.

Among these reporting firms, production shows a clear upward trend, indicating that capacity Utilisation and output levels are gradually improving. This suggests a positive outlook for future sales and reflects early signs of operational progress under the scheme. However, investment trends present a contrasting picture, with a decline observed over the same period. This may indicate that firms have already undertaken initial capital expenditure and are now transitioning toward production rather than continuing to invest at earlier levels.

Despite the encouraging trend in production, the scheme's broader impact remains difficult to assess due to significant data gaps. No information is available on employment generation or export performance, limiting the ability to evaluate key policy objectives related to job creation and global competitiveness. Additionally, some firms have discontinued their MoUs, while others remain in various stages of commitment, pointing to evolving participation dynamics and possible implementation challenges.

Overall, the PLI scheme for Speciality steel shows early signs of progress in boosting production capacity, but its full impact remains uncertain. A more comprehensive assessment will require broader participation, improved reporting, and the completion of subsequent rounds to better understand its long-term effectiveness in achieving structural transformation in the steel sector.

### 14.1.4 Evaluation Matrix for Analysing Impact assessment of the Scheme

The impact of the PLI Scheme is being evaluated by assessing whether the scheme generated outcomes over and above the underlying/natural growth trend of the participating firms. The evaluation focus on the following key questions:

(i) **Additional Investment**: Did the PLI Scheme lead to additional investment by the manufacturers above the natural trend?

(ii) **Additional Production**: Did the incremental investment supported by the PLI Scheme translate into additional production beyond the underlying/natural growth trend?

(iii) **Additional Employment**: Did the PLI Scheme result in incremental employment beyond natural trend?

(iv) **Export Potential**: Did the PLI Scheme enhance the export potential?

Overall performance of the Scheme on different parameters is as under:

| Parameters | Impact |
|---|---|
| Investments – ₹ 23,896 crore | |
| Production – 2774 ('000 tonnes) | |
| Exports | |
| Employment Generation (in Nos.) – 14,138 | |

*(Cumulative till March 2026)*

| | | | |
|---|---|---|---|
| **Green** | On-Track | **Yellow** | Partial Impact |
| **Orange** | Evidence of Impact not sufficient | **Light Blue** | Data unavailable |

There are early signs of production capacity expansion. Full impact assessment requires broader participation, improved reporting, and completion of subsequent rounds.

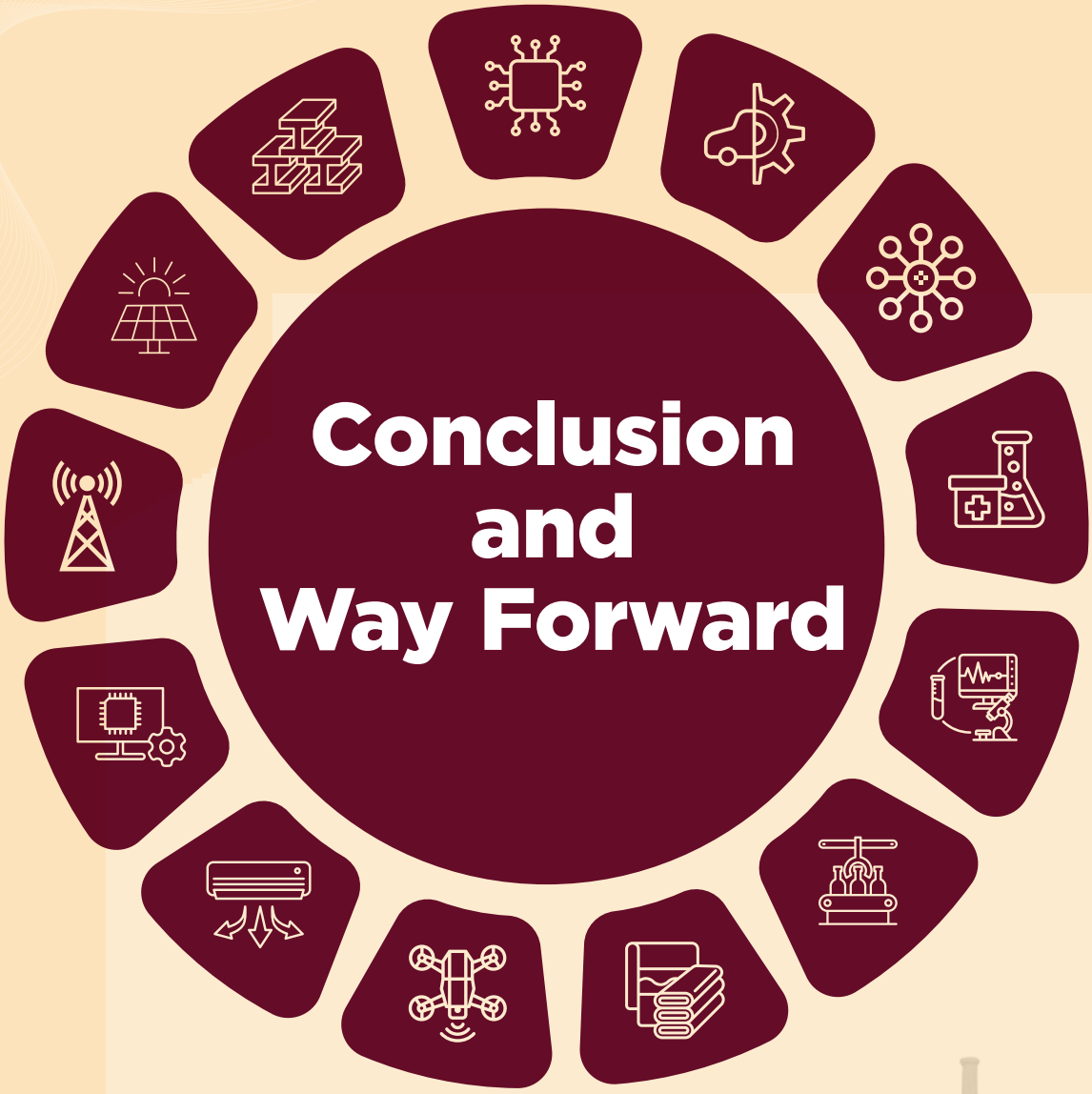
### 14.1.5 Key Insights:

(i) The Speciality Steel PLI is strengthening domestic capacity in high-value steel products required by sectors such as automobiles, energy, defence and infrastructure. In this capital-intensive sector, the catalytic effect of PLI is reflected in the mobilisation of investment towards specialised and technologically advanced manufacturing capacity, strengthening the domestic material base for India's wider industrial growth.

(ii) The scheme has 67 applicants out of which 32 are unique applicants across 21 sub-categories. With the outlay being ₹6,322 crore, a rough estimation of incentive per applicant is around ₹95 crore, which is moderate considering steel to be a costly, capital intensive and low margin sector. However, the target segments are specialised categories of steel.

(iii) The scheme design has been faulty. The initial design included high investment eligibility thresholds, and slow guideline notification. Three successive rounds (original scheme, PLI 1.1, PLI 1.2) and threshold removals were required to bring the scheme in its present form. There have been several revisions in guidelines and product categories from time to time which has further increased the process delays in implementation of the scheme.

(iv) The scheme remains in an early stage of implementation, despite broad applicant participation. Investment in this scheme has been initially increasing and moderating subsequently. This is understandable as steel industry require upfront investment before it commences its production. Production over the years is showing upward trend. However, although the investment has been noteworthy, the production is yet to exceed the expected level. Another question worth asking is whether the quantum of investment allocated for this sector is sufficient to create a tangible impact.


Conclusion
and
Way Forward

## Conclusion and Way Forward

The PLI Scheme, conceptualised and implemented by the Government of India, constitutes a significant reorientation of industrial policy from an input-driven to an outcome-driven framework. The Scheme is predicated on the principle that fiscal support ought to be extended in proportion to demonstrated performance, rather than allocated uniformly across sectors irrespective of their productive capacity. In this regard, the Scheme identifies sectors possessing the requisite strengths and growth potential, establishes clearly defined production and investment targets, and disburses incentives strictly upon the verified achievement of such targets and the corresponding realisation of sales. Sectoral growth is thereby achieved not as a directly administered outcome, but as a consequential effect of enhanced enterprise-level performance.

This methodology represents a considered departure from the conventional practice of extending financial outlays without a corresponding and verifiable linkage to outcomes. By conditioning disbursement upon the attainment of measurable production benchmarks, the Scheme incorporates an inherent efficient Utilisation of public funds. This design feature has been instrumental in stimulating confidence among domestic and foreign investors alike, who regard performance-linked incentive mechanisms as indicative of a credible and sustained policy commitment on the part of the Government.

A further distinguishing feature of the PLI Scheme is its explicit rejection of a uniform, "one-size-fits-all" approach to sectoral support. In its place, the Scheme adopts a differentiated framework calibrated to the specific strengths, production capabilities, and competitive potential of individual sectors, with the objective of enabling participating enterprises to attain the status of global manufacturing champions.

An evaluation of the Scheme's implementation to date indicates that its catalytic influence upon sectoral growth is exercised through several interlinked mechanisms. In the first instance, the certainty of fiscal support, contingent upon the attainment of prescribed scale, has induced enterprises to undertake capacity augmentation and capital expenditure decisions that might otherwise have been deferred owing to demand uncertainty or constraints on the availability of capital, thereby accelerating the investment cycle across the sectors covered under the Scheme. Secondly, by extending eligibility to established domestic manufacturers as well as new entrants, including foreign enterprises, the Scheme has engendered a competitive environment conducive to the transfer of technology, the deepening of domestic value addition, and the integration of Indian enterprises into global supply chains, most notably in sectors such as electronics, telecommunications equipment, and Speciality steel. Thirdly, the scale of production incentivised under the Scheme has generated substantial forward and backward linkages, thereby stimulating ancillary and component manufacturing ecosystems and generating employment beyond the anchor units in direct receipt of incentives.

Considered cumulatively, these effects suggest that the Scheme functions not merely as an instrument of enterprise-level subsidy, but as a mechanism for effecting structural transformation within targeted sectors, whereby their contribution to domestic value addition is enhanced, export competitiveness is strengthened, and import dependence is reduced, particularly in respect of strategic and technology-intensive segments of the economy.

The success of PLI is best understood not only through its aggregate outcomes but also through the distinct transformation taking place across individual sectors. The larger success of PLI is that it has worked differently across different sectors, according to the needs of each industry. In mobile phones, it has helped create global manufacturing scale. In Pharmaceuticals Drugs, it has strengthened India's position in high-value manufacturing and strategic inputs. In White Goods, it is deepening component localisation. In Food Processing, it is generating employment across wider value chains.

At the same time, perhaps its most important long-term contribution is the emergence of entirely new strategic manufacturing priorities. Solar PV and ACC batteries, which did not historically occupy a comparable position in India's manufacturing landscape, are now central to India's industrial, energy-security and clean-energy strategy.

The experience across the 14 sectors demonstrates that this catalytic effect has taken different forms. In sectors where India already possessed a strong manufacturing base, PLI has accelerated investment, technological upgrading, and movement towards higher-value manufacturing. In sectors with relatively limited domestic capability, it has helped catalyse the creation of new manufacturing ecosystems. Thus, while the form and pace of transformation vary across sectors, sectoral growth has been catalysed across the entire PLI landscape.

While the PLI scheme has shown encouraging early results, the focus now must shift from assessing its initial success to strengthening its long-term effectiveness. The way ahead lies not merely in continuing the scheme, but in refining its design so that it can deliver deeper and more sustained industrial transformation.

First, the varied performance of the PLI scheme across sectors requires more focused study. While some sectors have responded strongly with visible increases in investment, production, employment, and exports, others have shown relatively modest progress. This variation is often linked to differences in technology adoption, gestation periods, global competition, and capital requirements. A sector-specific understanding of these constraints is necessary so that policy design can move beyond a uniform approach and become more strategically targeted.

Second, the scheme in its current form is largely supply-driven. It encourages firms to increase production and build capacity through financial incentives linked to output. While this supply-push approach is important, long-term sustainability also requires strong demand-side support. The next generation of such schemes with similar nature should therefore incorporate demand-pull mechanisms alongside the existing supply-side incentives. This could include stronger domestic procurement frameworks, export market development, strategic government purchasing, and policies that stimulate consumption of domestically produced high-value goods. A balanced combination of supply-push and demand-pull would improve the long-term viability of large-scale manufacturing.

Third, data collection and reporting mechanisms across ministries need urgent standardisation. At present, information regarding additional revenue, employment, production, and exports is often inconsistent across sectors, making meaningful comparison and policy evaluation difficult. Clear guidelines must be established regarding what firms should report, when reporting should take place, and how annual progress should be monitored. Better data systems would improve transparency, strengthen policy feedback, and allow mid-course corrections where necessary.

Fourth, industry participation is important in deciding the targets a sector faces. More stringent targets, especially in sectors where gestation periods are long and there is lot demand uncertainty (owing to dynamics of international trade, changing geopolitical circumstances, etc.) will lead to lower adoption of the PLI scheme. Further, mechanisation of industry can also lead to the industry finding it difficult to reach employment targets. Therefore, the participation of industry in designing sector specific policies becomes more imperative. Along with industry participation, there has to be a more collaborative discussion between the central and state governments. While the PLI scheme is by the central government, some of the industries are heavily governed by the local laws. Therefore, this dialogue is essential in ensuring the success of the scheme.

Fifth, in many sectors, investment responds first, while the full effects on production, employment, and exports emerge only after a significant lag. This is especially true in sectors involving advanced technologies and long gestation periods. Therefore, policy evaluation must remain patient and realistic, avoiding premature judgments while continuing institutional support where necessary. If supported by stronger demand creation, better policy targeting, and improved monitoring systems, the scheme can move beyond short-term incentives and become a long-term strategy for achieving the Vision 2047 goals of investment growth, export competitiveness, employment generation, and industrial self-reliance.

Finally, The COVID-19 pandemic disrupted global supply chains, depressed investment and highlighted India's dependence on imports in several strategic manufacturing sectors. Against this backdrop, the Government launched PLI schemes across 14 strategic sectors, with the objective of strengthening domestic manufacturing, attracting investment, integrating India with global value chains, promoting exports and generating employment.

The design of PLI was particularly relevant for restoring industry confidence and investment sentiment because the incentive was linked to actual incremental production/sales rather than being provided upfront. This reduced the risk associated with fresh investment and provided firms with greater visibility of returns as production scaled up.

The PLI programme marked a shift in India's industrial policy from broad-based input support towards targeted, outcome-linked incentives. Introduced in the post-COVID period, the scheme sought to address two simultaneous challenges: reviving private investment and manufacturing activity after the pandemic, and using the global reconfiguration of supply chains as an opportunity to build domestic manufacturing capabilities. The subsequent performance indicates a significant expansion of investment, production and exports across the targeted sectors.

The evidence suggests that PLI has contributed to a broad-based strengthening of India's manufacturing ecosystem, although the magnitude and nature of the impact differ across sectors. In emerging sectors, the principal outcome has been capacity and ecosystem creation, while in established sectors the focus has been on upgrading capabilities and moving towards higher-value manufacturing. The post-PLI performance should consequently be viewed as evidence of strengthening manufacturing capacity and investment sentiment rather than as a simple causal attribution of all sectoral growth to PLI.

The PLI scheme can be viewed as a formal way of interaction between the government and the market players (firms). By way of incentivising performance, the government sends signals

on what possible fronts it is feasible to direct growth and by the responses of the players, the government gets notified on the bottlenecks and their current standing. Since the current international geopolitical scenario is volatile, such policies designed to reward performance can bridge the gap between what the market needs now and what support the government will be able to provide.

A larger question to ask is that as the Indian manufacturing sector becomes globally competitive several policy measures are required. For instance, several countries, in the recent times looked upon tariffs to make the local industry more effective. However, India seems to have chosen the path of Production Linked Incentives to make the industry more competitive. Unlike tariffs, which makes international competition weaker, PLI aims at making domestic firms more efficient through investing in scale of global standards. While early trends indicate that this scheme is showing signs of being a successful intervention, only time will tell how this scheme has metamorphosised the Indian manufacturing sector.

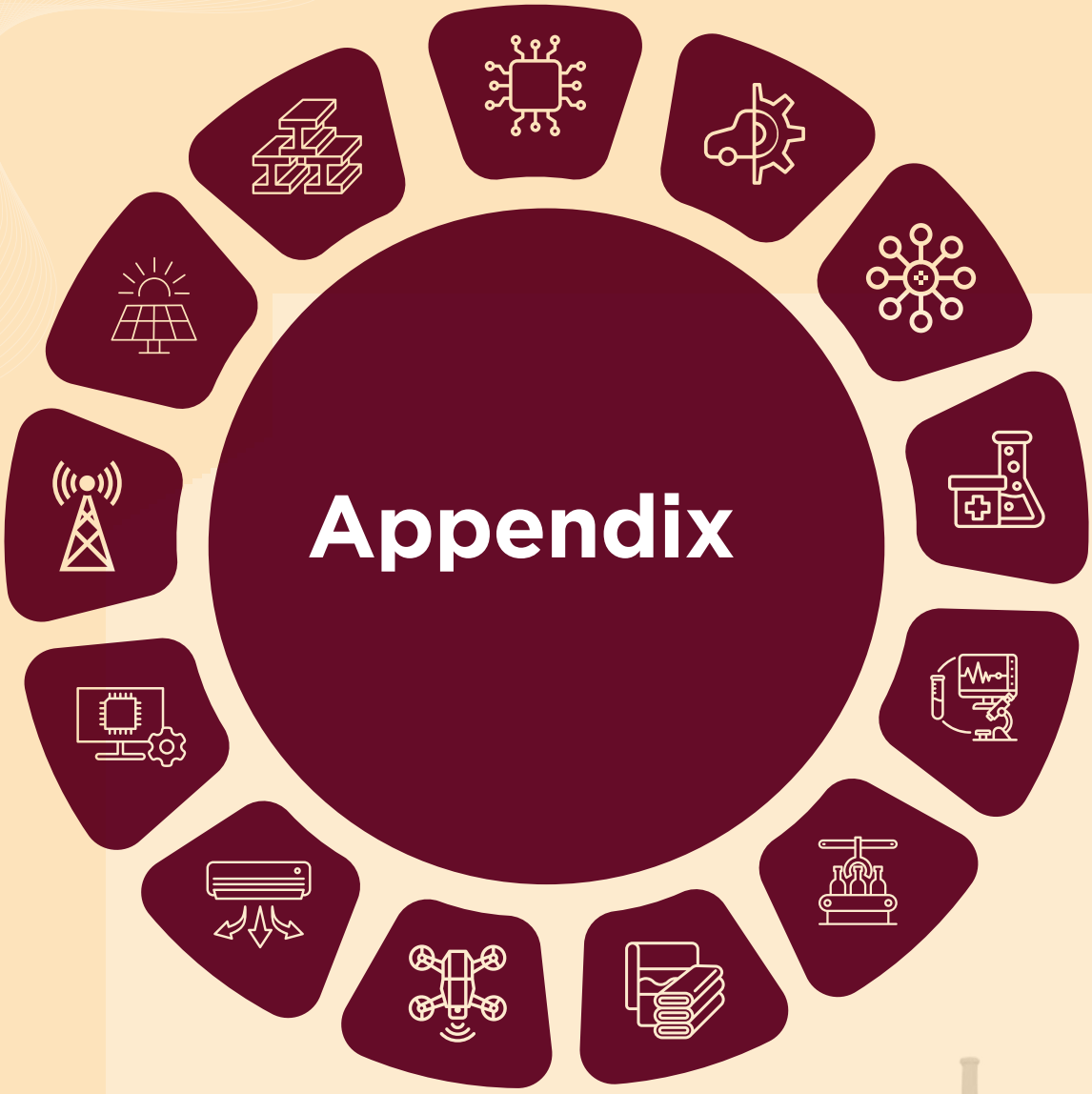

Appendix

***Table 5: Year on year exchange rate of ₹ with US$***

| Year on year exchange rate of ₹ with US$ (SOURCE: World Bank) | | |
|---|---|---|
| Year | India | Rate of depreciation of Rupee |
| 2015 | 64.15 | |
| 2016 | 67.20 | 5% |
| 2017 | 65.12 | -3% |
| 2018 | 68.39 | 5% |
| 2019 | 70.42 | 3% |
| 2020 | 74.10 | 5% |
| 2021 | 73.92 | 0% |
| 2022 | 78.60 | 6% |
| 2023 | 82.60 | 5% |
| 2024 | 83.67 | 1% |
| 2025 | 87.16 | 5% |

Argument: If rate of growth of export is more than rate of appreciation of rupee then exports have improved

## A Large Scale Electronics Manufacturing LSEM

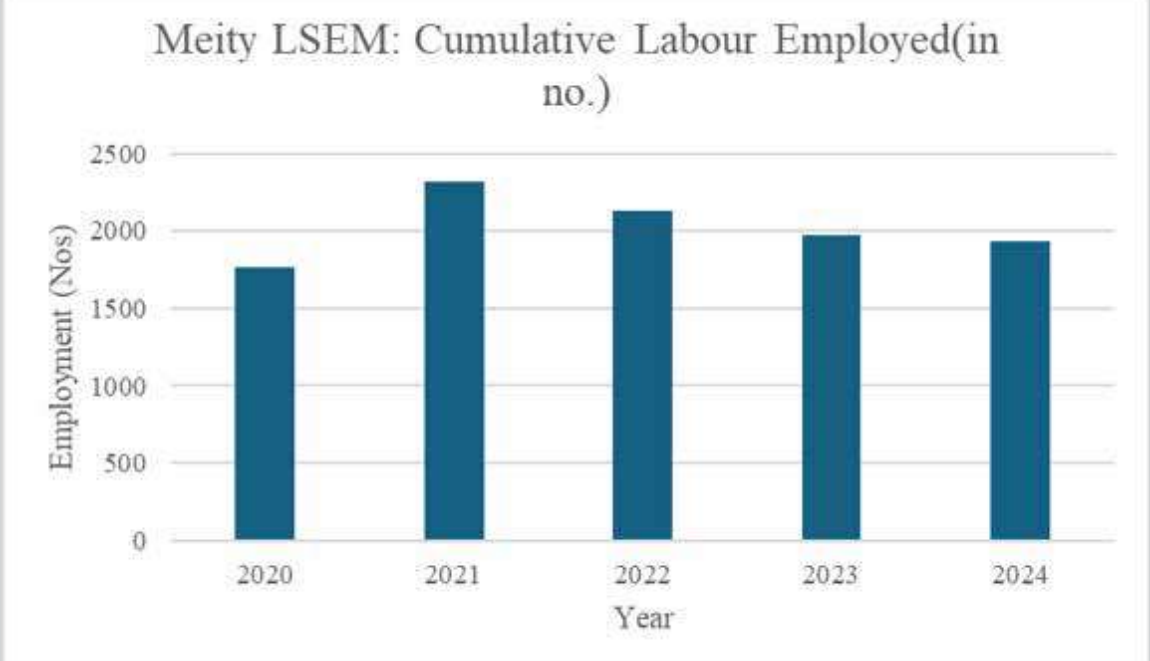
**$ Million**

**₹ Crore**

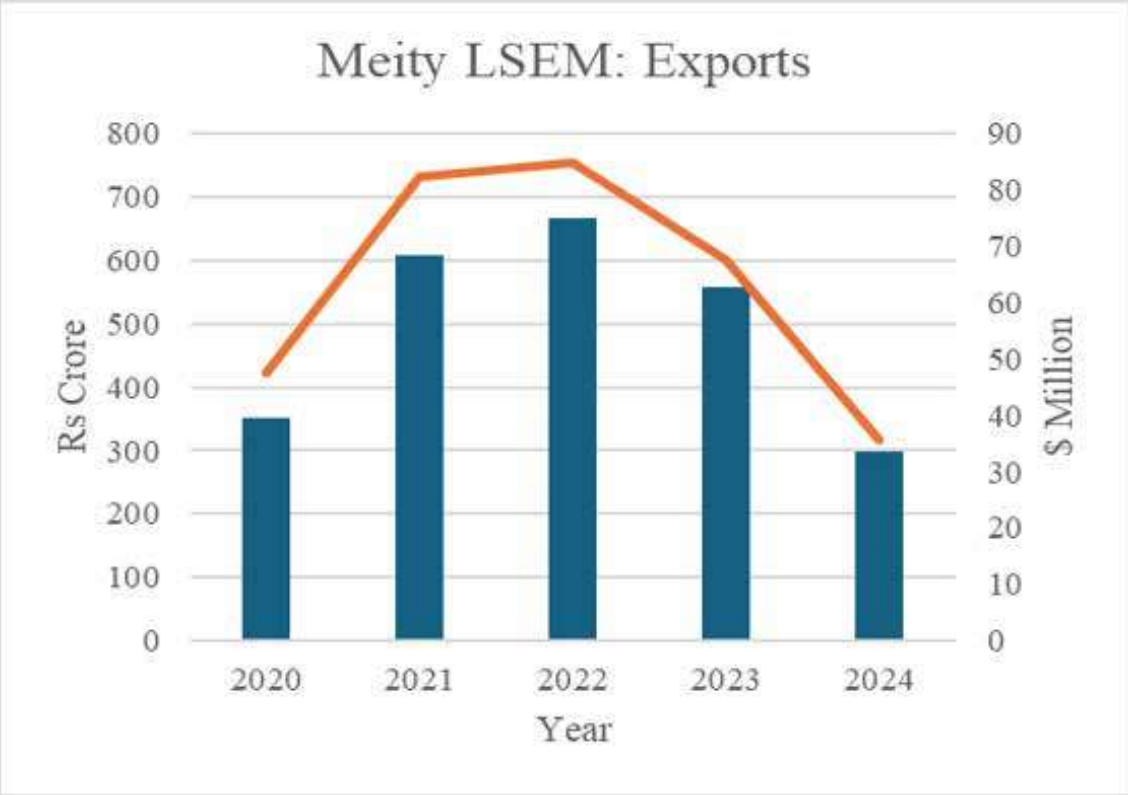
### MEITY: LSEM – Specified Electronic Components (Round 1)



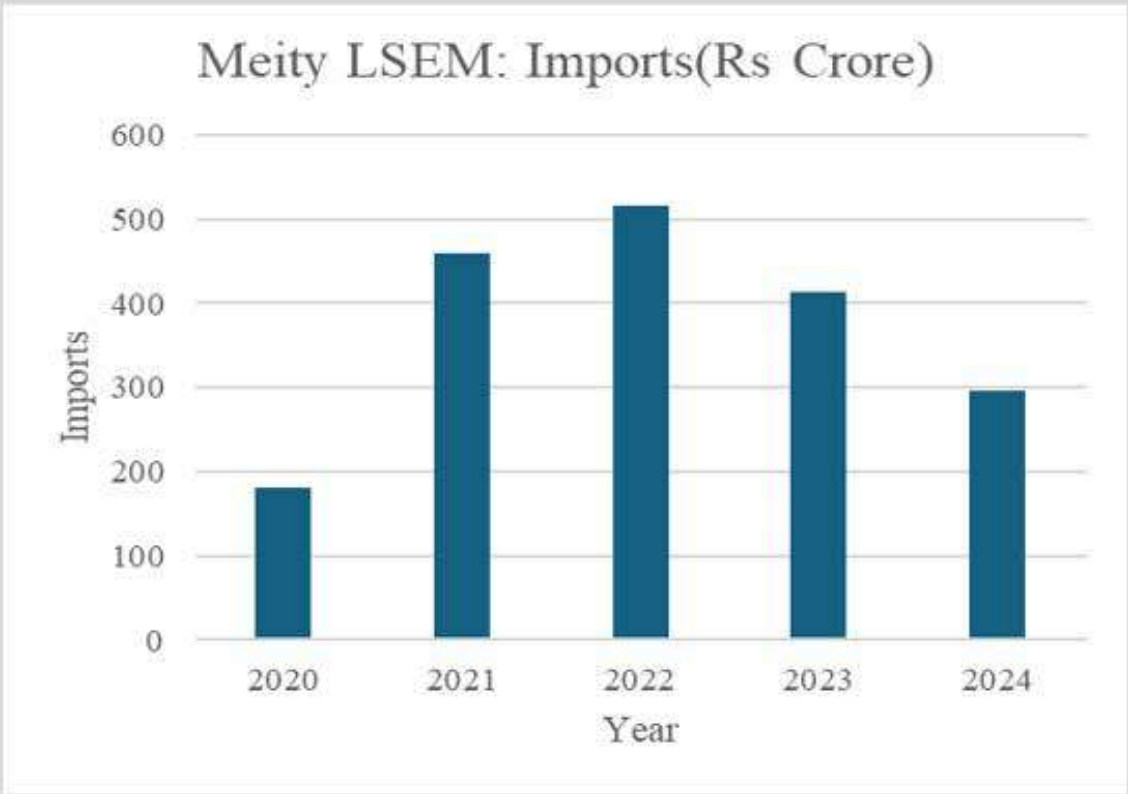

Graph A1




Graph A2

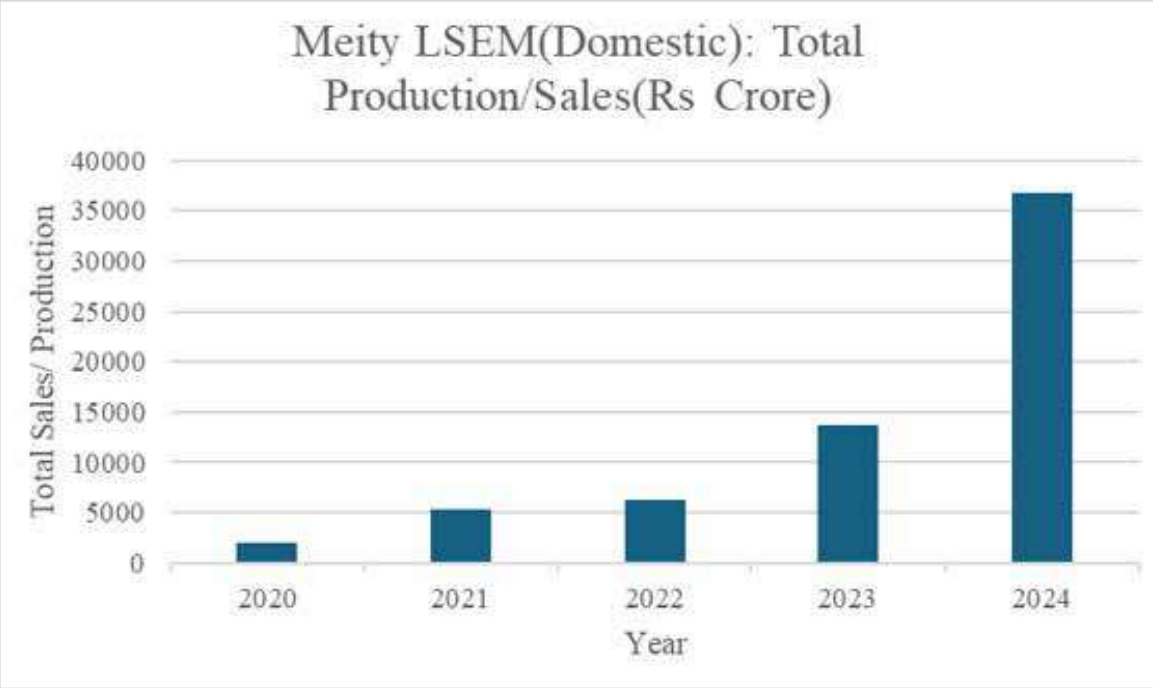



Graph A3

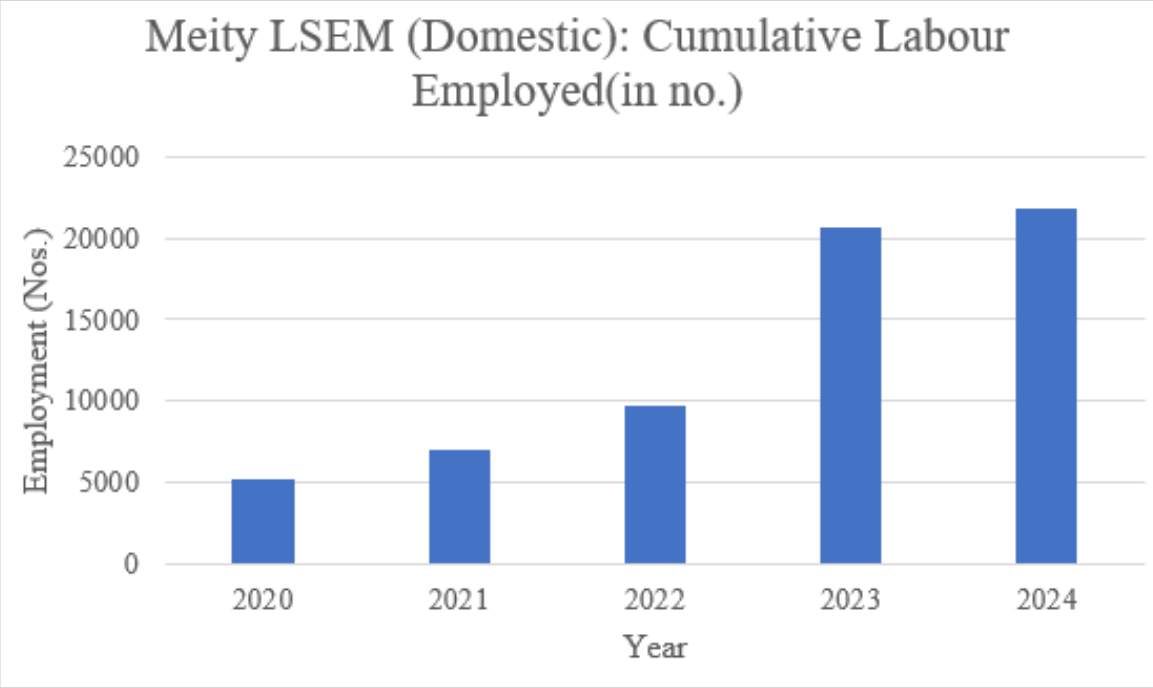



Graph A4

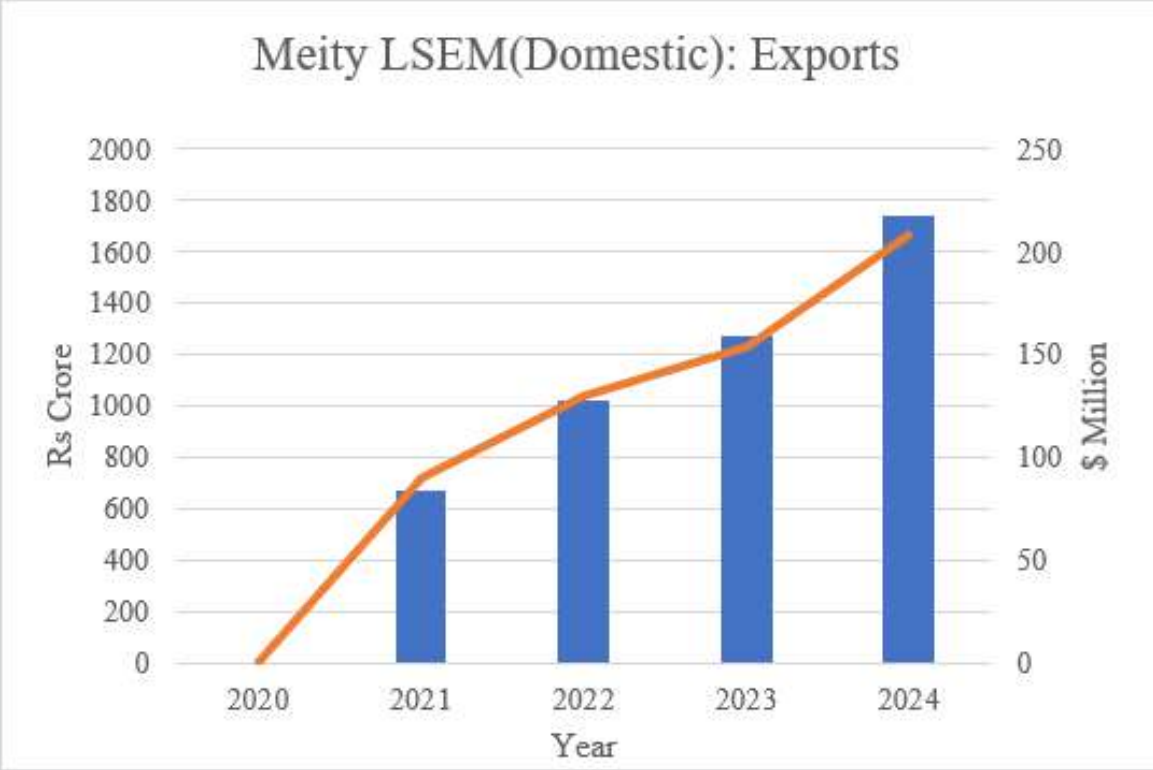
## MEITY: LSEM – Domestic (Mobile) Round 1



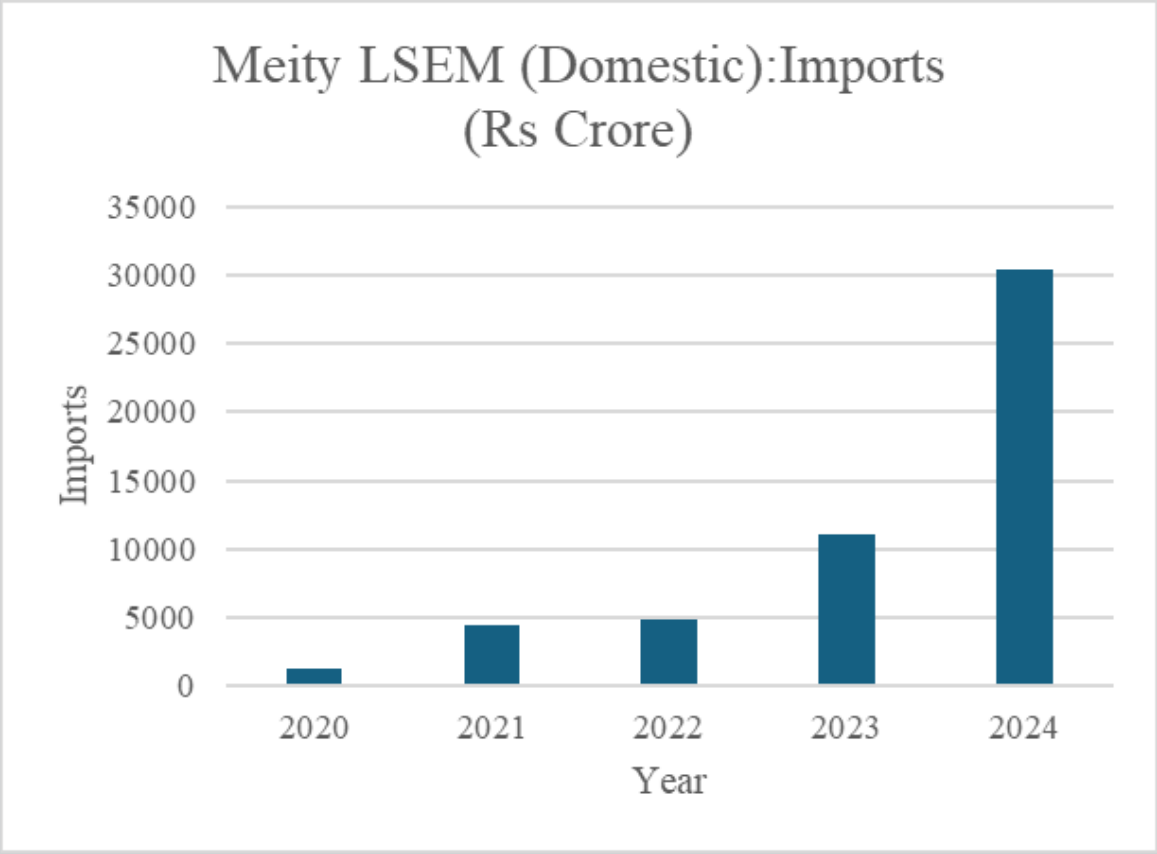

Graph A5




Graph A6

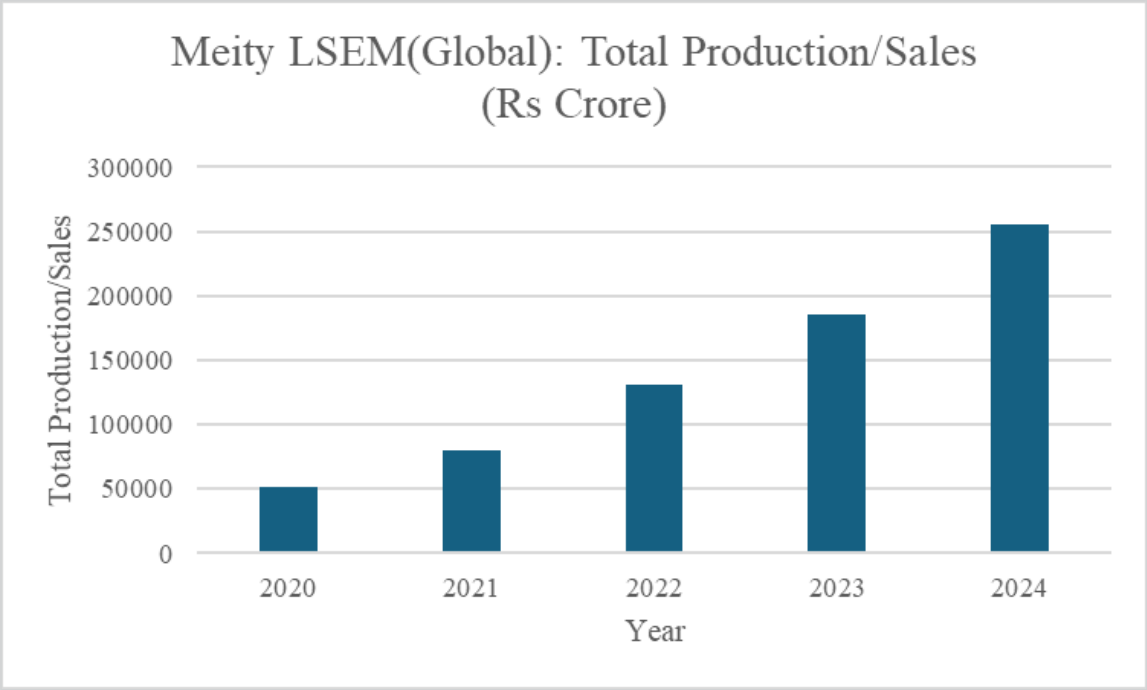



Graph A7

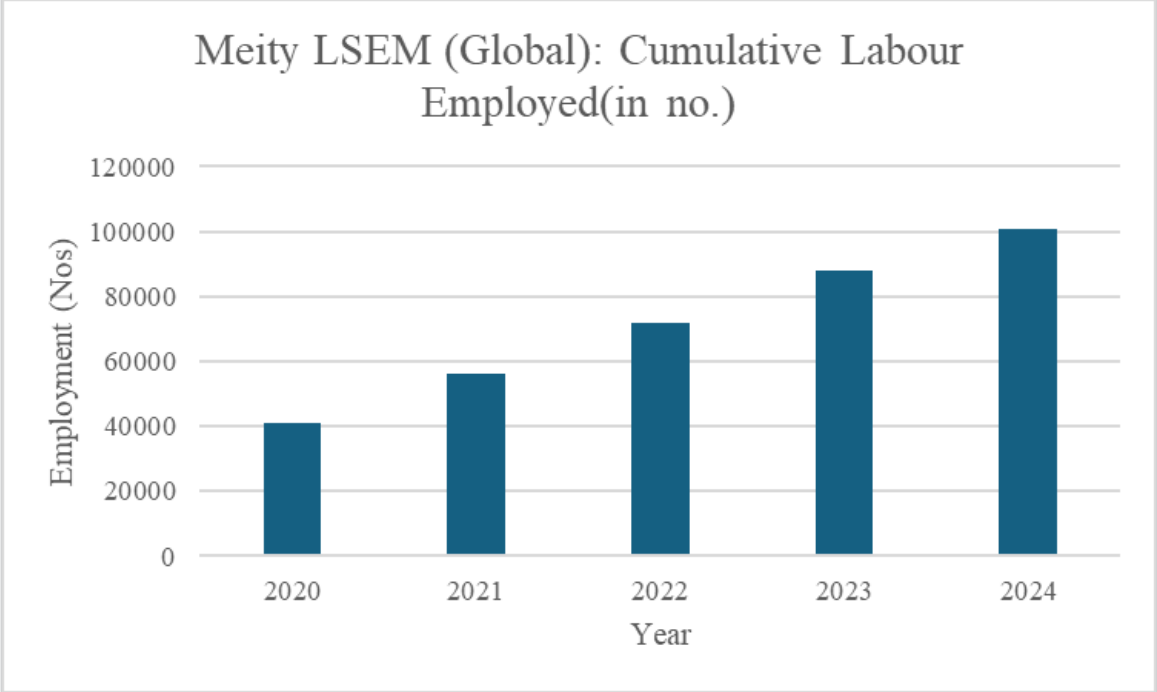



Graph A8

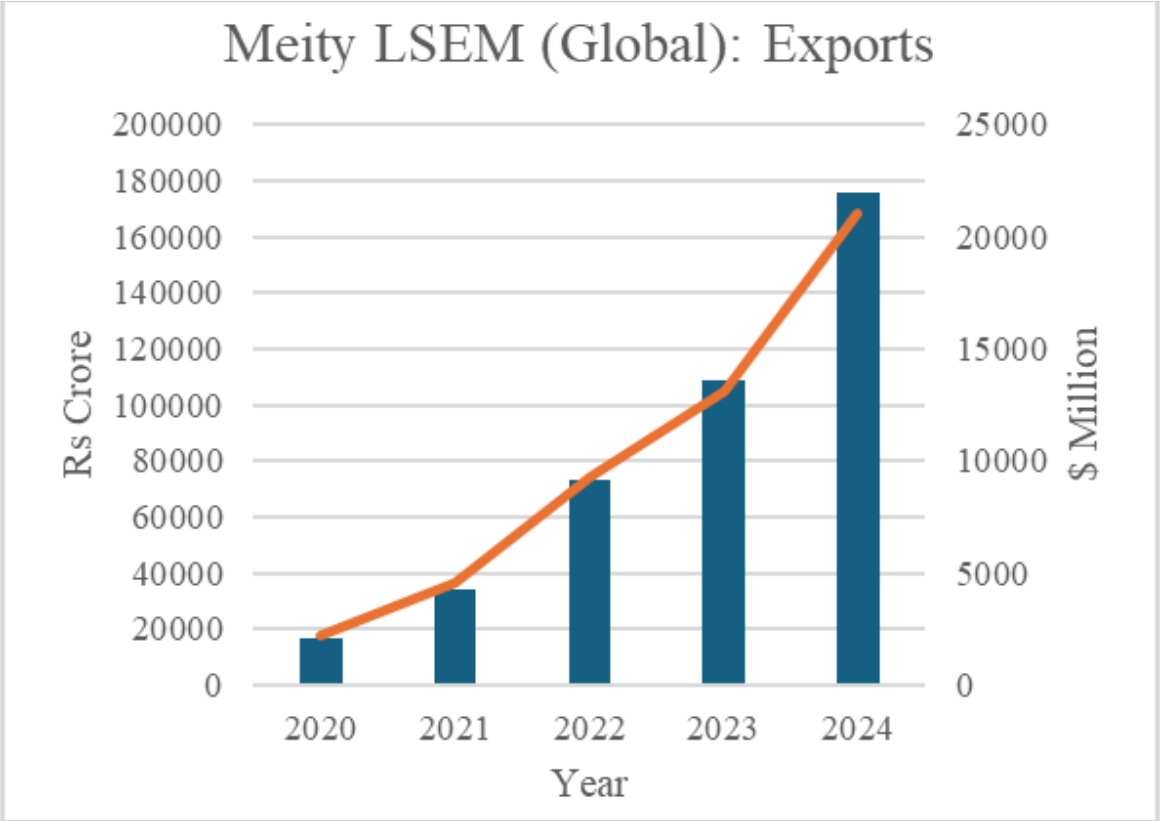
## MEITY: LSEM – Global (Mobile>=15000) Round 1



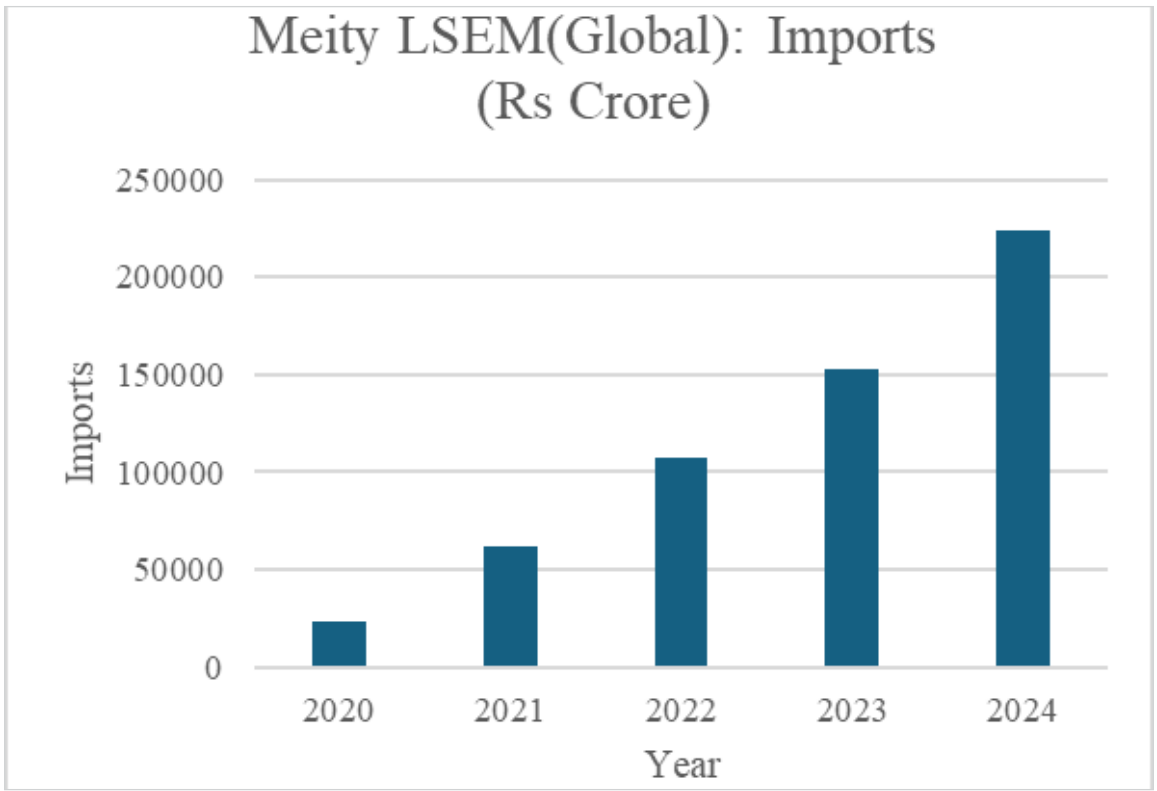

Graph A9




Graph A10

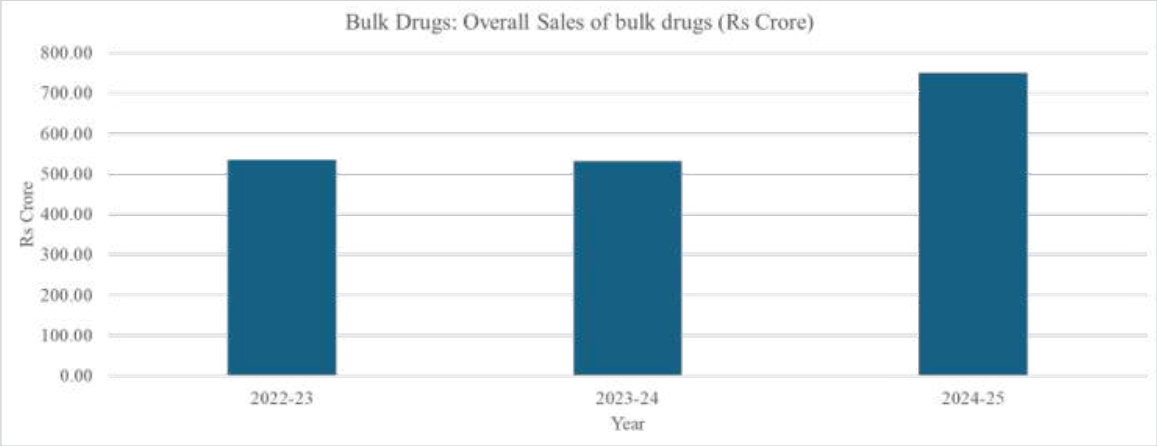



Graph A11

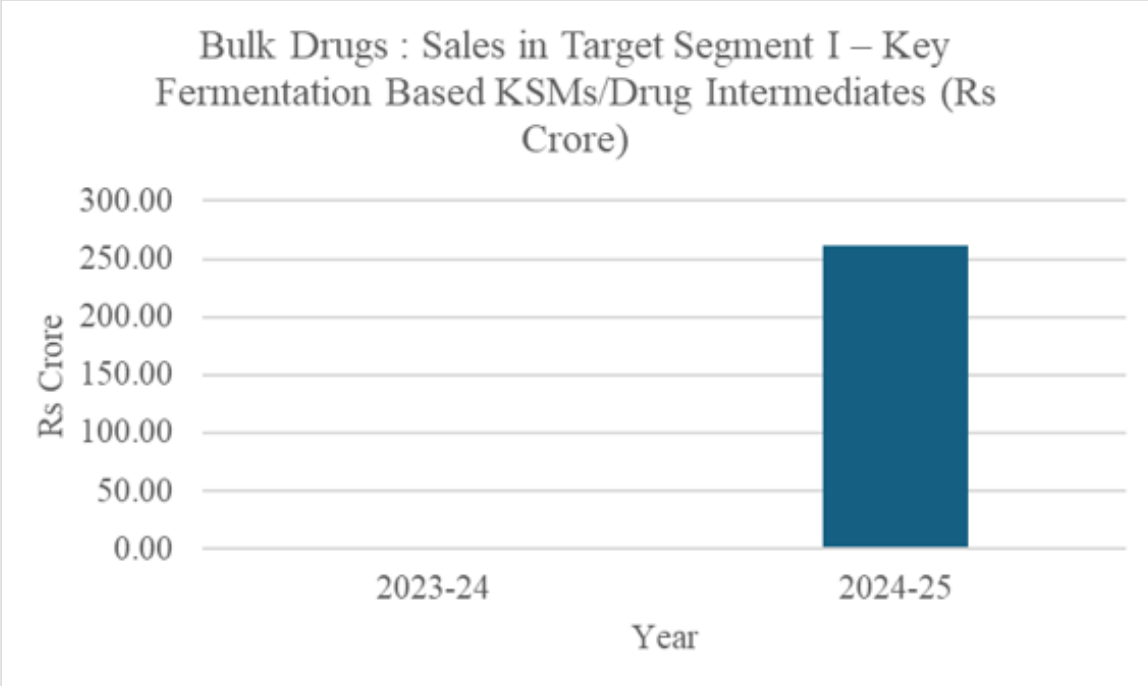



Graph A12

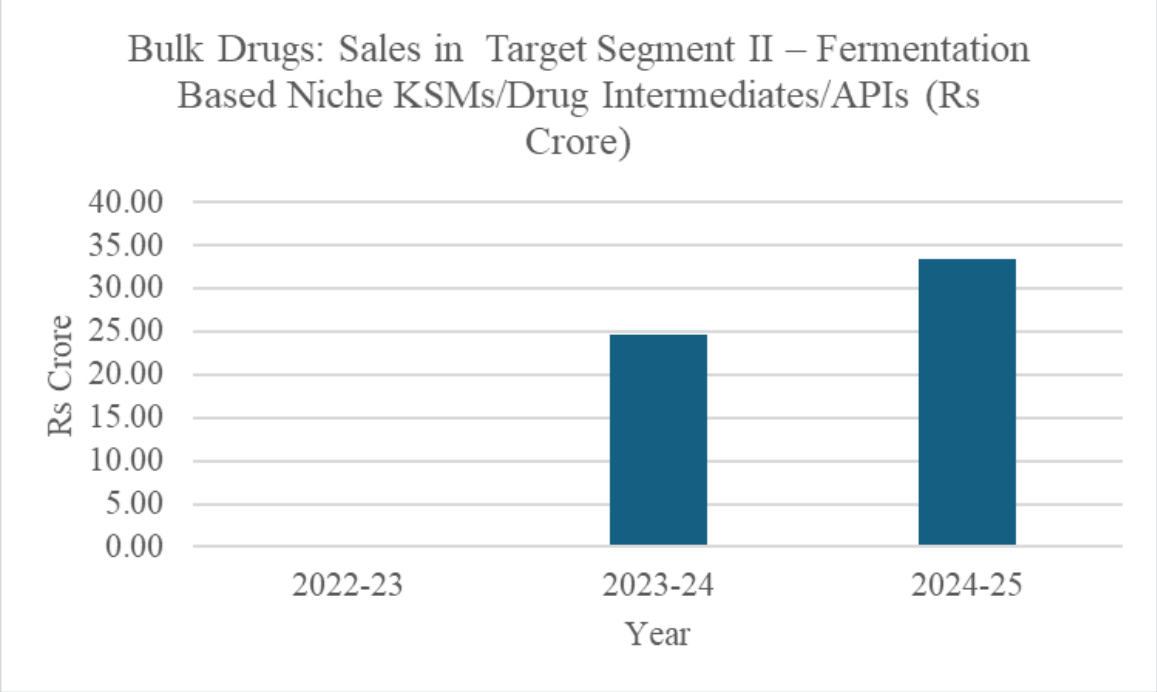
## B Bulk Drugs



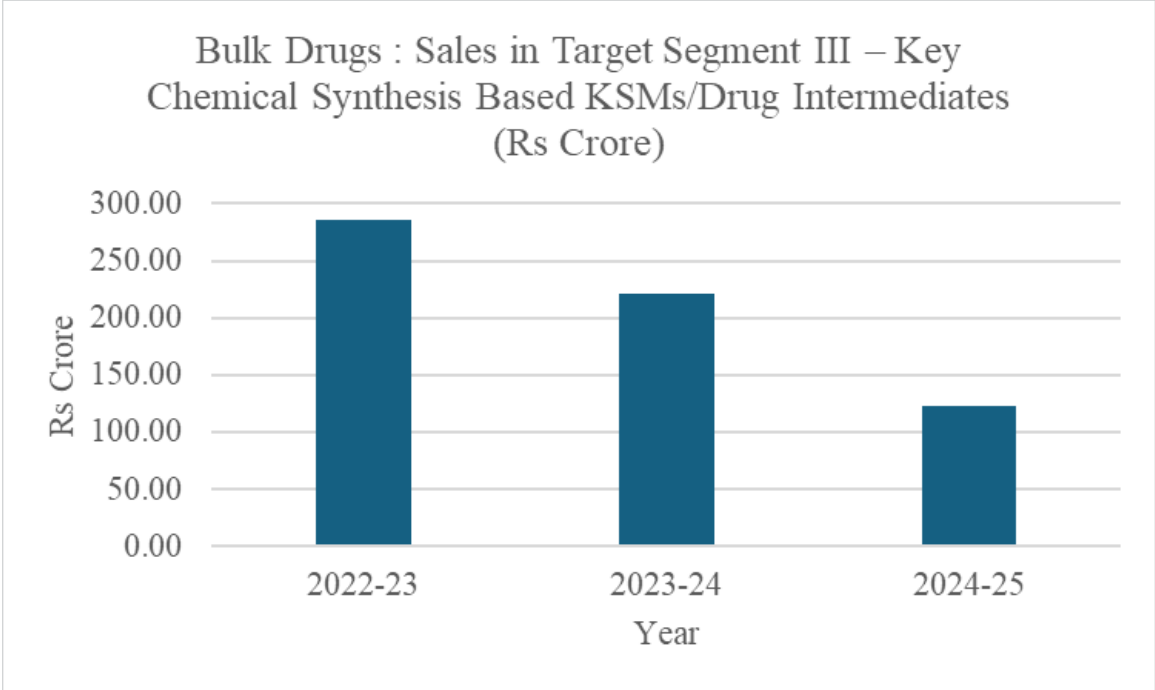

Graph B1



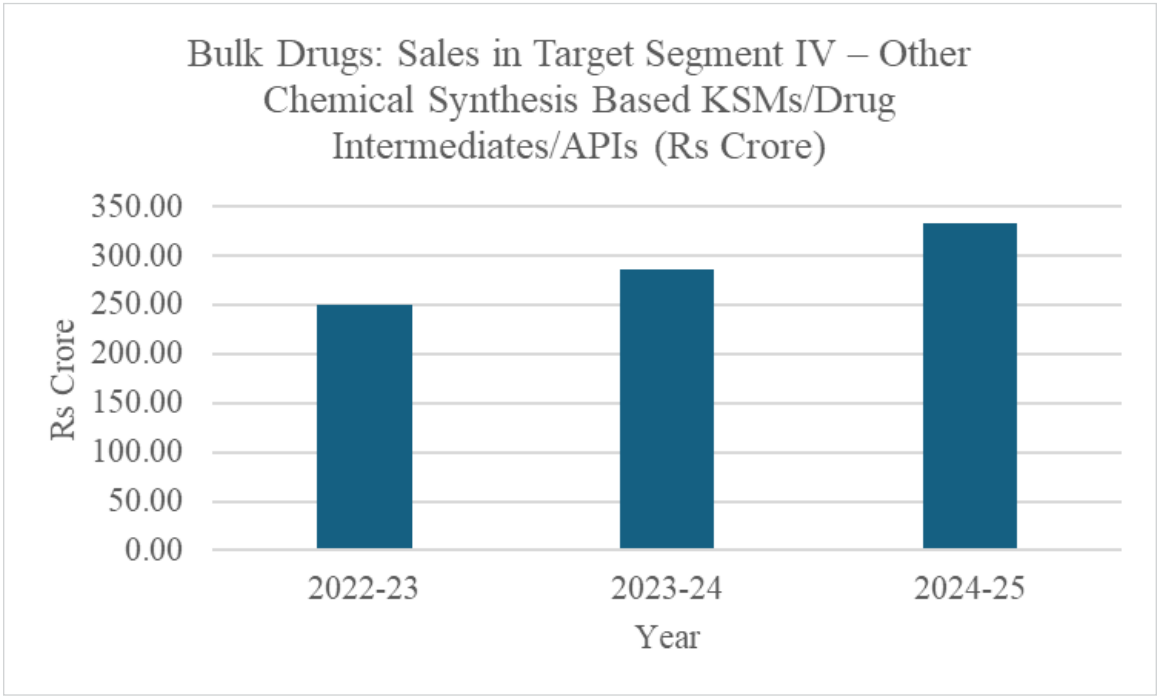

Graph B2




Graph B3

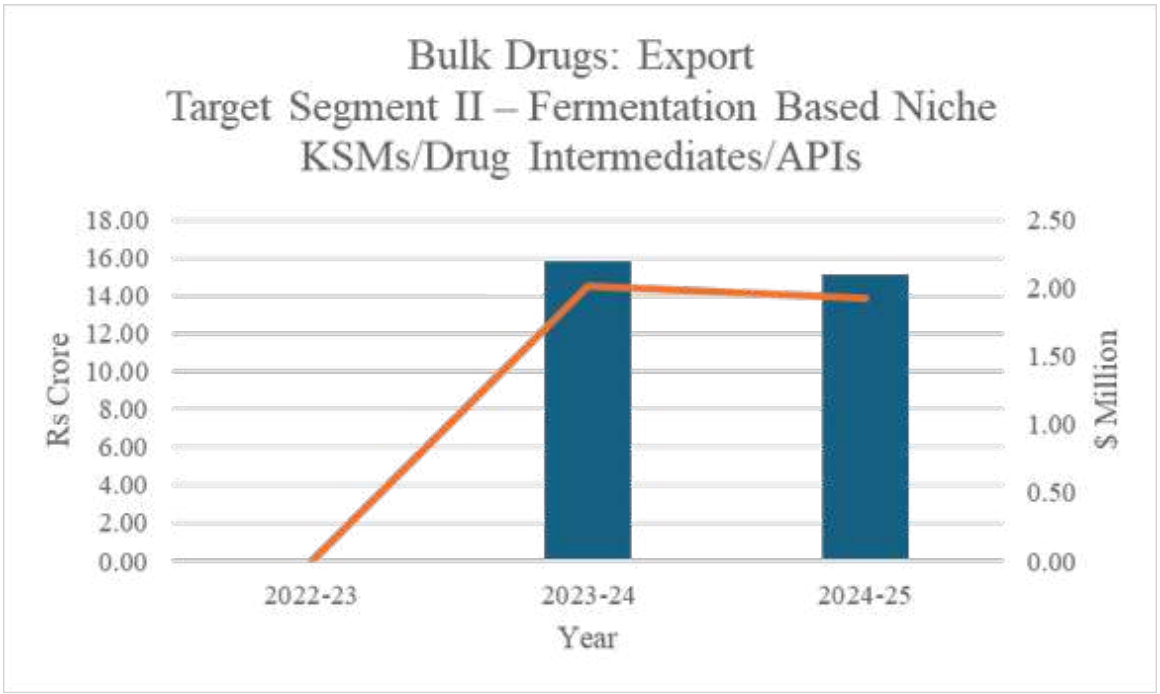



Graph B4

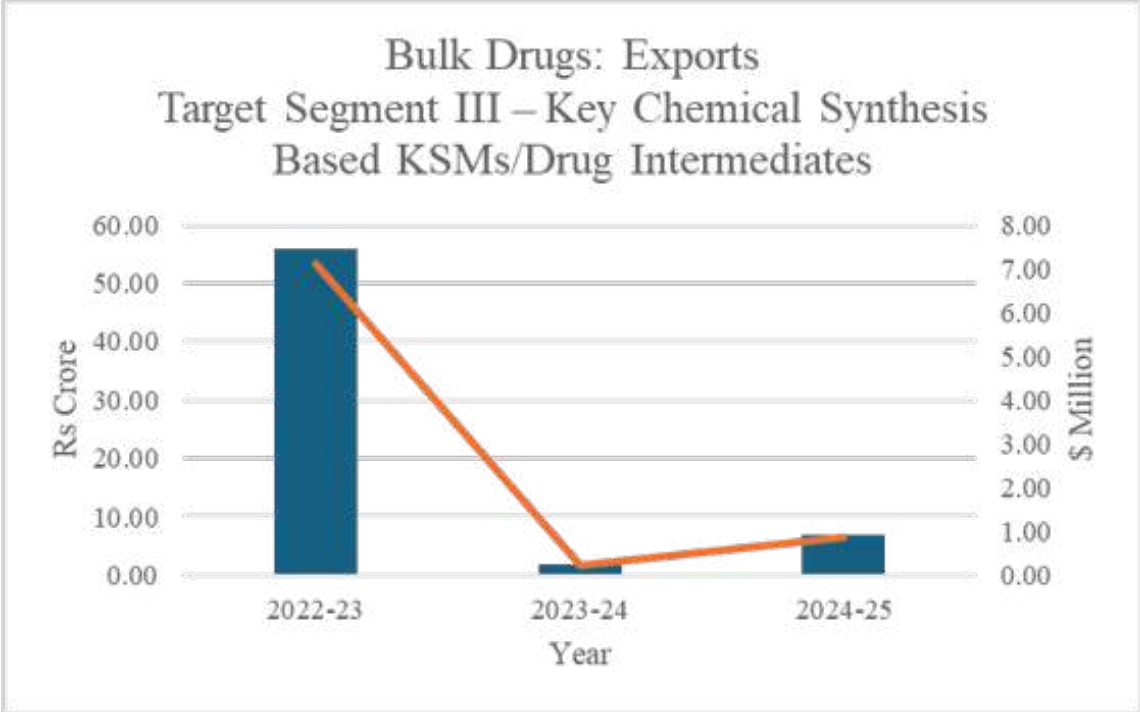



Graph B5

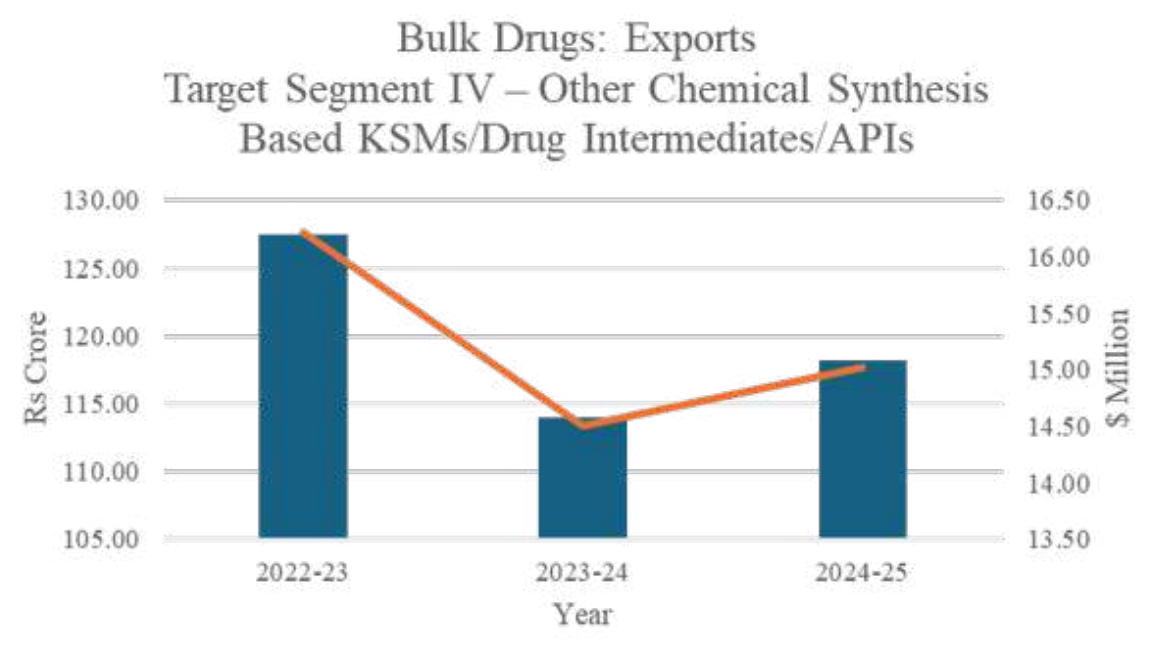


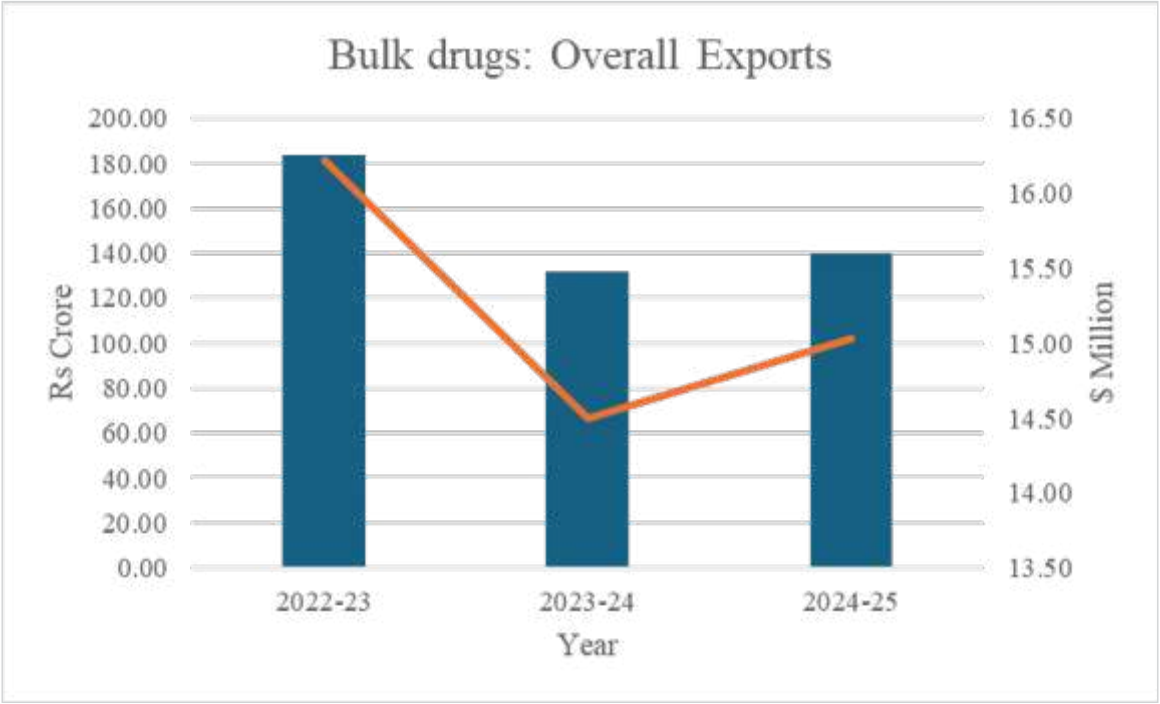

Graph B6



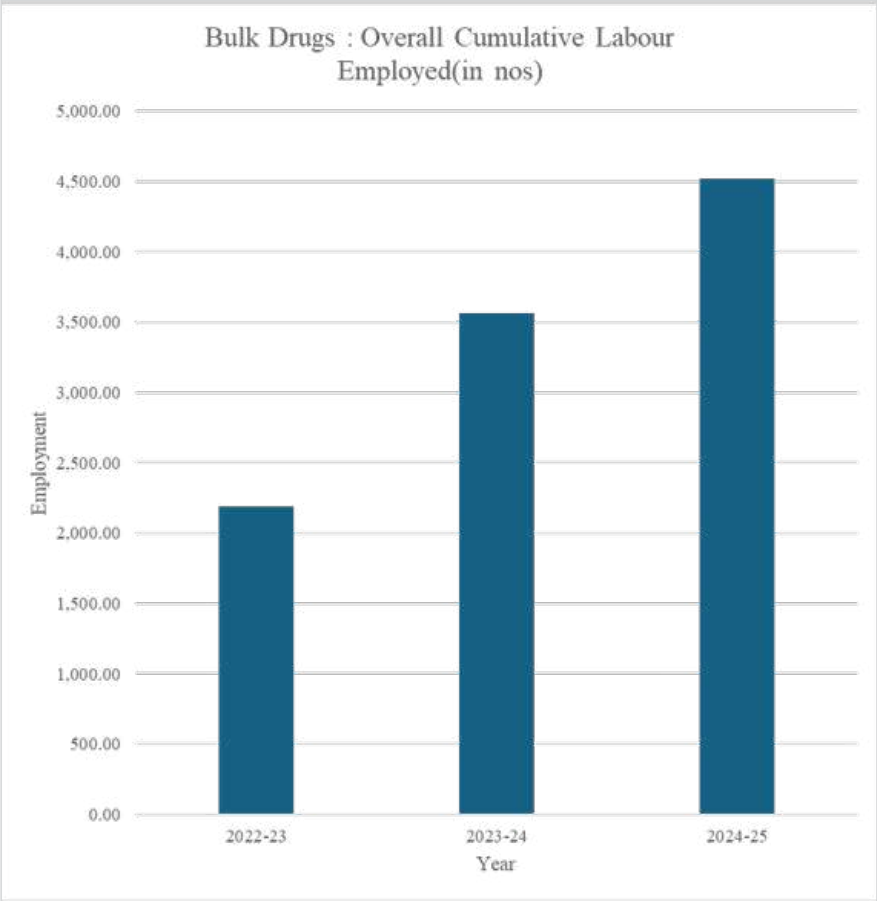

Graph B7



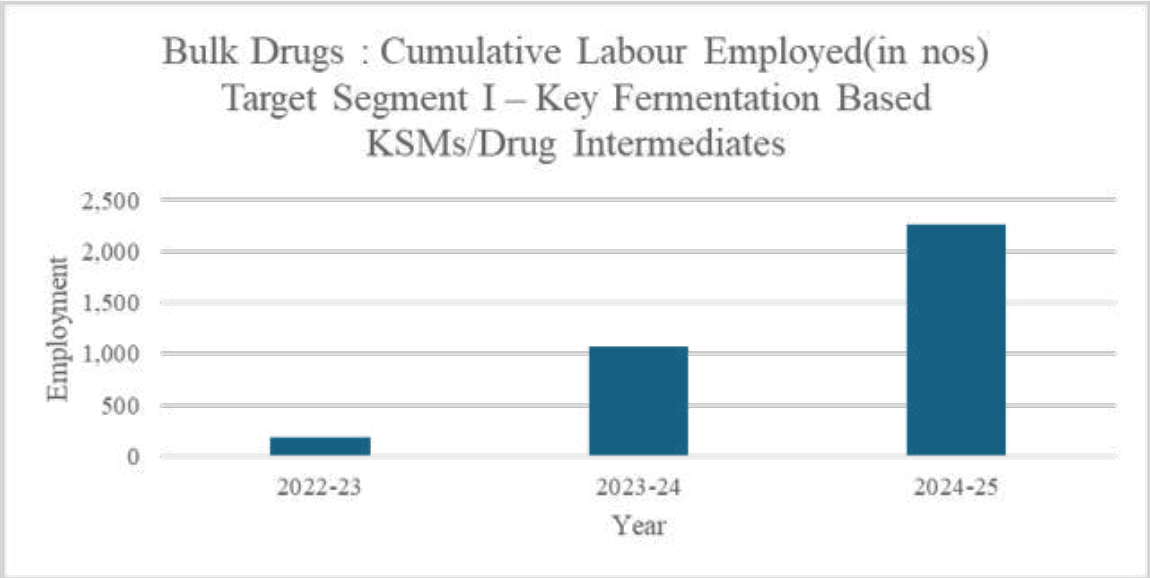

Graph B8



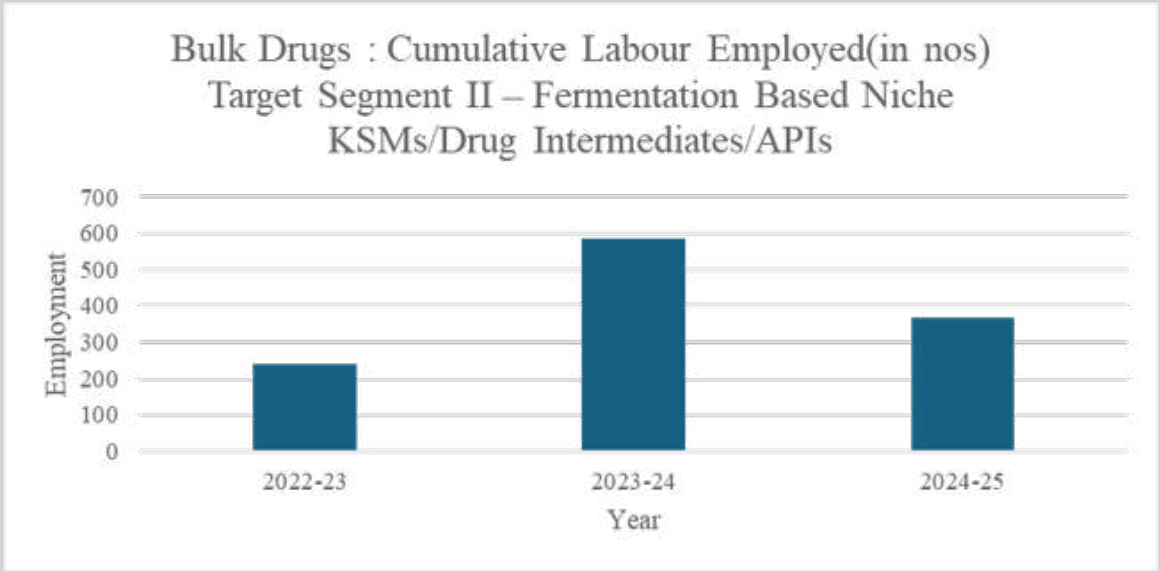

Graph B9



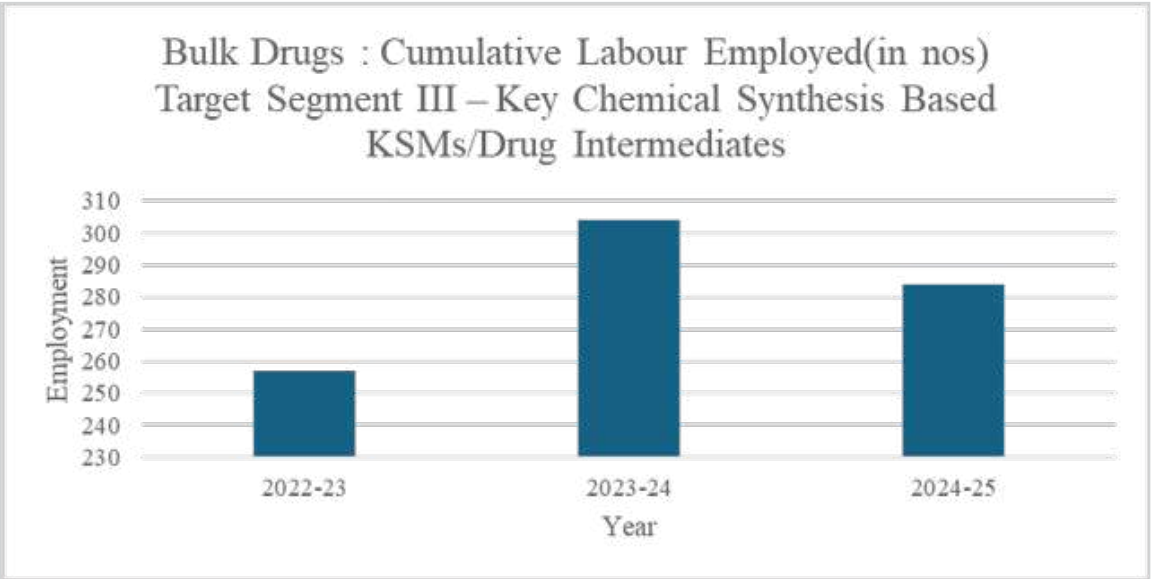

Graph B10



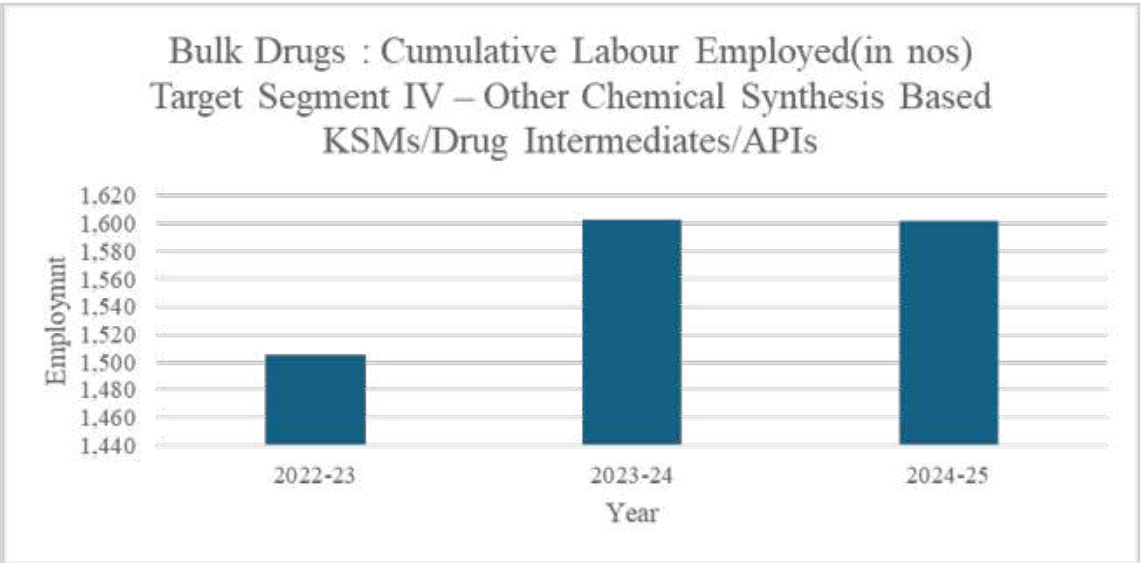

Graph B11




Graph B12

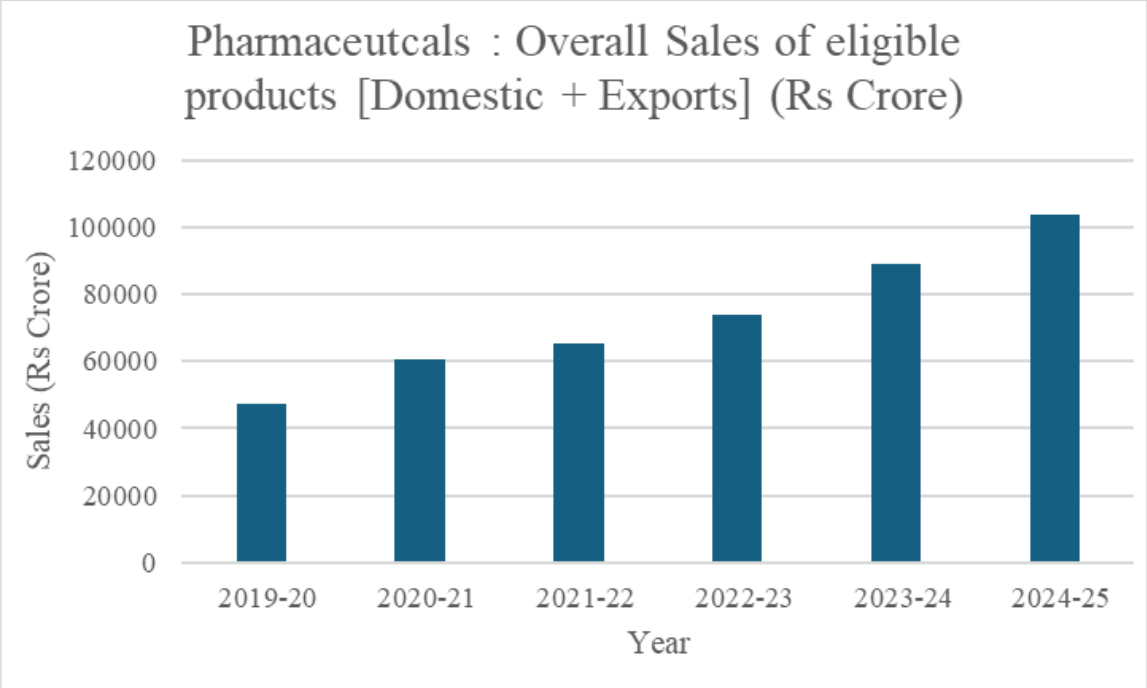



Graph B13

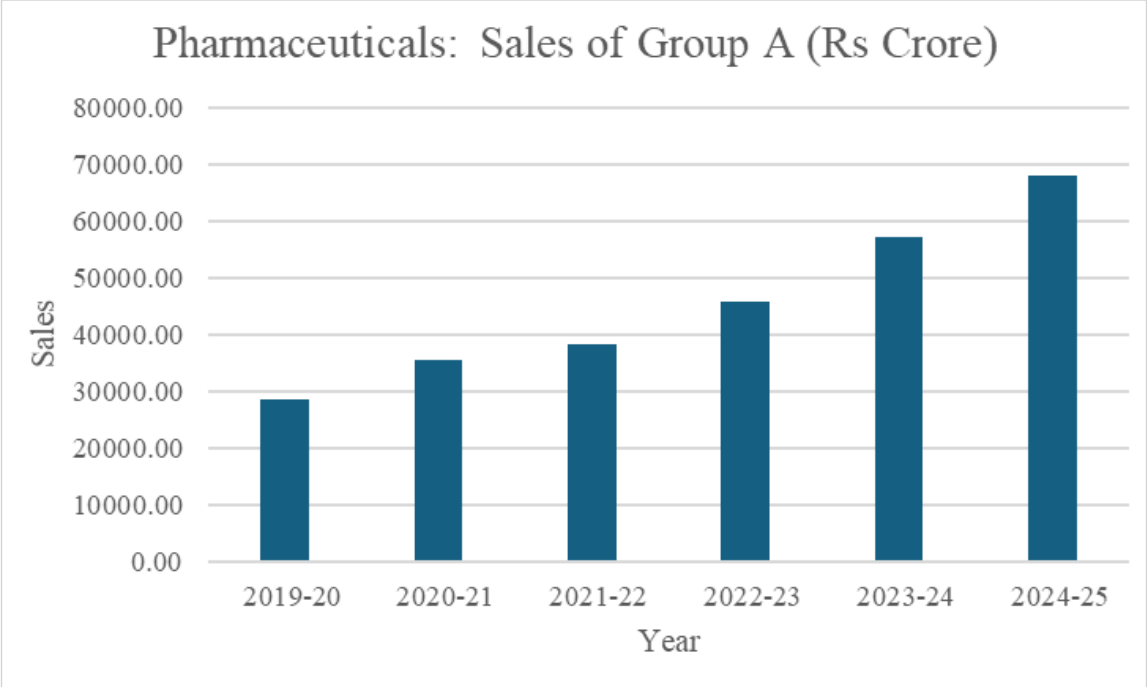



Graph B14

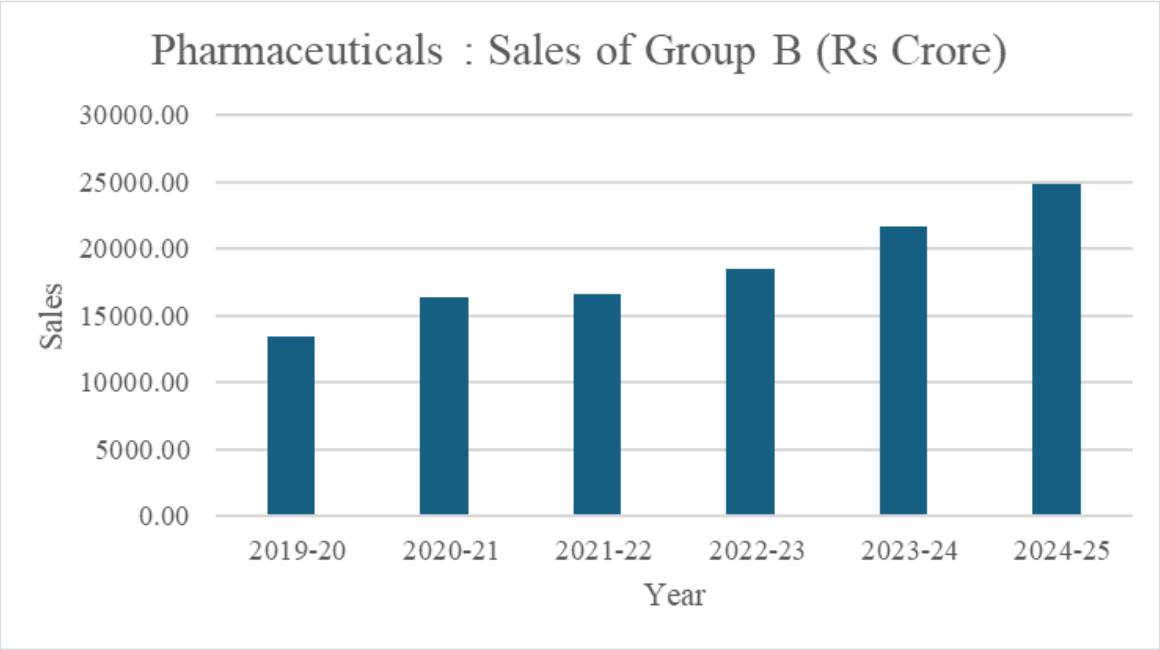
## C Pharmaceuticals Drugs



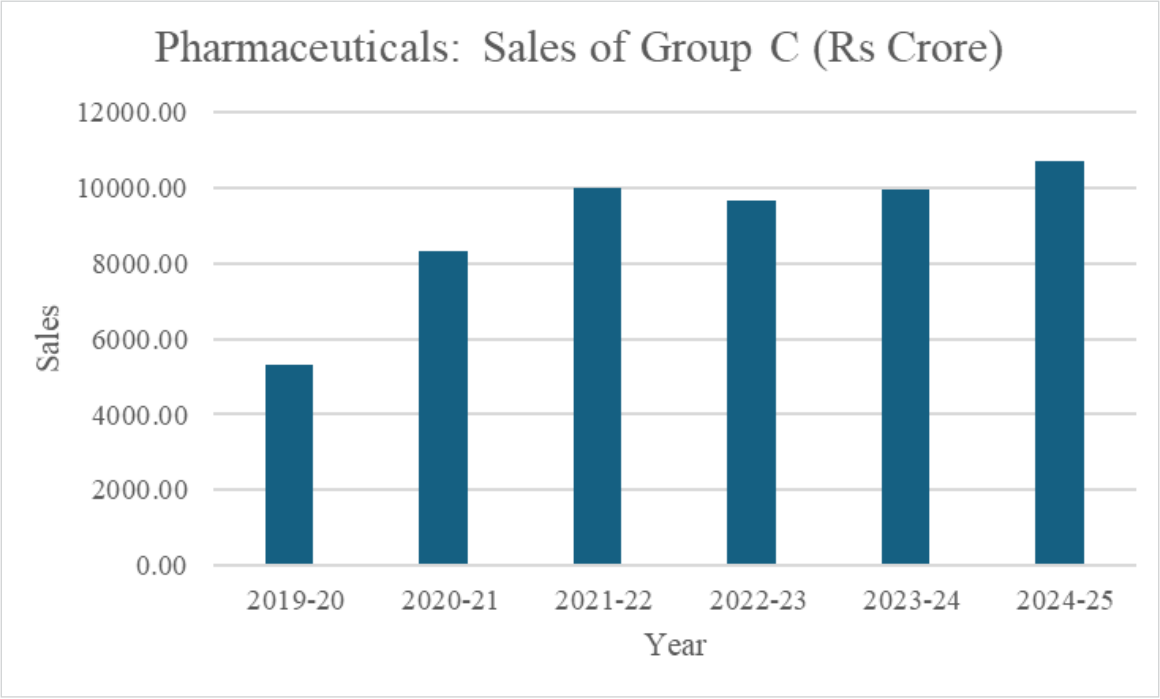

Graph C1



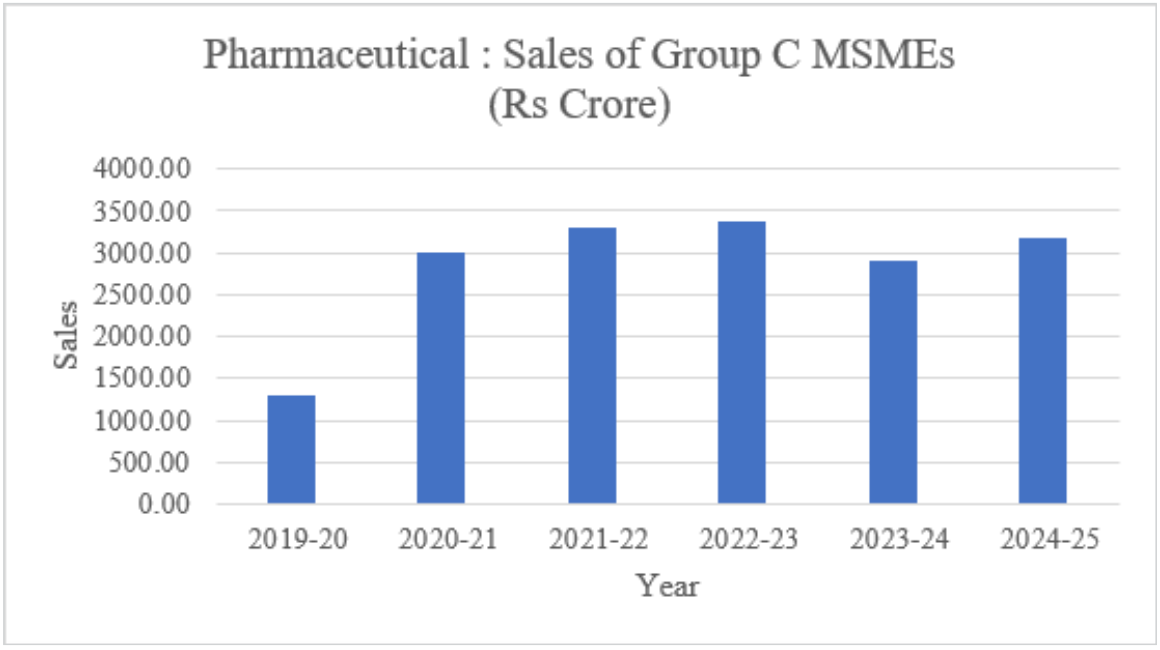

Graph C2



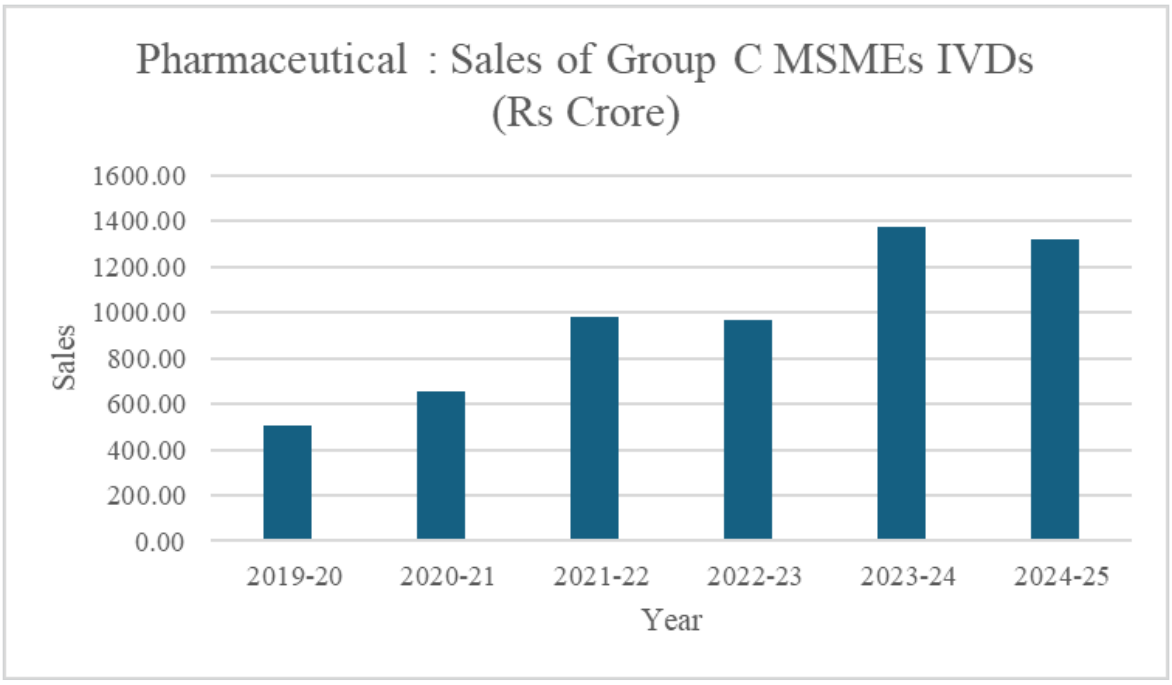

Graph C3



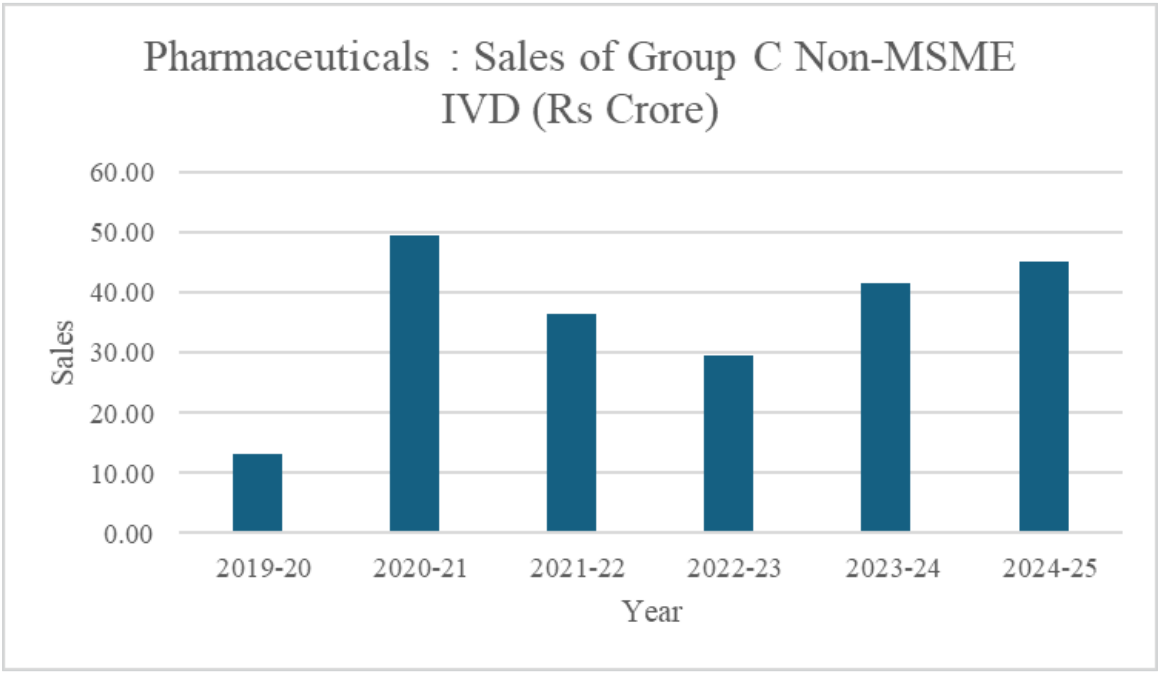

Graph C4



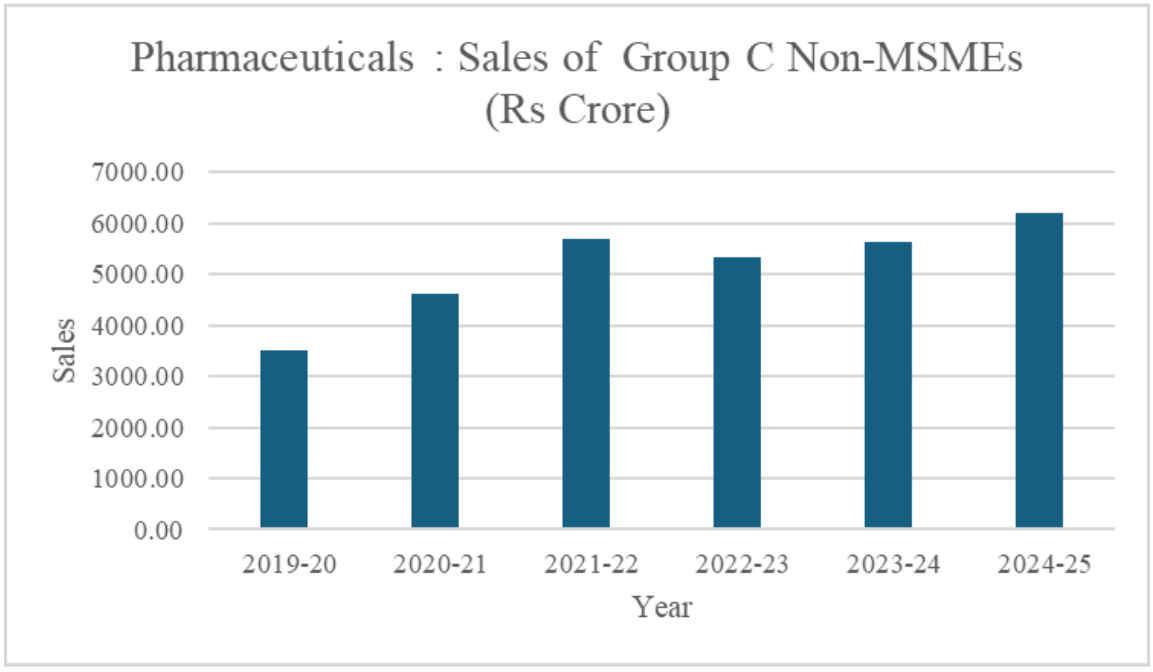

Graph C5




Graph C6



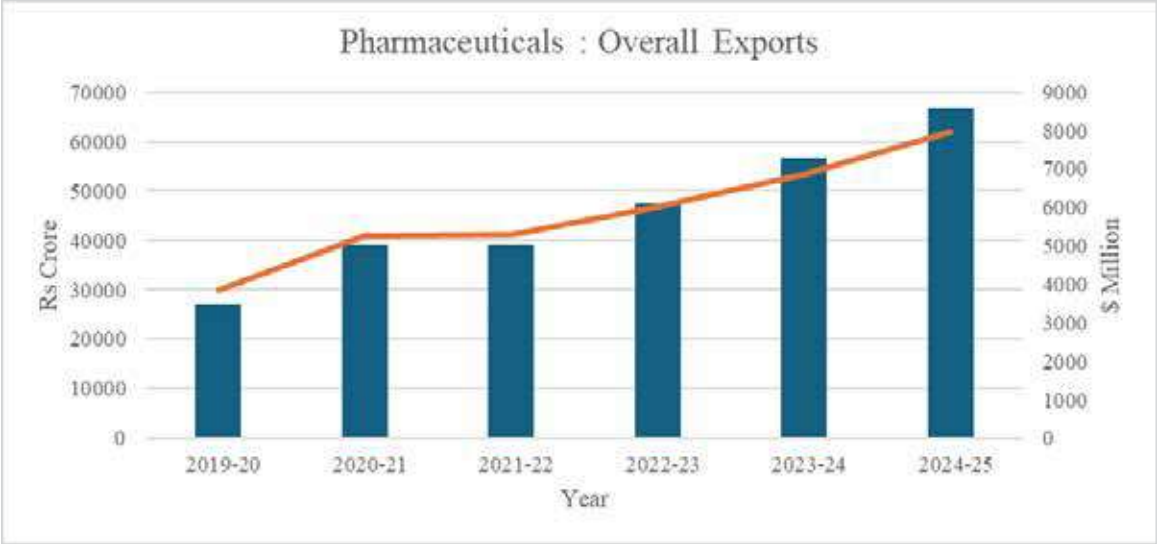

Graph C7



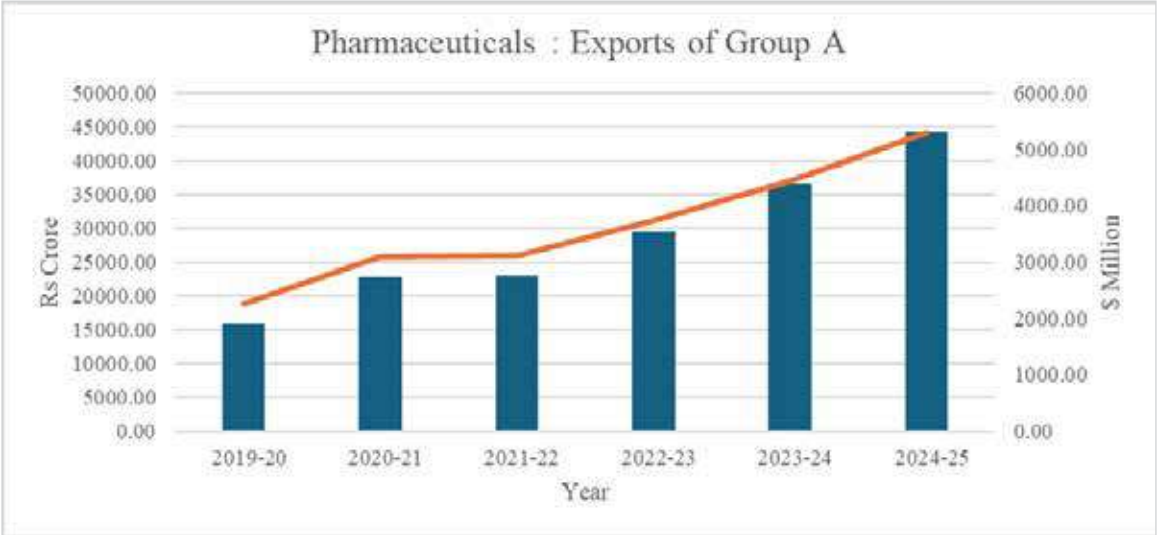

Graph C8

**$ Million**

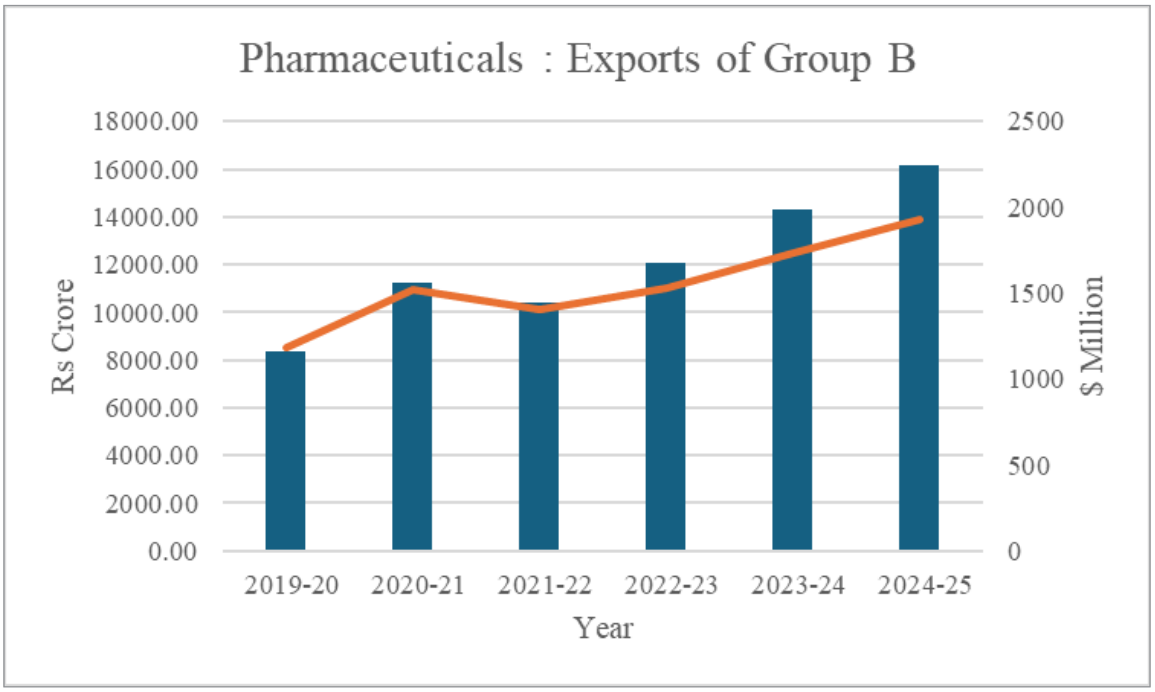
**₹ Crore**



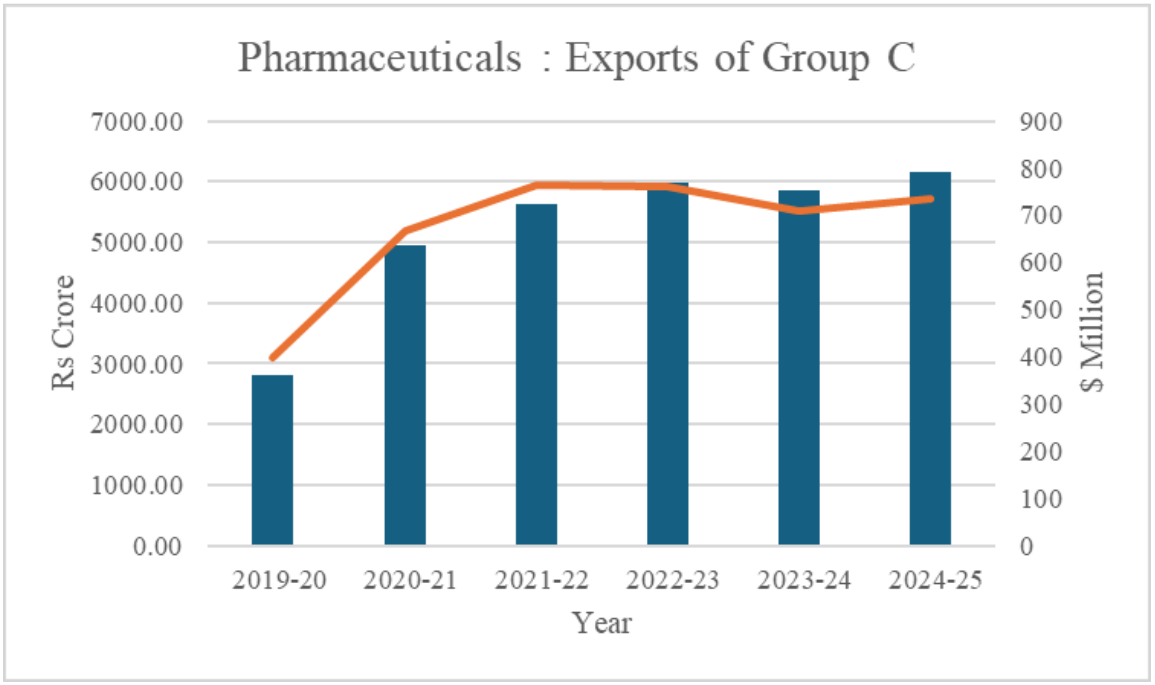

Graph C9



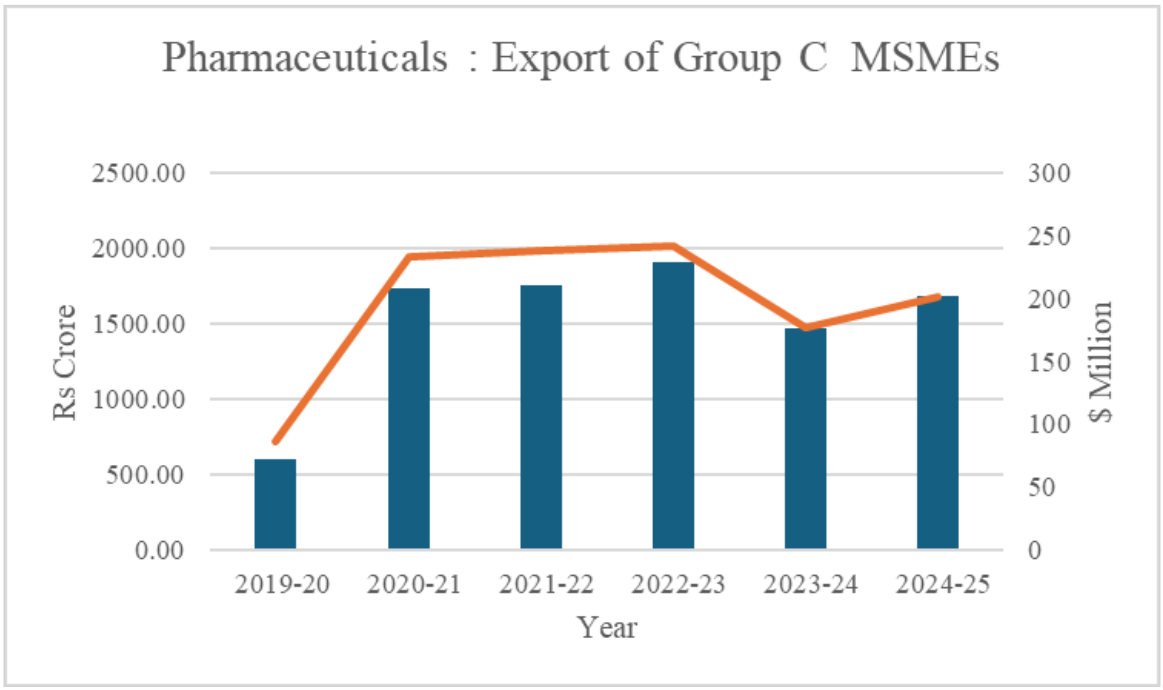

Graph C10



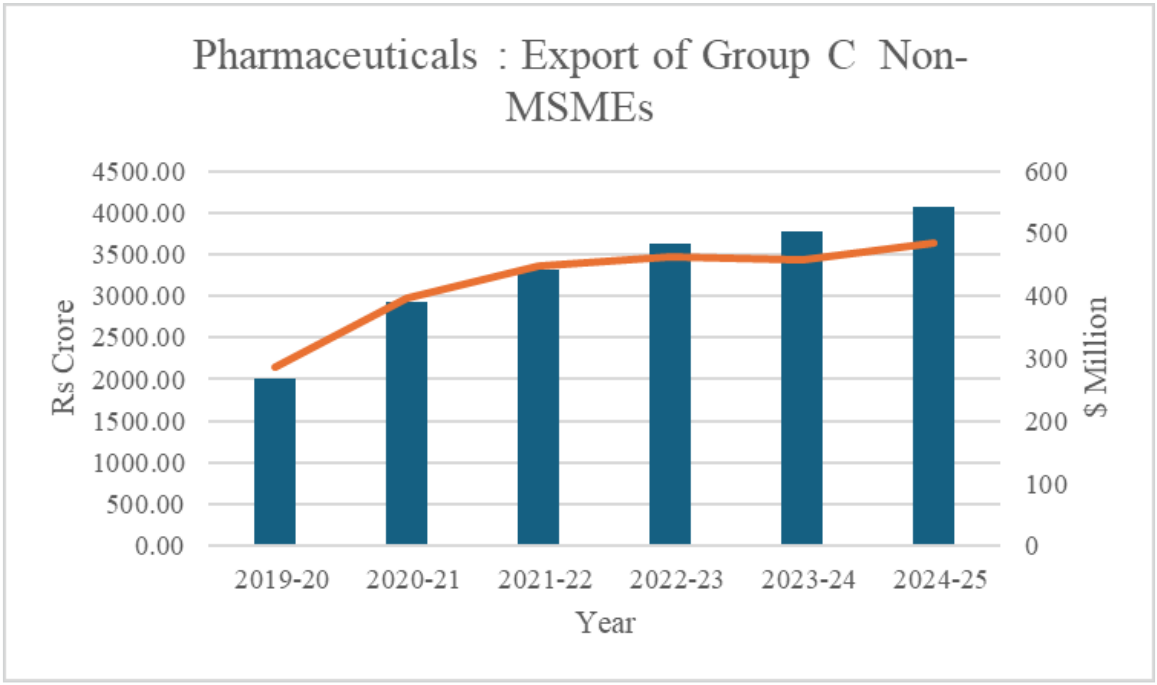

Graph C11



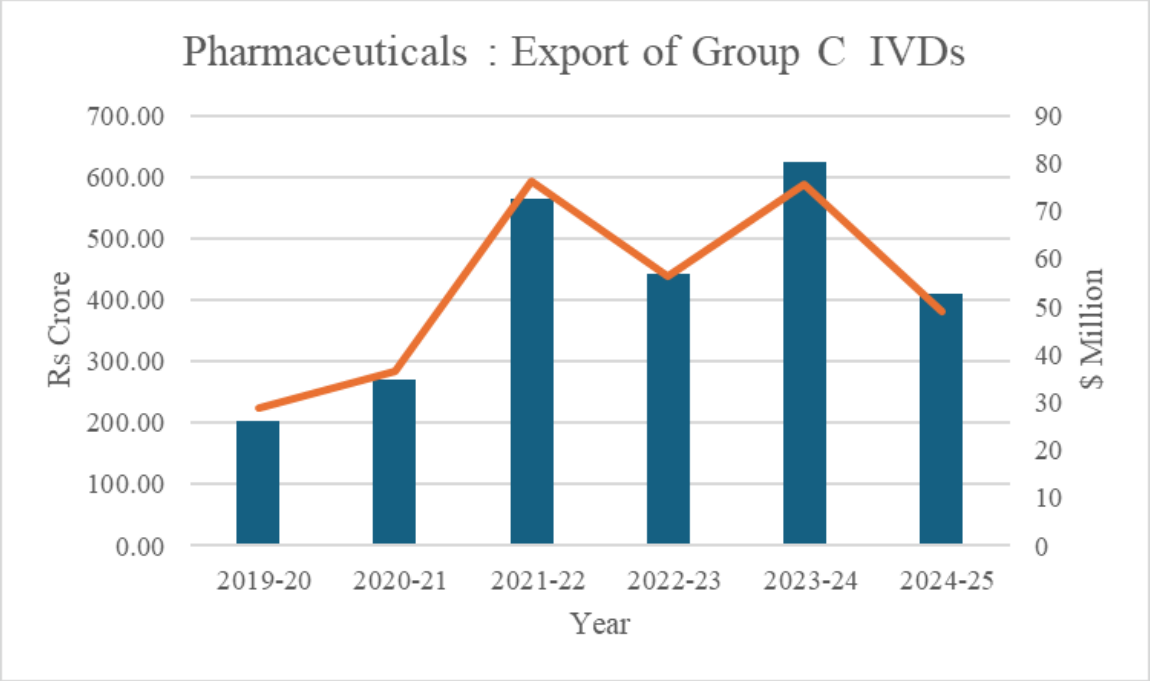

Graph C12



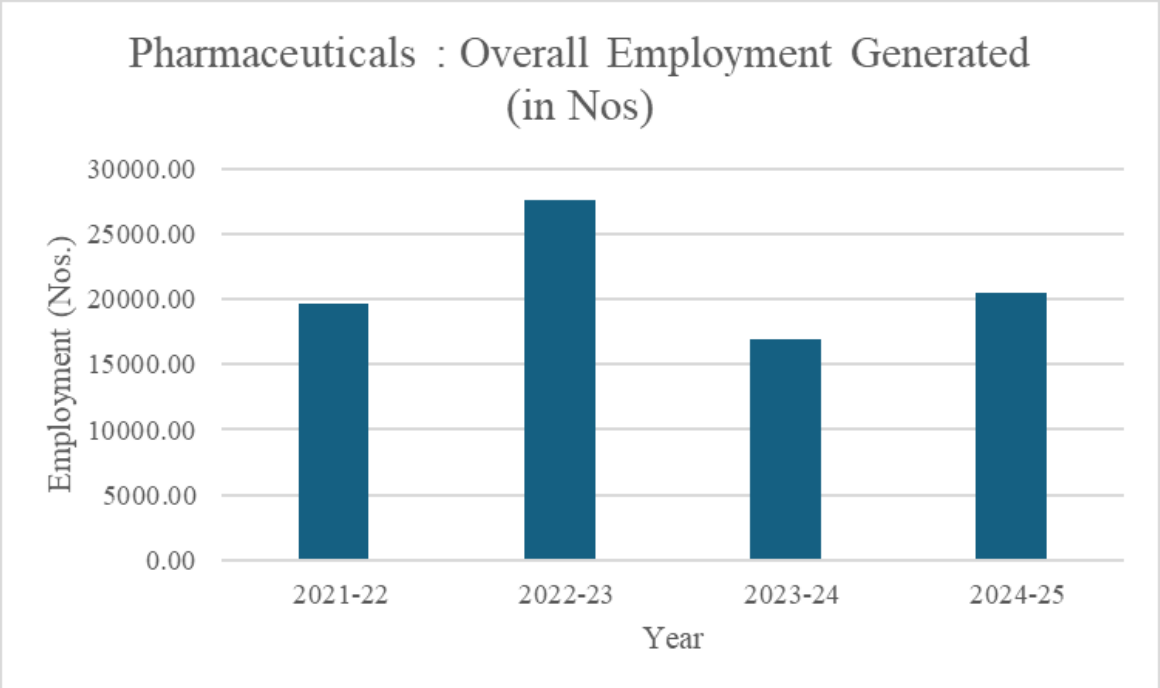

Graph C13




Graph C14

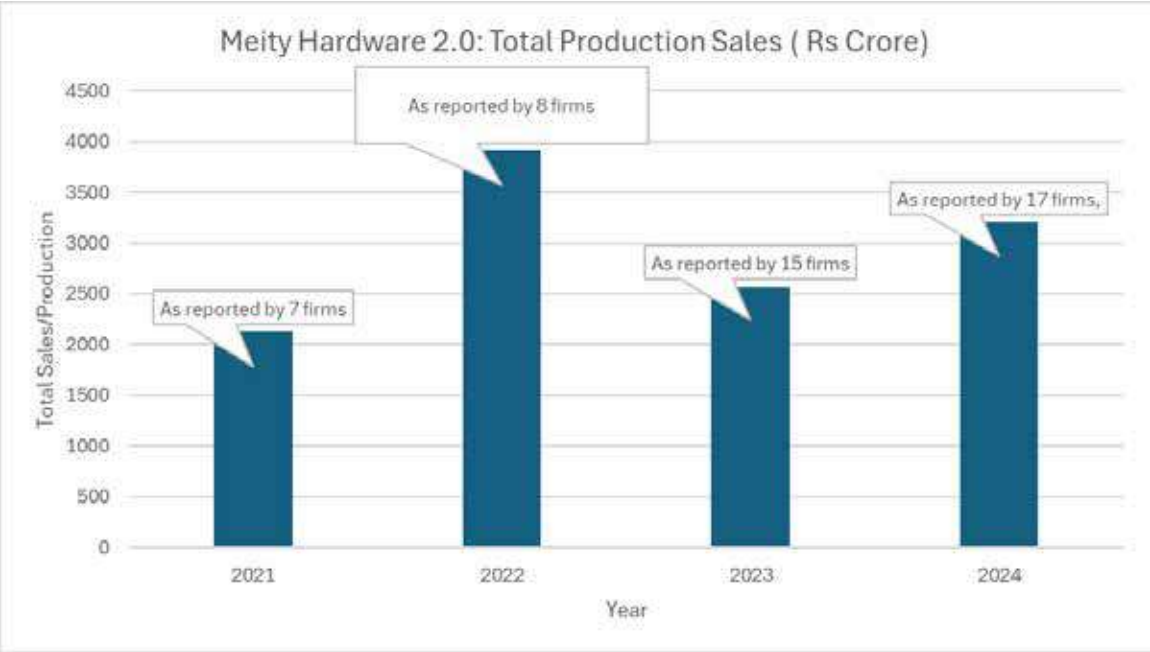



Graph C15



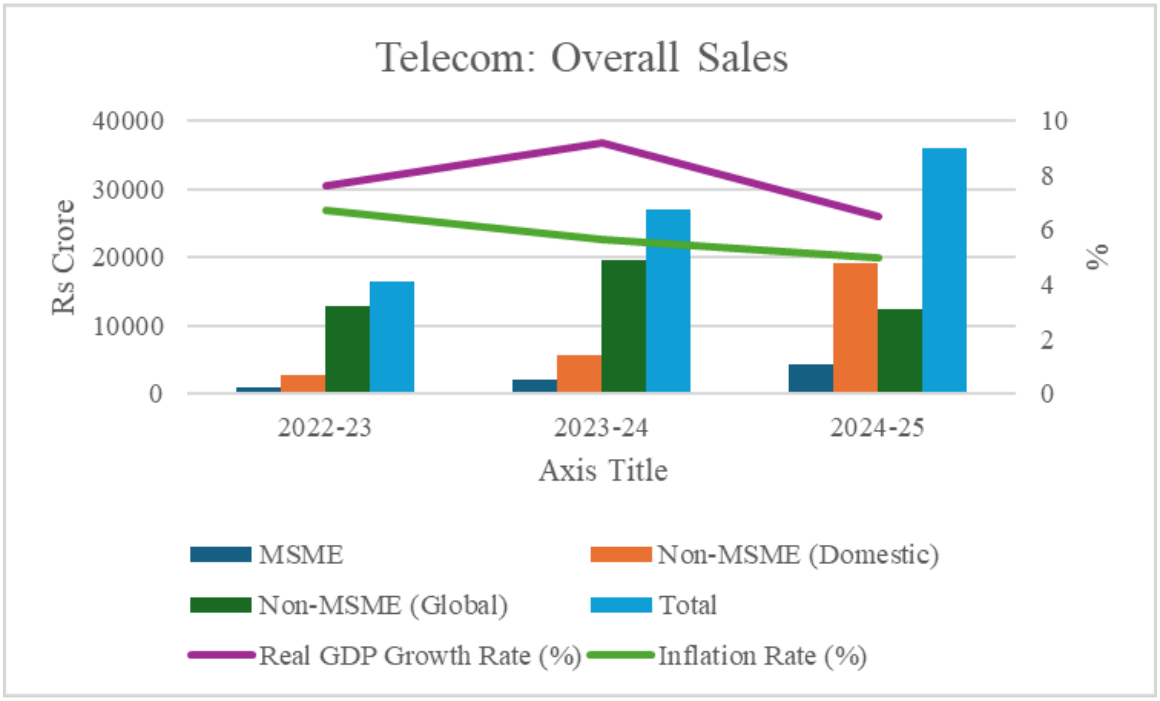

Graph C16

## D MEITY: IT Hardware 2.0

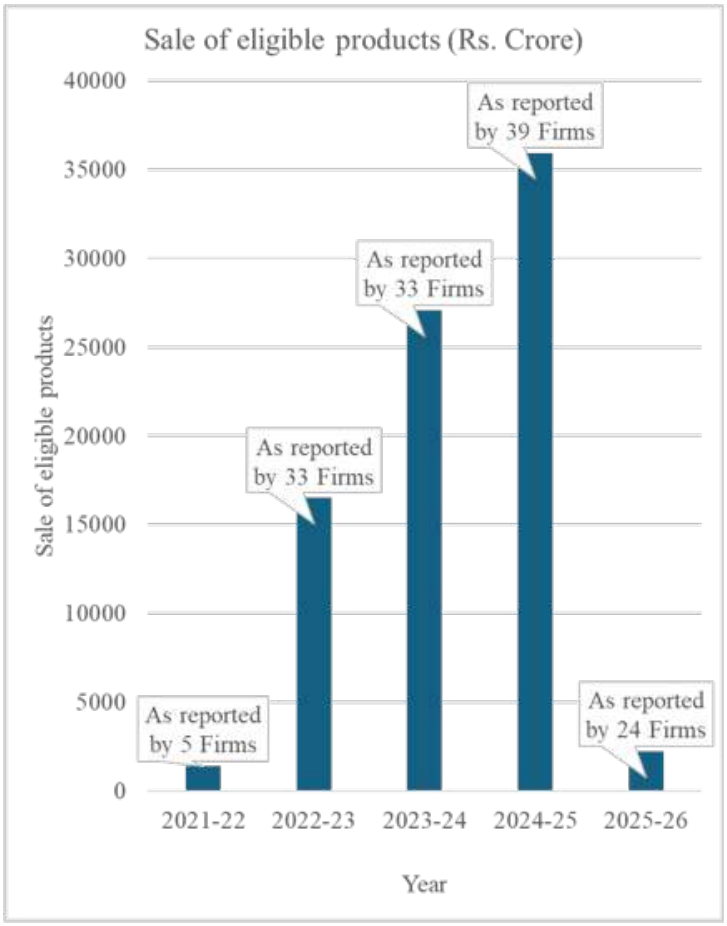



Graph D1

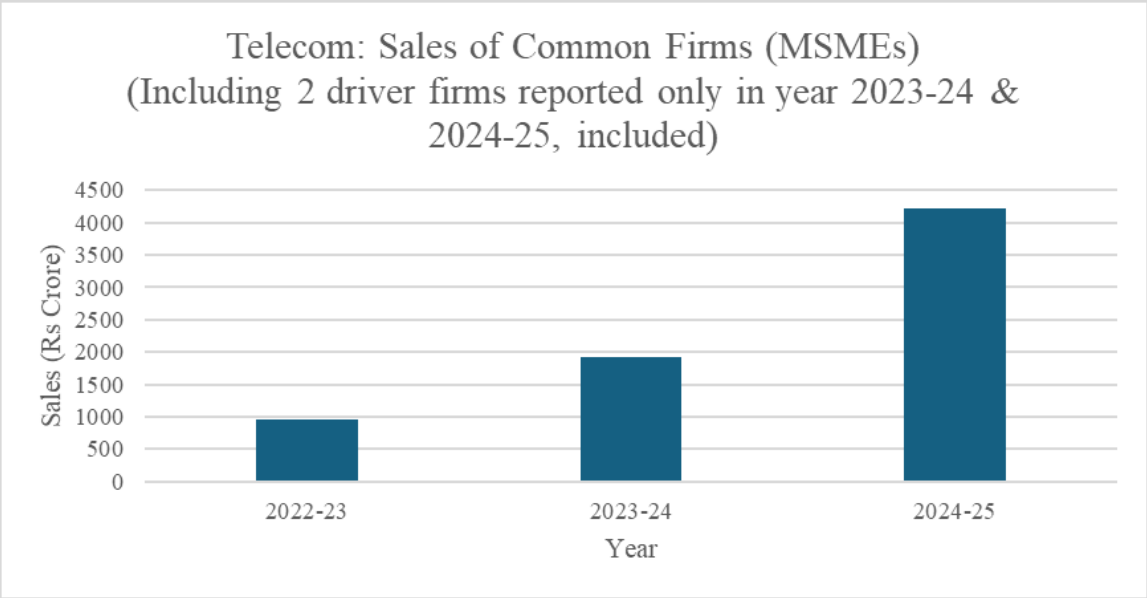
## E Telecom & Networking Products



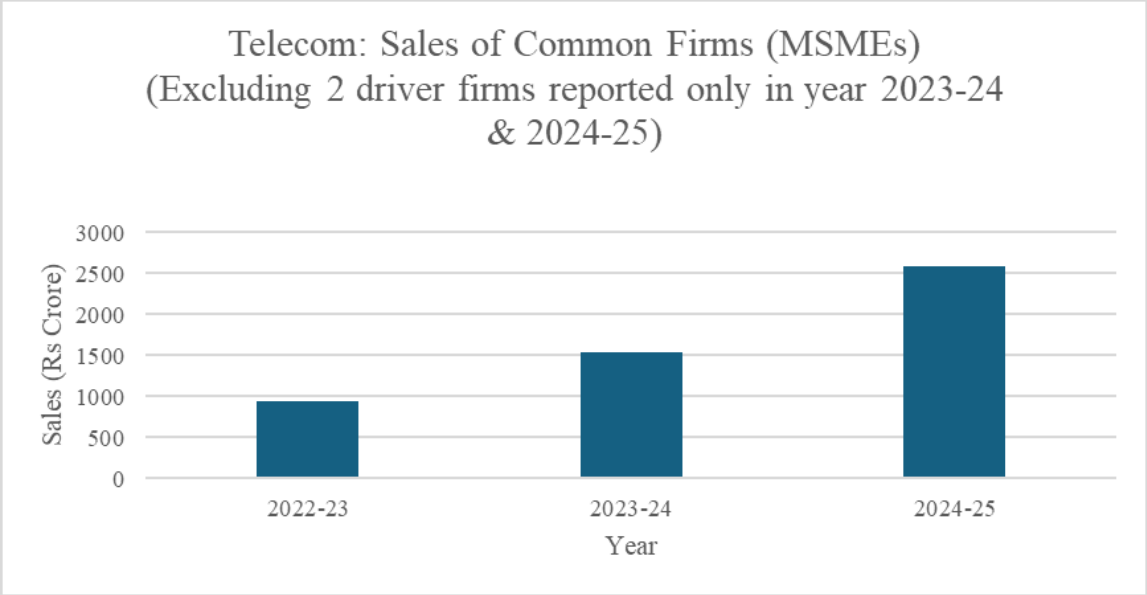

Graph E1



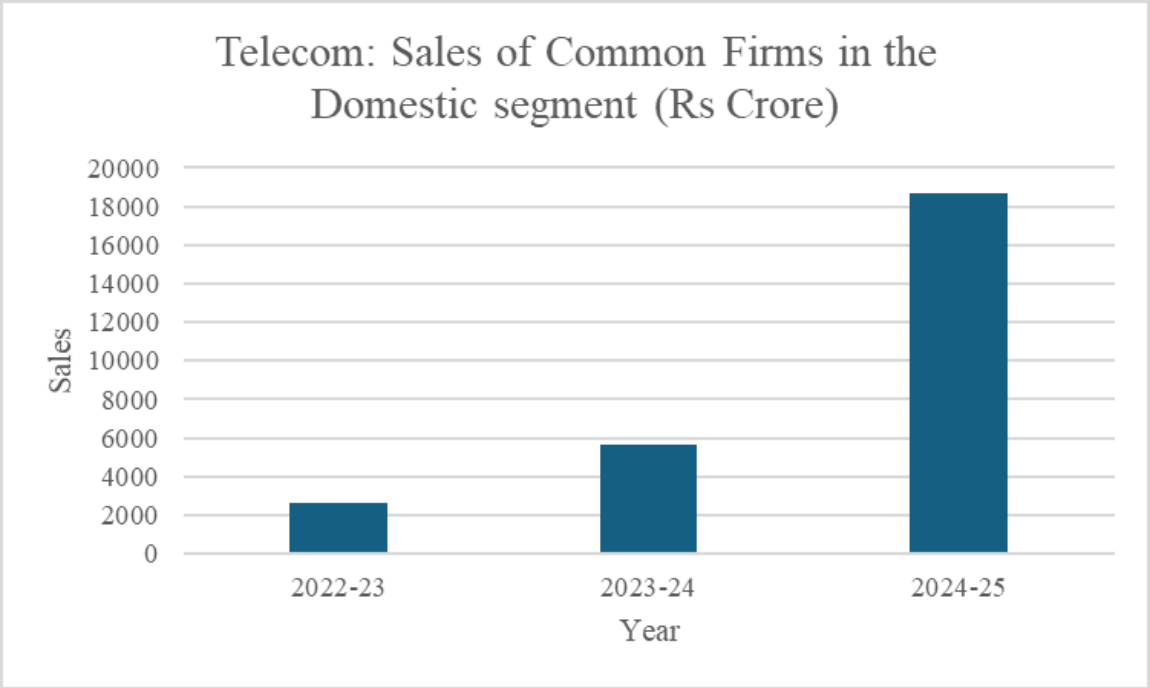

Graph E2



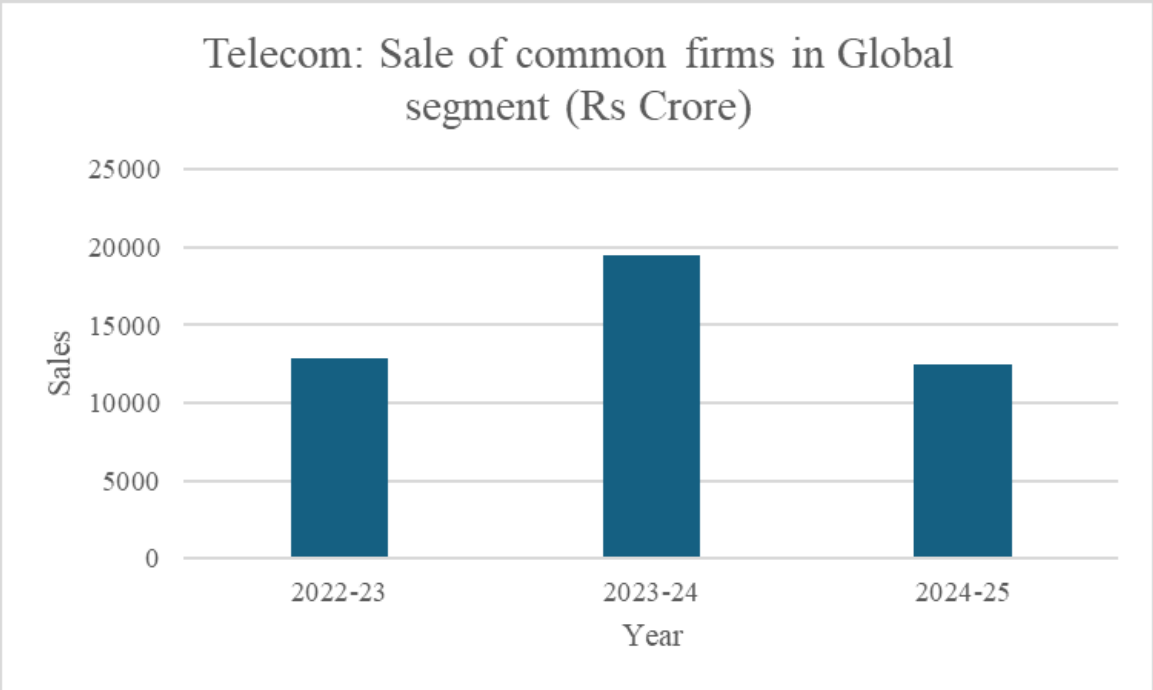

Graph E3




Graph E4




Graph E5



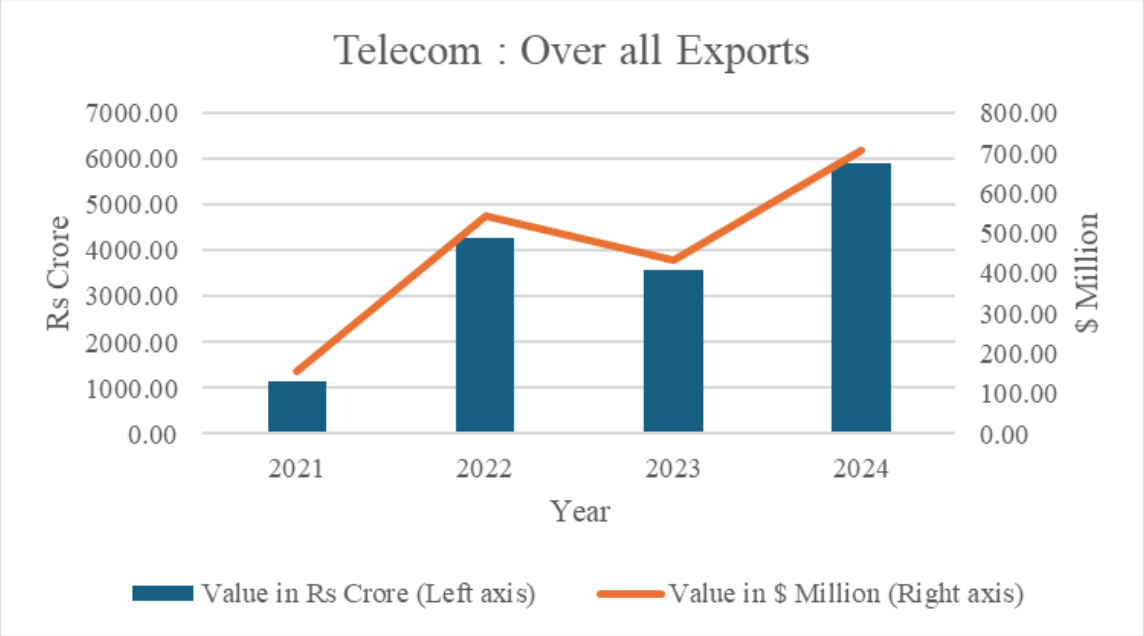

Graph E6

$ Million

₹ Crore

| Telecom : Over all Exports | | | |
|---|---|---|---|
| Year | Value in Rs Crore | Value in $ Million | No. of Firms reported |
| 2021 | 1140.14 | 154.2 | 3 |
| 2022 | 4268.87 | 543.1 | 13 |
| 2023 | 3582.27 | 433.7 | 14 |
| 2024 | 5919.76 | 707.5 | 14 |

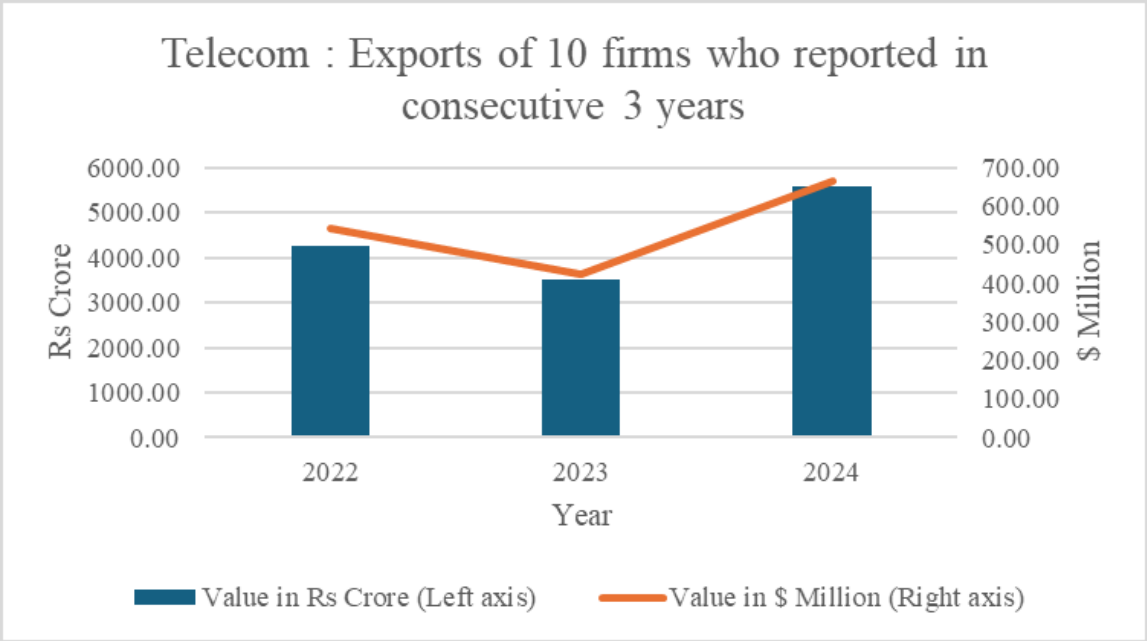
Table 5.7




Graph E7

| Telecom : Exports of 10 firms who reported in consecutive 3 years | | |
|---|---|---|
| Year | Value in Rs Crore | Value in $ Million |
| 2022 | 4266.30 | 542.8 |
| 2023 | 3495.82 | 423.2 |
| 2024 | 5570.88 | 665.8 |

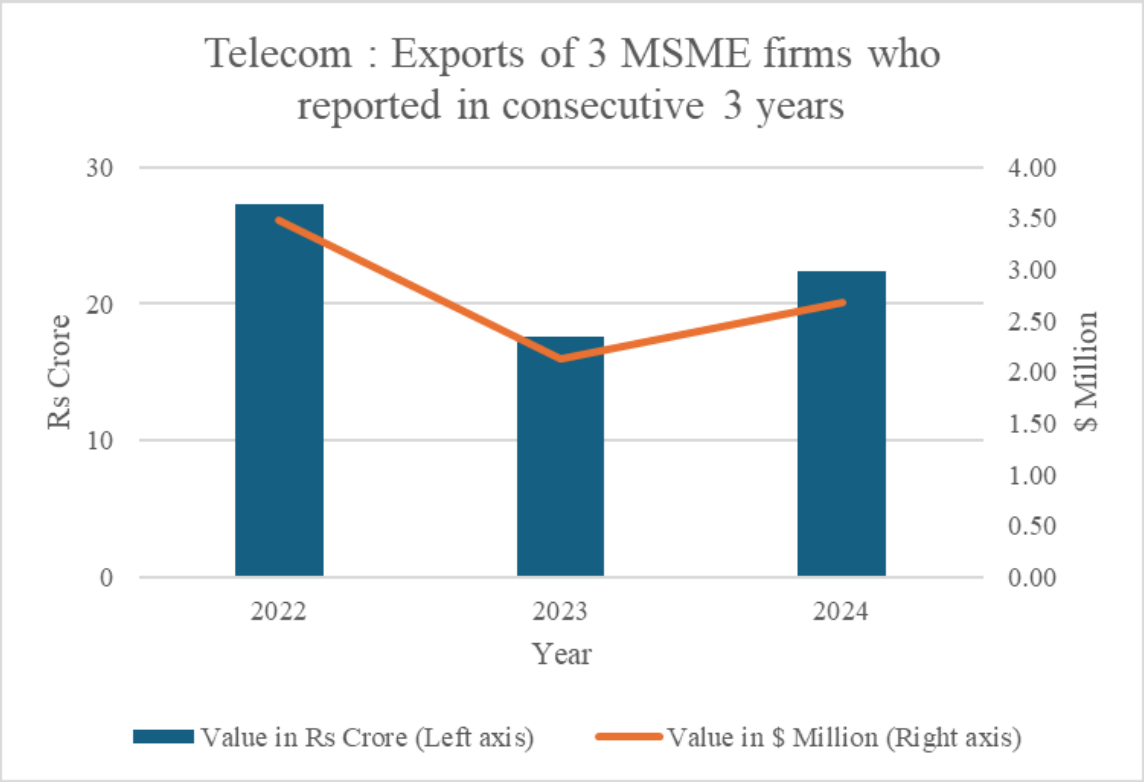
Table 5.8




Graph E8

| Telecom : Exports of 3 MSME firms who reported in consecutive 3 years | | |
|---|---|---|
| Year | Value in Rs Crore | Value in $ Million |
| 2022 | 27.34 | 3.5 |
| 2023 | 17.55 | 2.1 |
| 2024 | 22.38 | 2.7 |

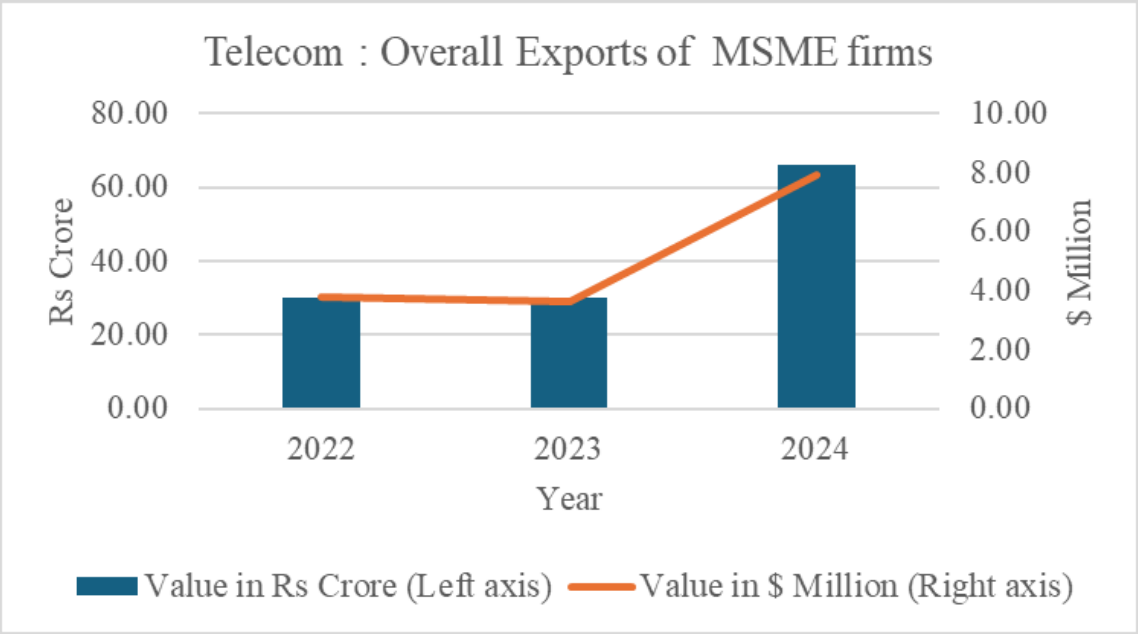
Table 5.9




Graph E9

| Telecom : Overall Exports of MSME firms | | |
|---|---|---|
| Year | Value in Rs Crore | Value in $Million |
| 2022 | 29.91 | 3.8 |
| 2023 | 29.90 | 3.6 |
| 2024 | 66.26 | 7.9 |

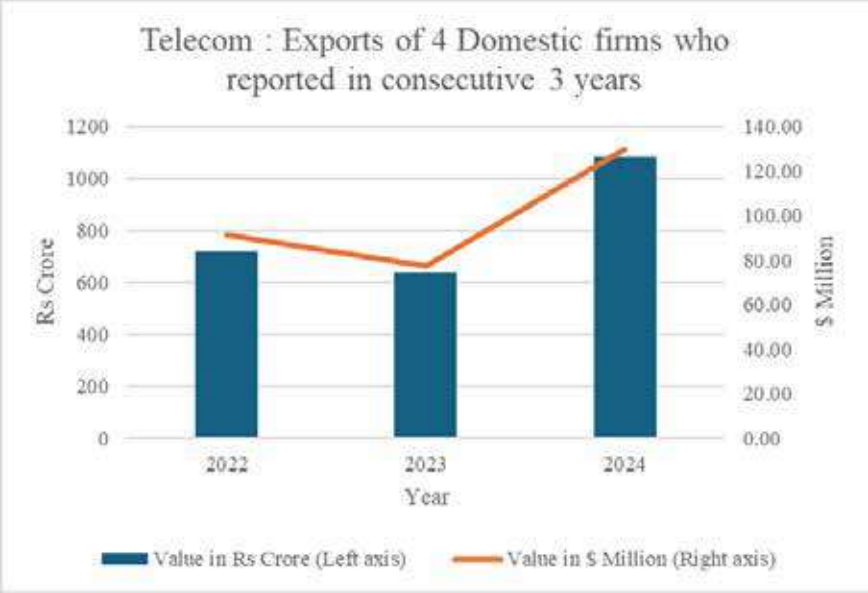
Table 5.10




Graph E10

| Telecom : Exports of 4 Domestic firms who reported in 3 consecutive years | | |
|---|---|---|
| Year | Value in Rs Crore | Value in $ Million |
| 2022 | 718.91 | 91.5 |
| 2023 | 638.70 | 77.3 |
| 2024 | 1086.63 | 129.9 |

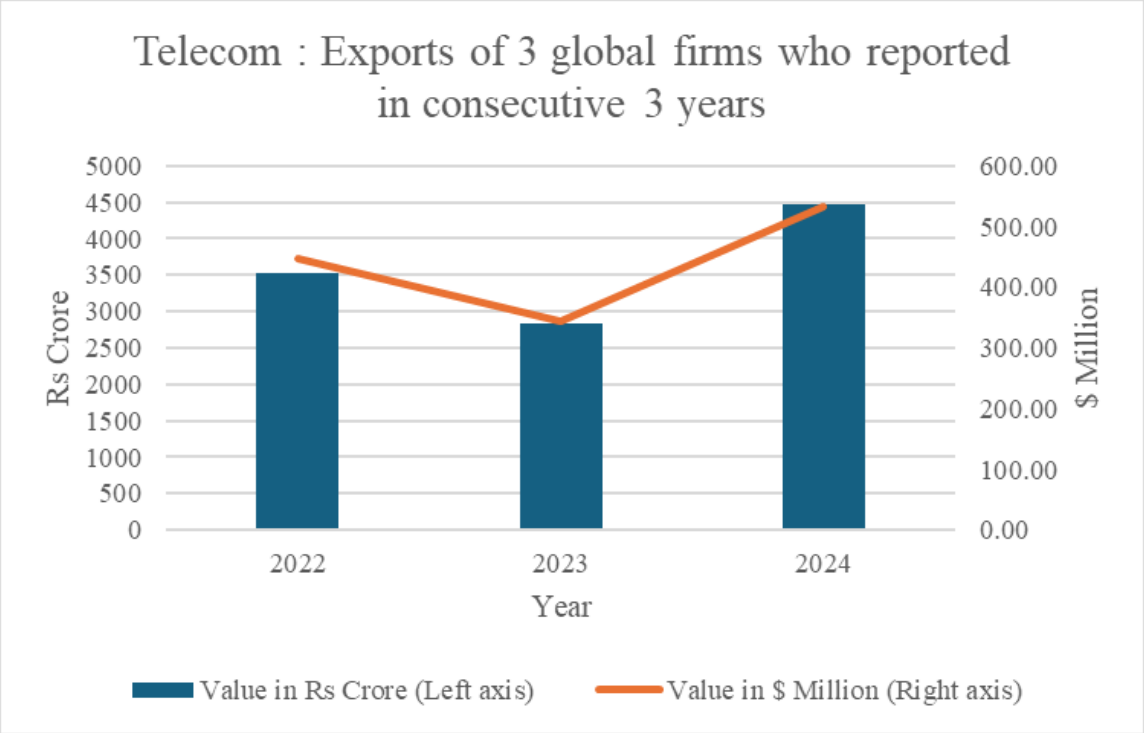
Table 5.11




Graph E11

| Telecom : Exports of 3 global firms who reported in consecutive 3 years | | |
|---|---|---|
| Year | Value in Rs Crore | Value in $ Million |
| 2022 | 3520.05 | 447.8 |
| 2023 | 2839.57 | 343.8 |
| 2024 | 4461.87 | 533.3 |

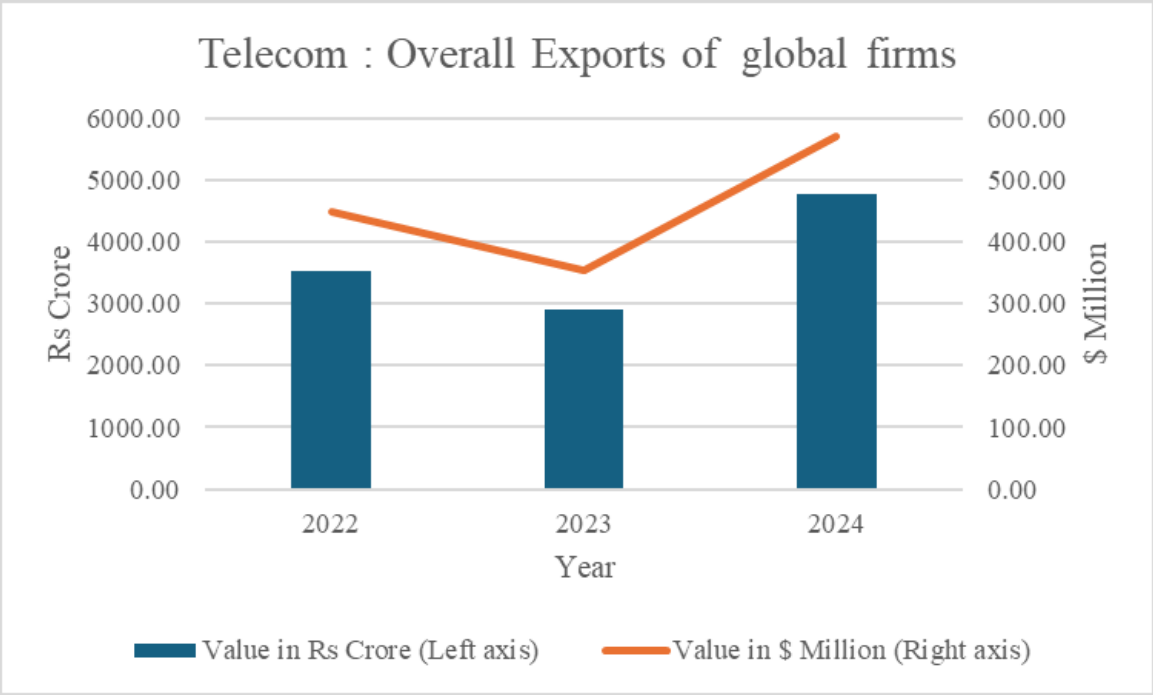
Table 5.12




Graph E12

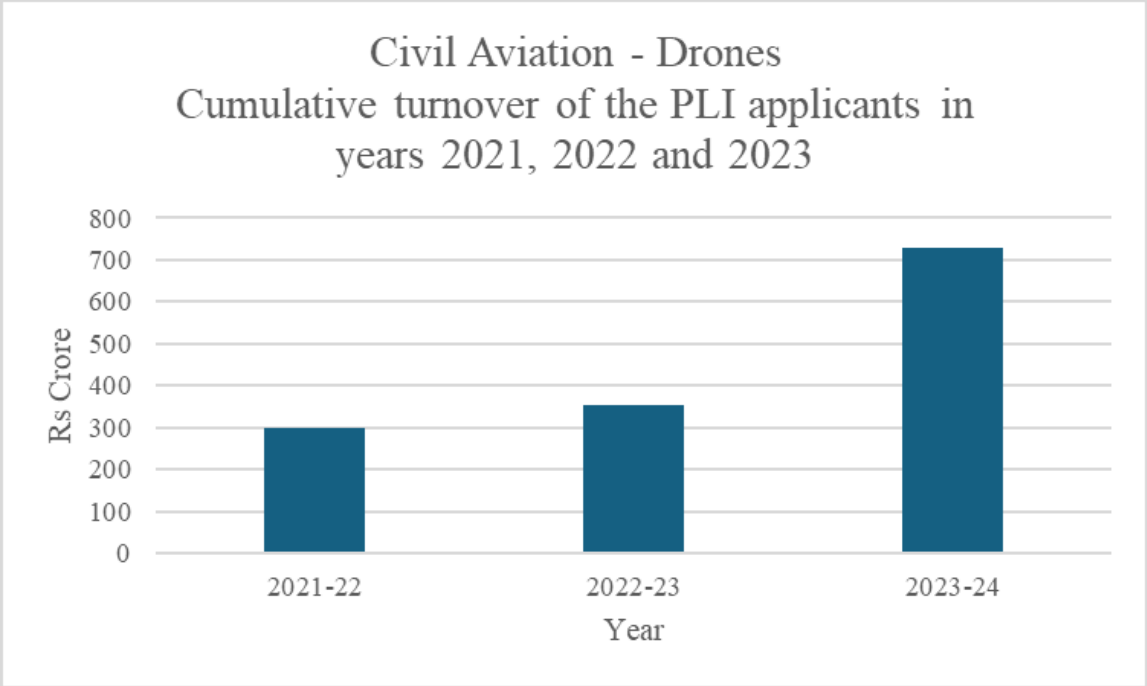
| Telecom : Overall Exports of global firms | | |
|---|---|---|
| Year | Value in Rs Crore | Value in $ Million |
| 2022 | 3520.05 | 447.8 |
| 2023 | 2913.67 | 352.7 |
| 2024 | 4766.87 | 569.7 |

Table 5.13


Telecom : Overall Exports of global firms
6000.00
5000.00
4000.00
3000.00
2000.00
1000.00
0.00
Rs Crore
600.00
500.00
400.00
300.00
200.00
100.00
0.00
$ Million
2022
2023
2024
Year
Value in Rs Crore (Left axis)
Value in $ Million (Right axis)

Graph E13

## F Drones and Drone Components

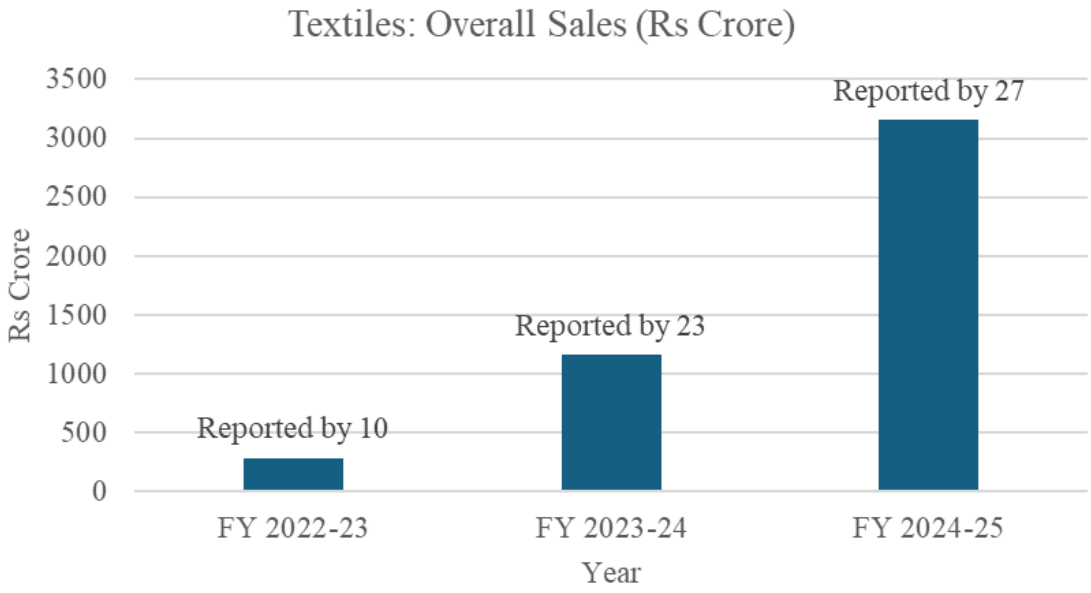



Graph F1

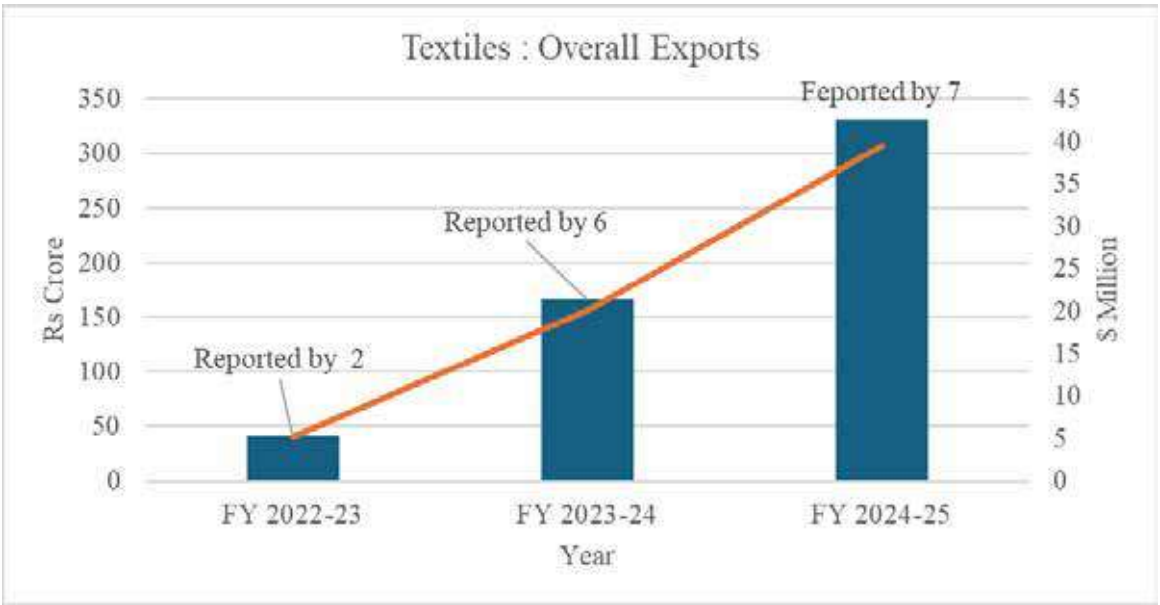
## G Textiles

$ Million

₹ Crore




Graph G1



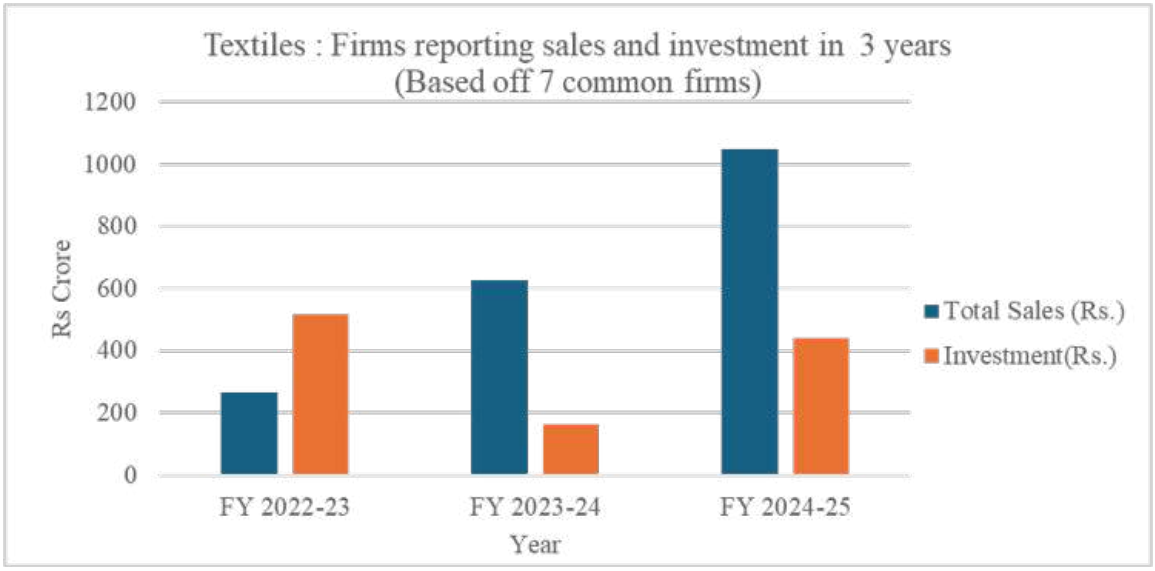

Graph G2



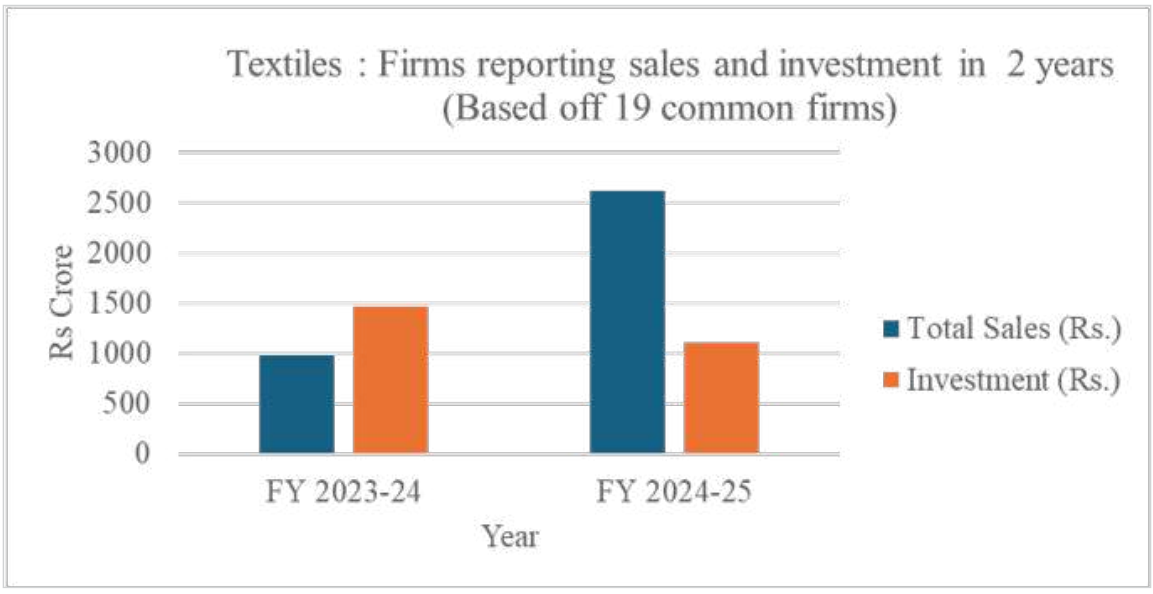

Graph *G3*



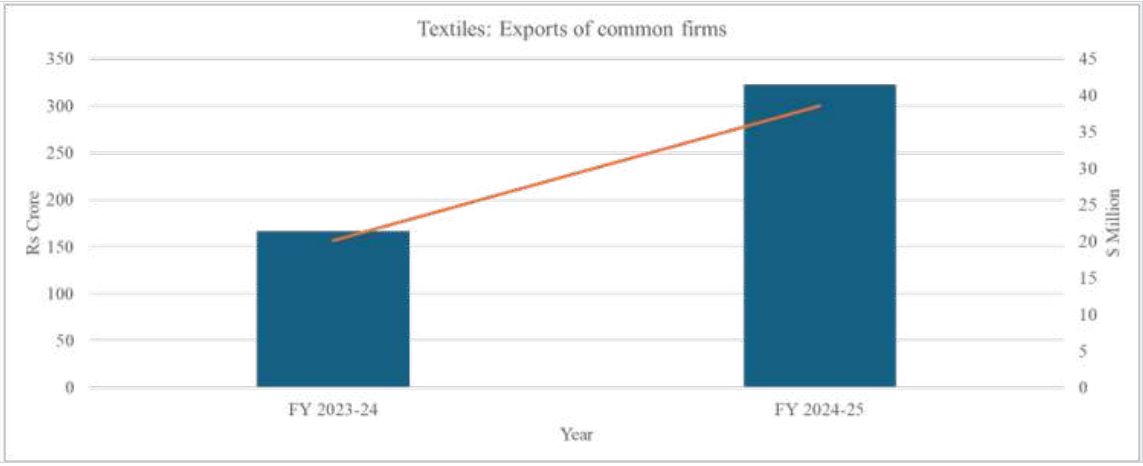

Graph *G4*




Graph G5

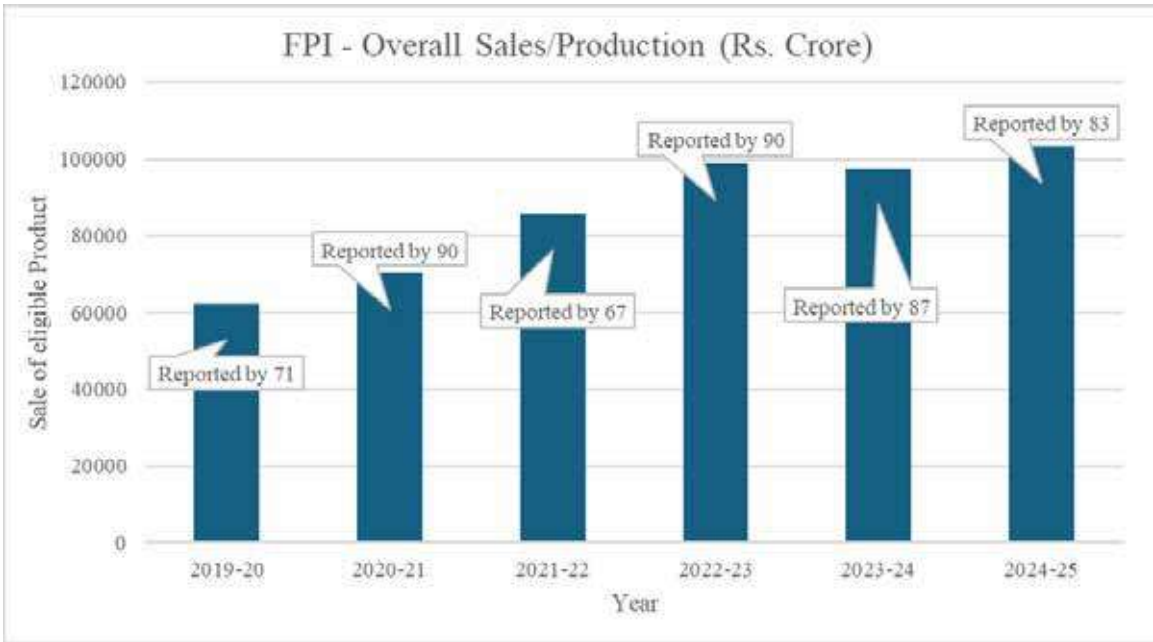



Graph G6

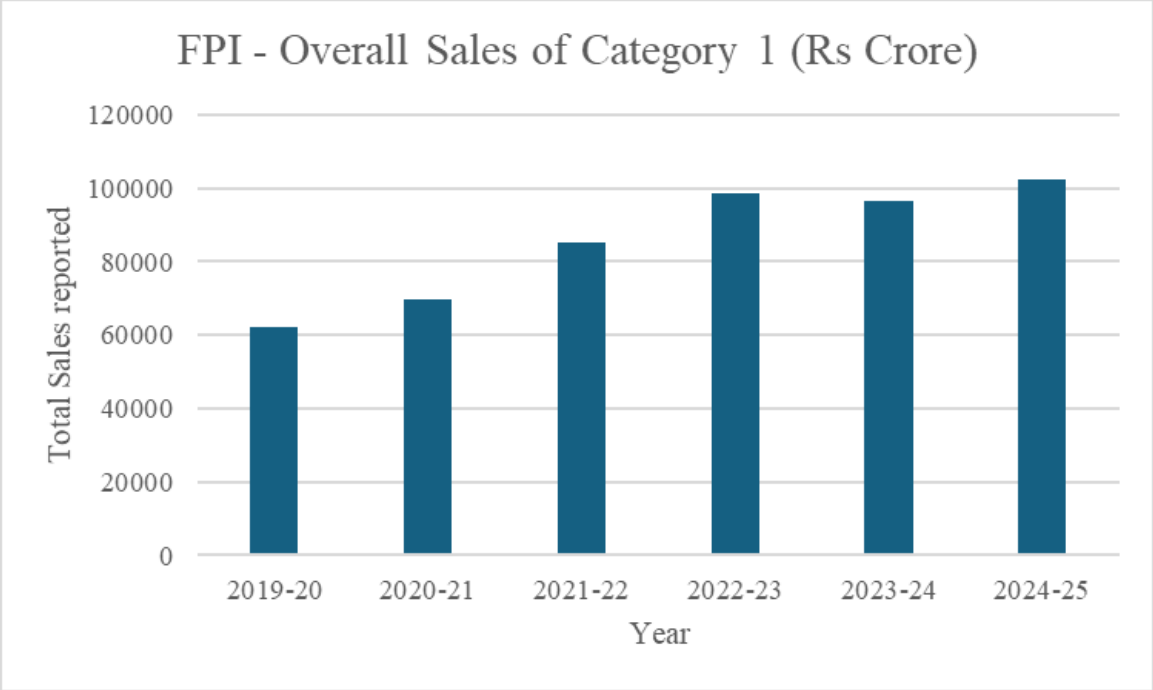

Textiles: Exports of common firms
350
300
250
200
150
100
50
0
Rs Crore
45
40
35
30
25
20
15
10
5
0
$ Million
FY 2023-24
FY 2024-25
Year

**Graph G7**

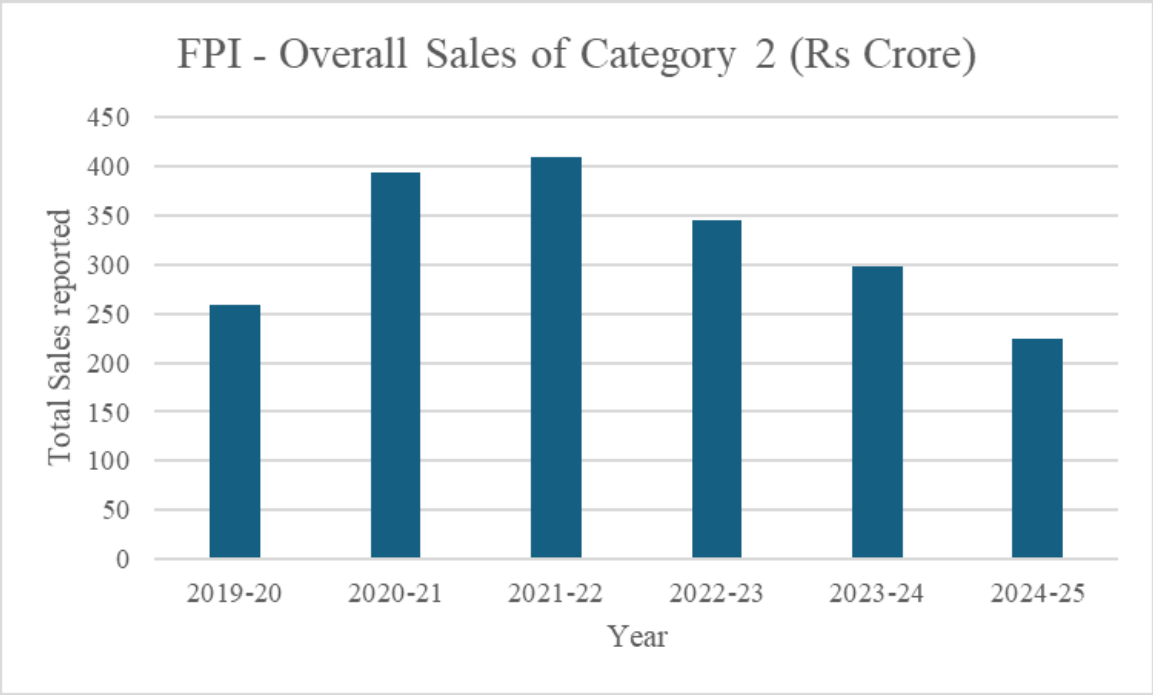
## H Food Processing Industries




Graph H1

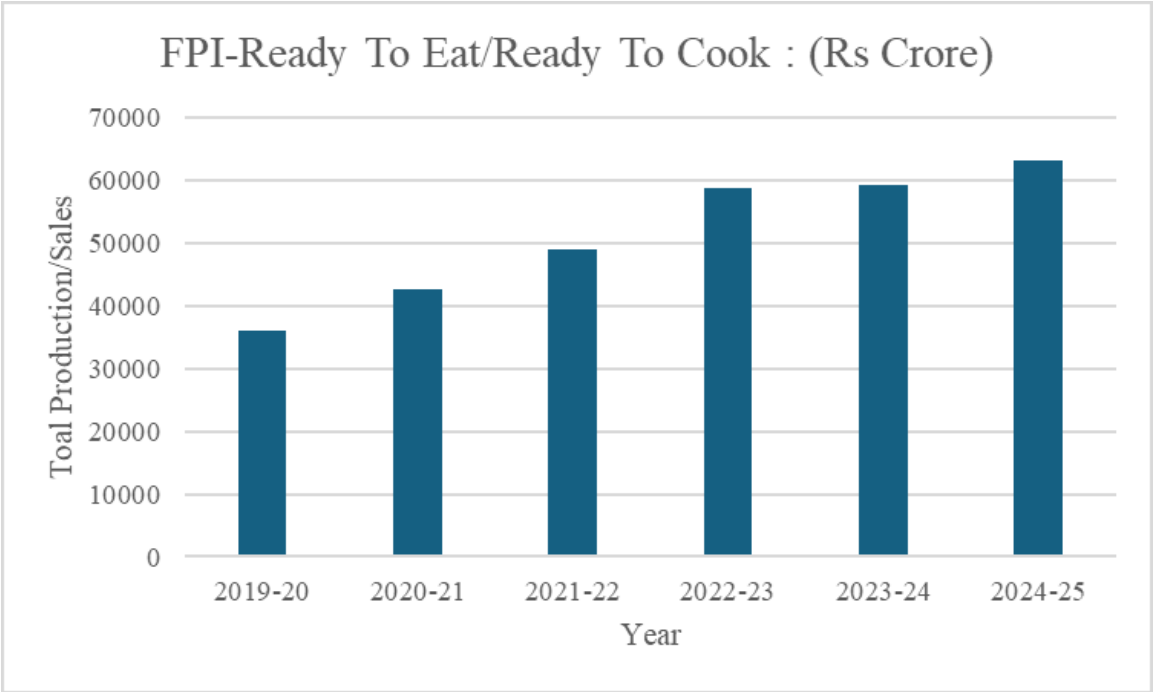



Graph H2

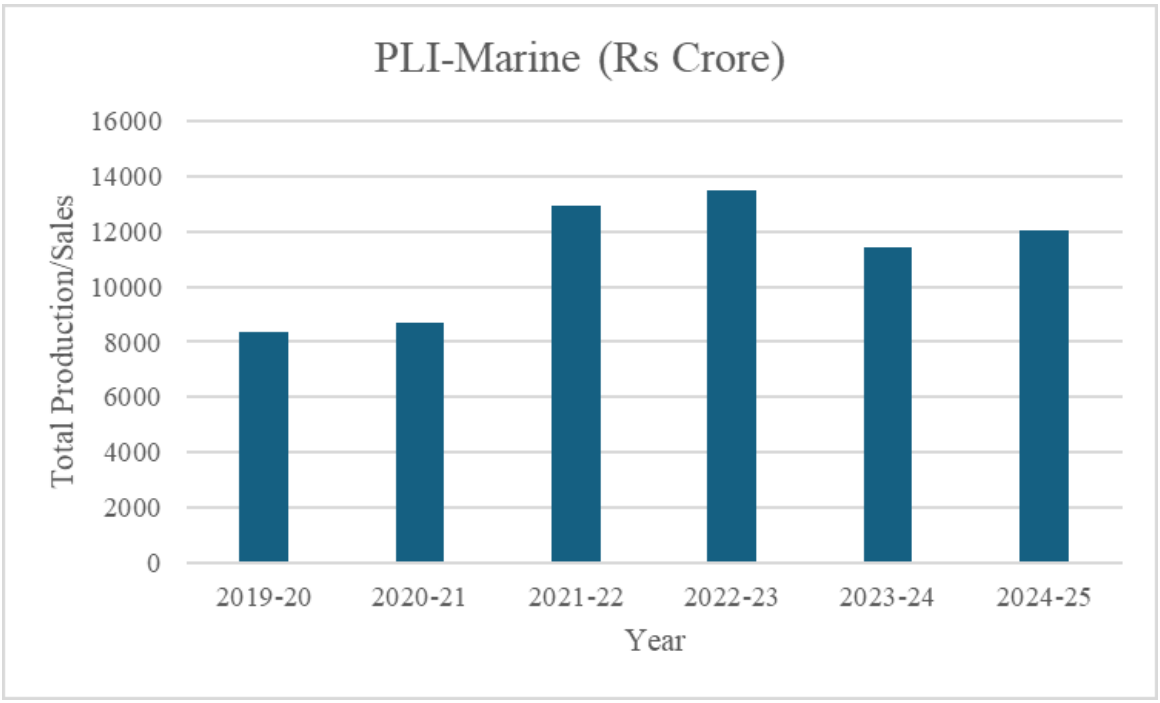



Graph H3

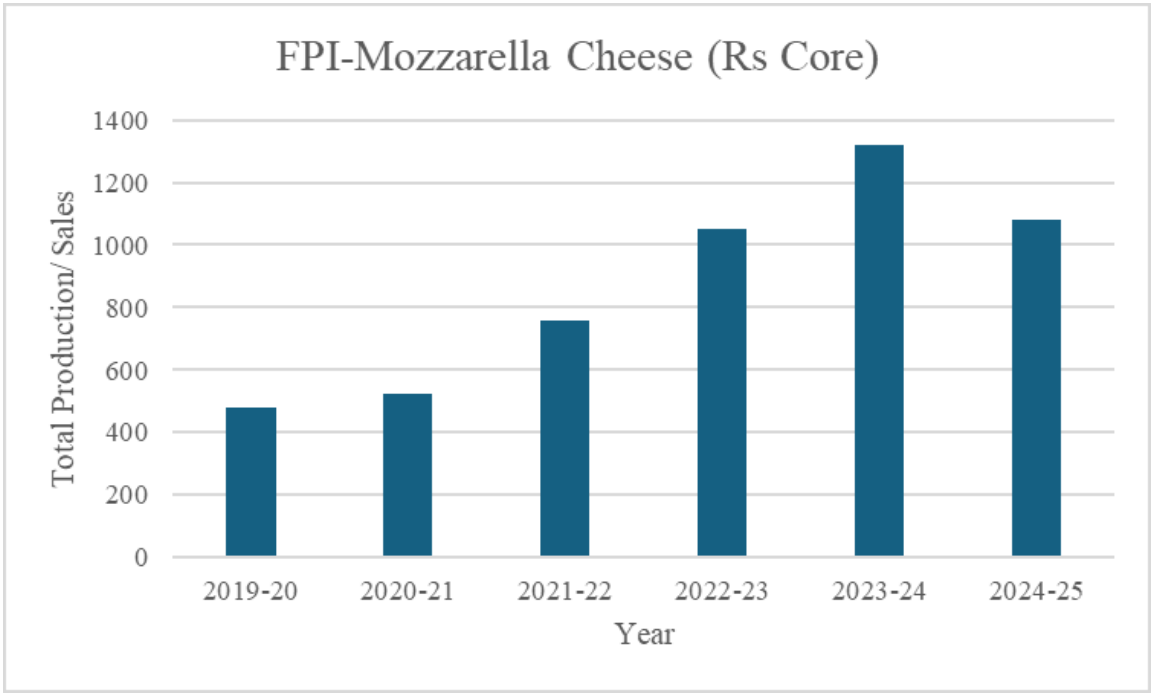
## Sales of Category 1 Subcategories (₹ Crore)



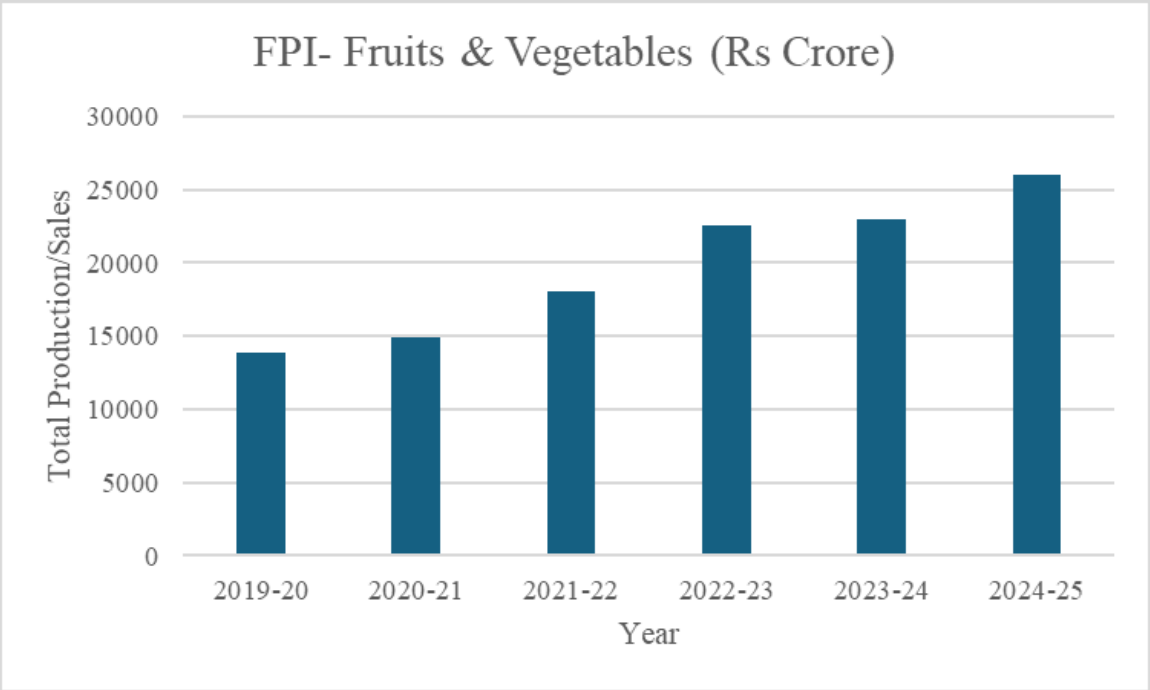

Graph H4




Graph H5

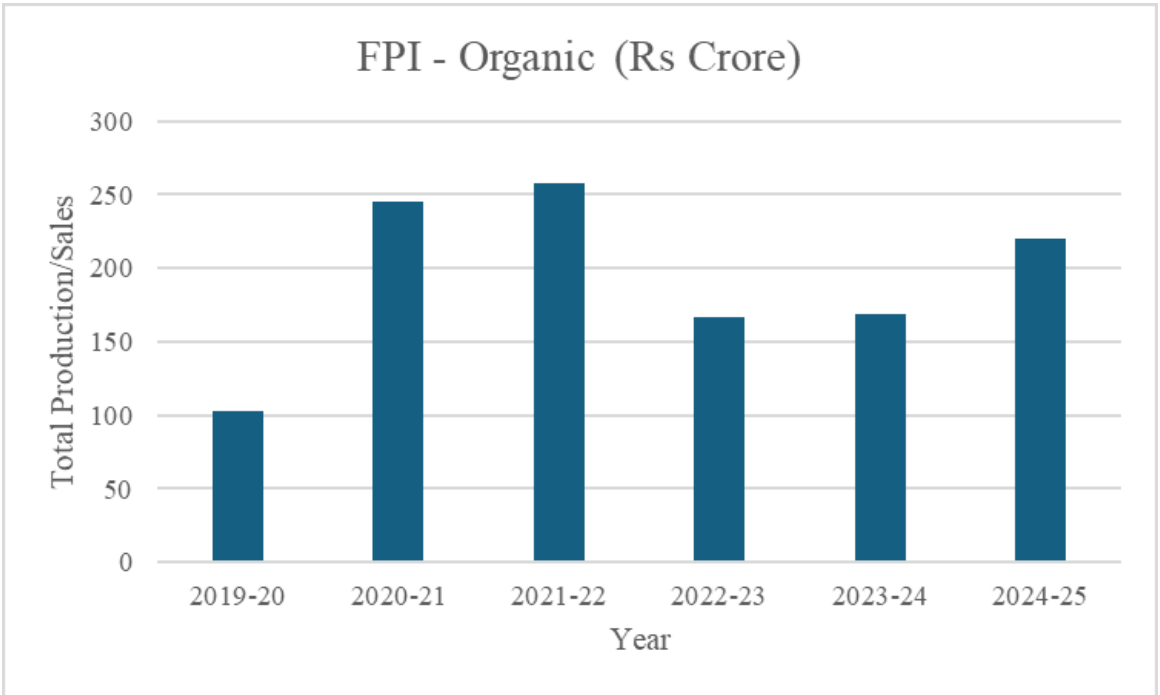



Graph H6

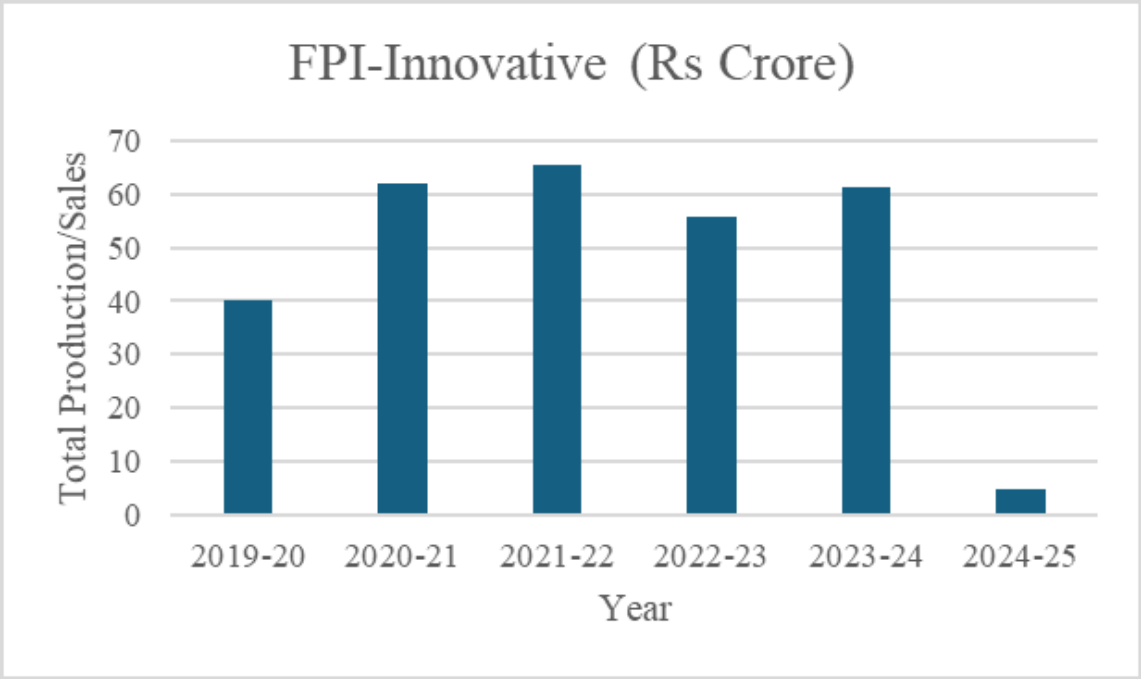



Graph H7

## Sales of Category 2 Sub-categories (₹ Crore)

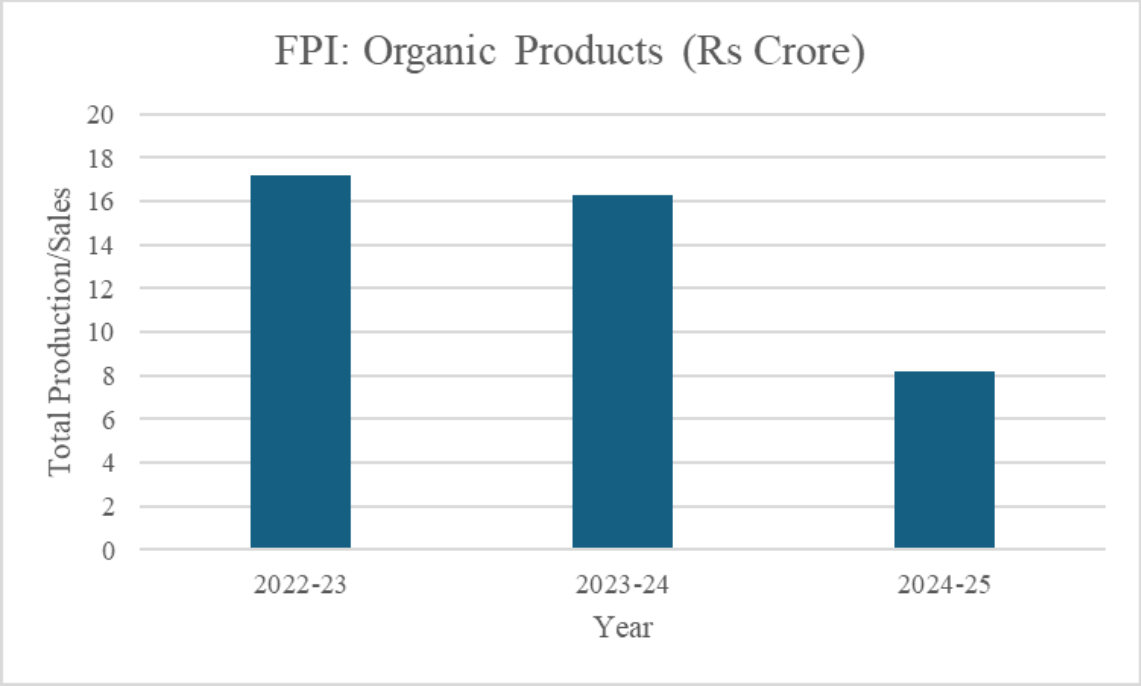



Graph H8

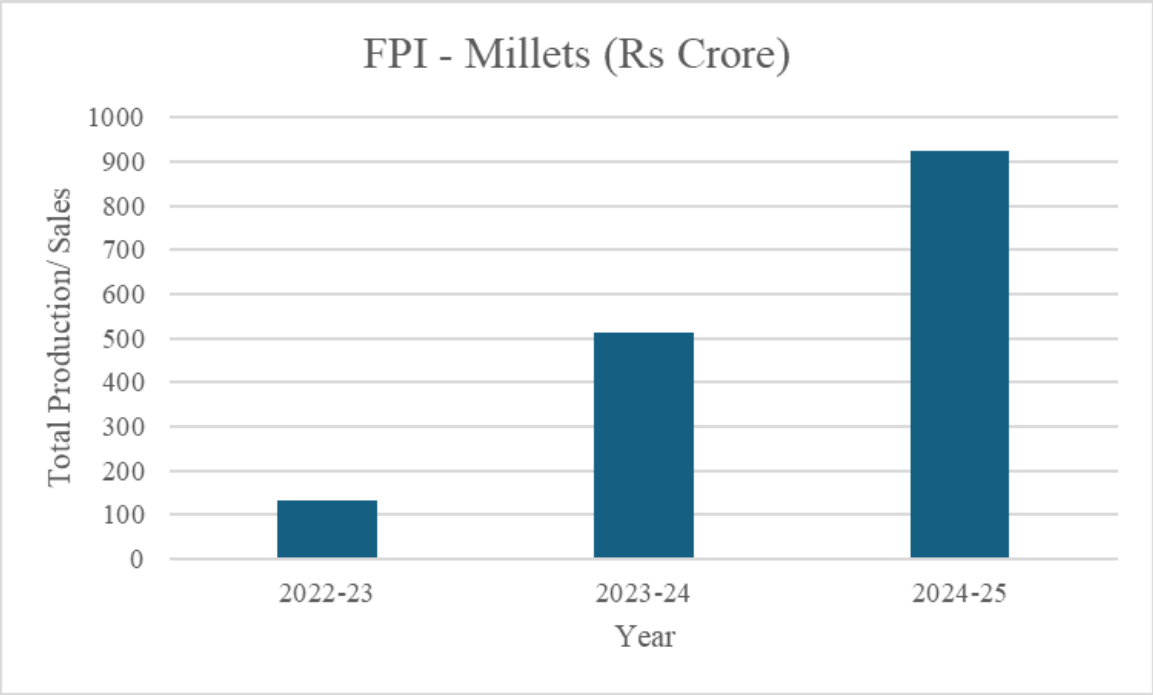



Graph H9

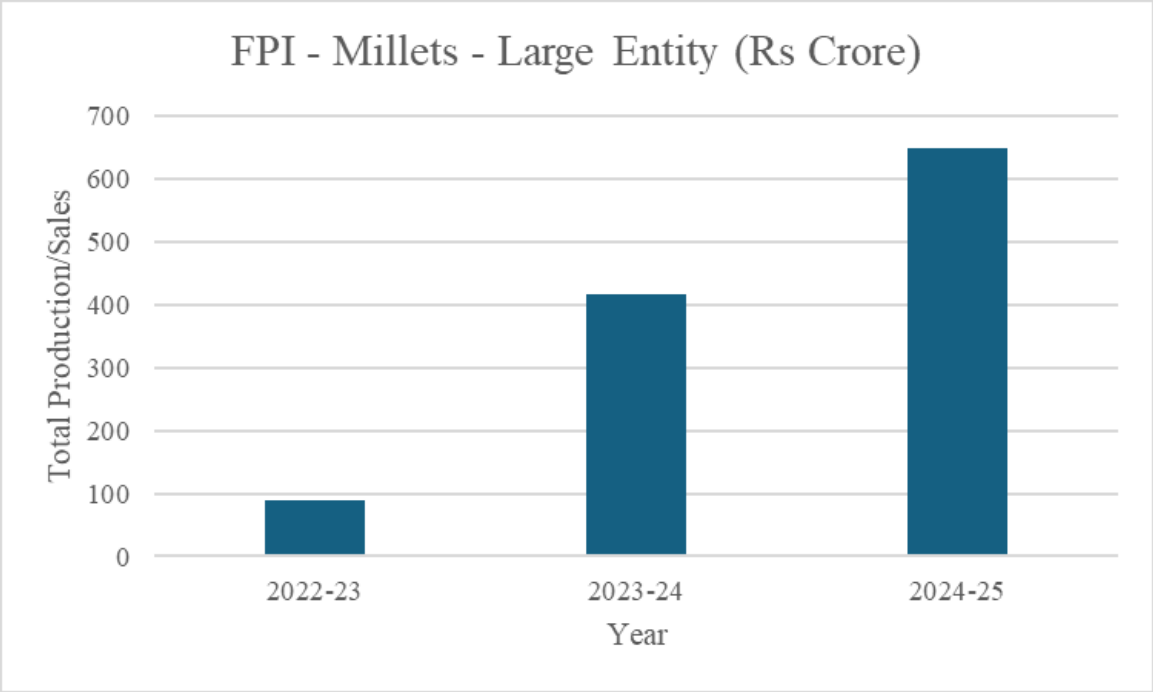
## Sales of round 2 – Millets and Organic Products



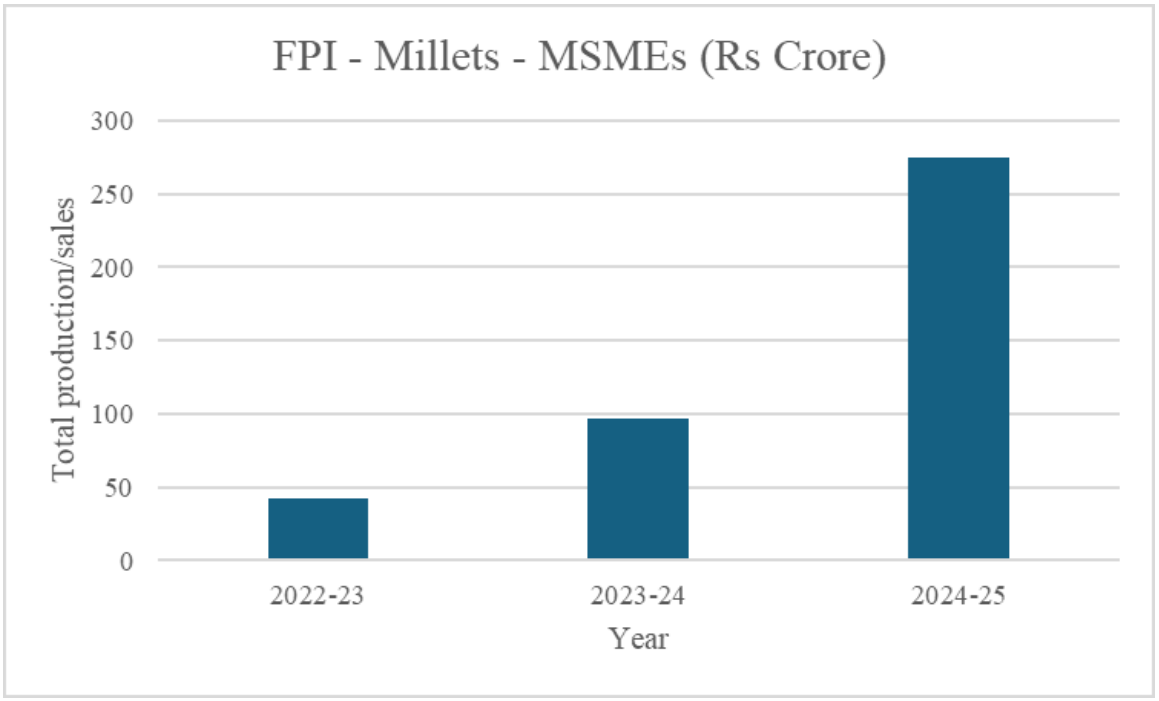

Graph H10




Graph H11

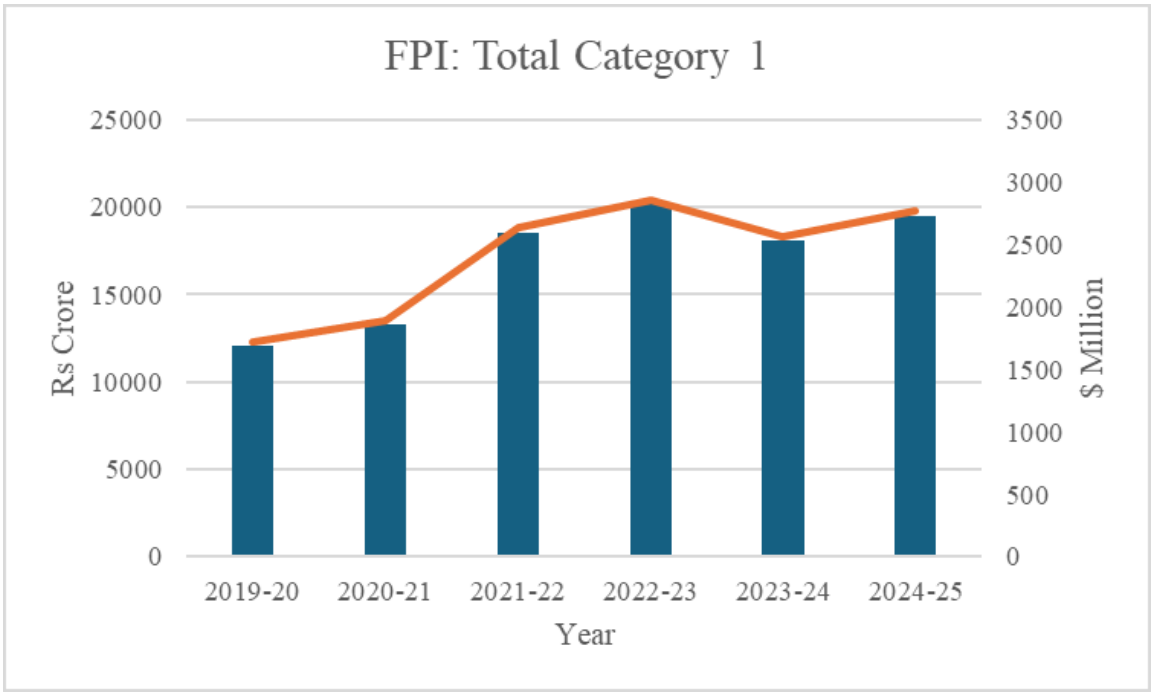



Graph H12

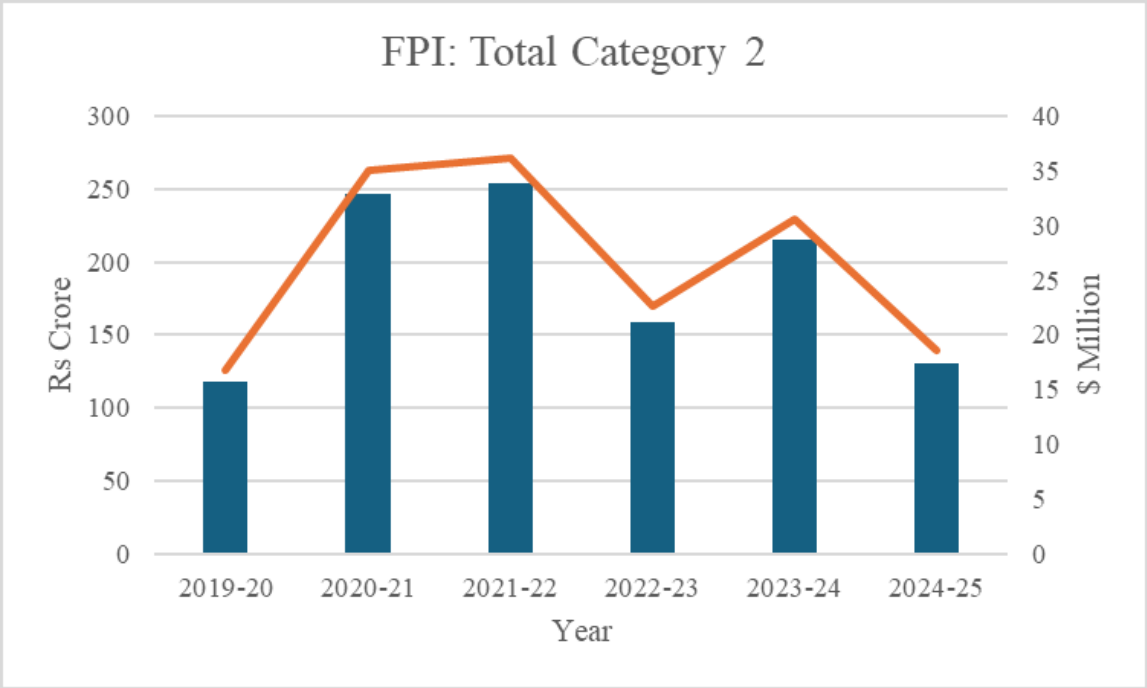



Graph H13

## Overall Exports of Category 1 & Category 2 (₹ Crore)

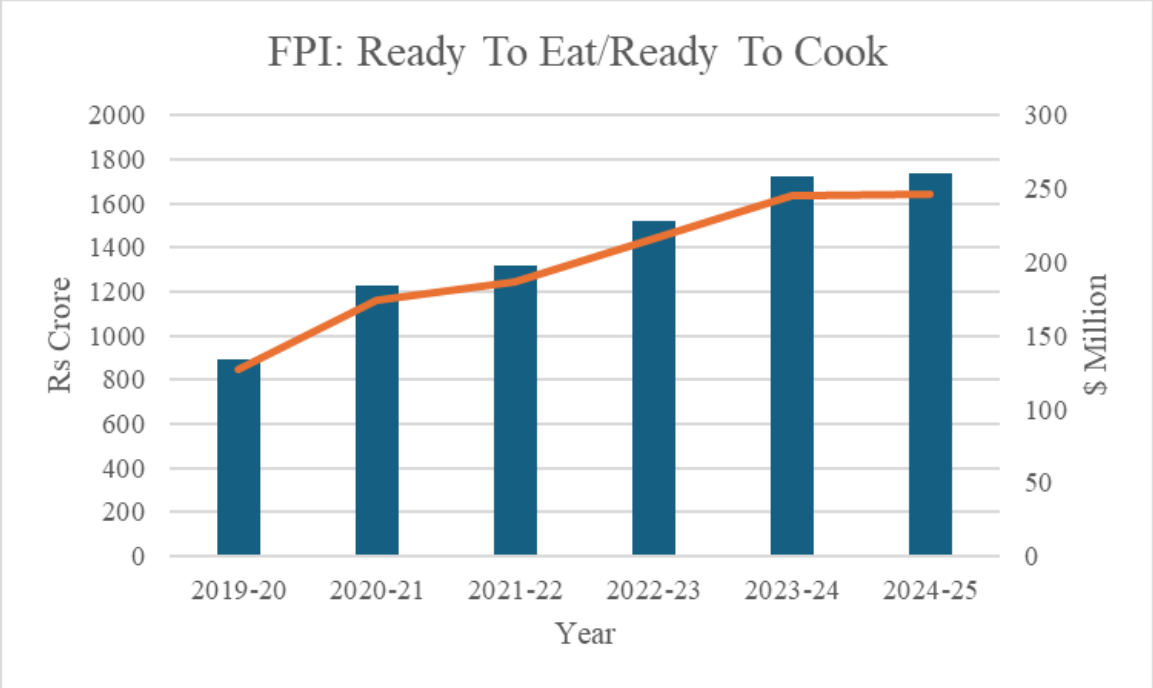



Graph H14

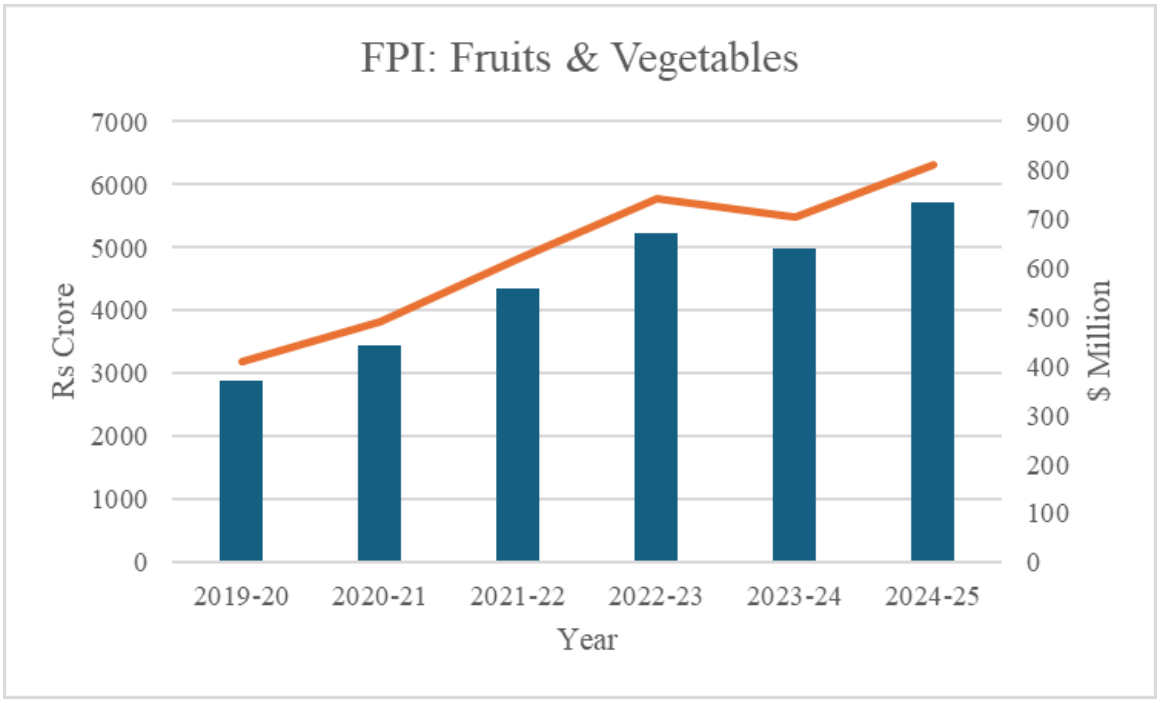



Graph H15

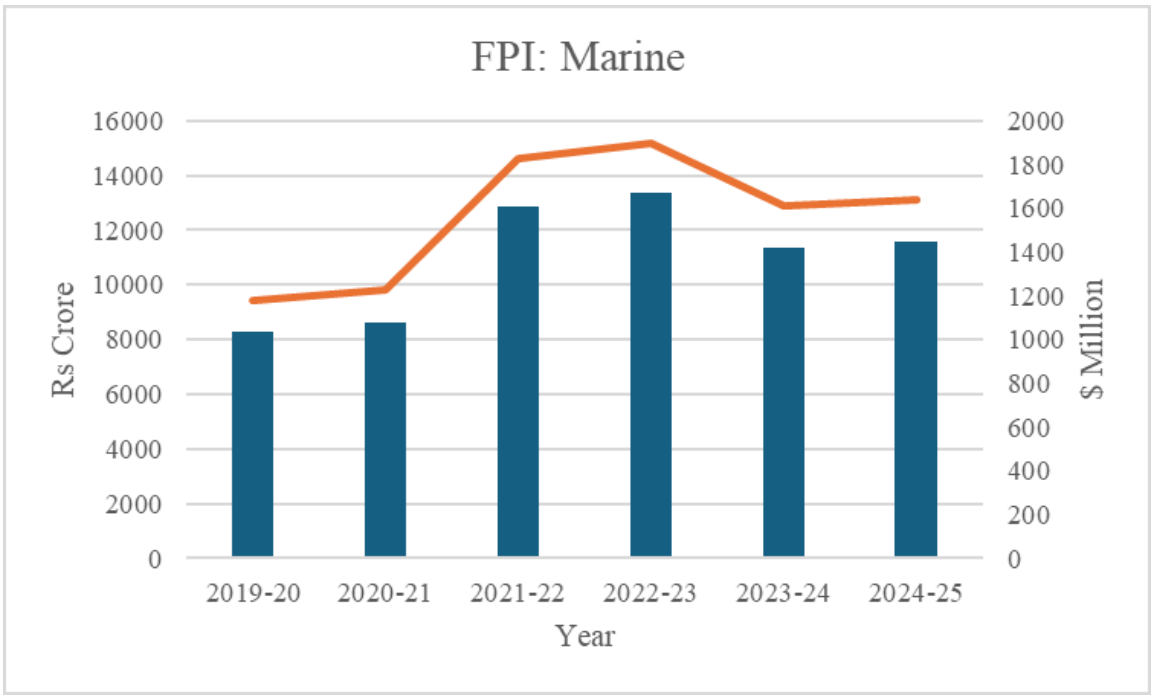
## Exports of Category 1 Sub-categories (₹ Crore)



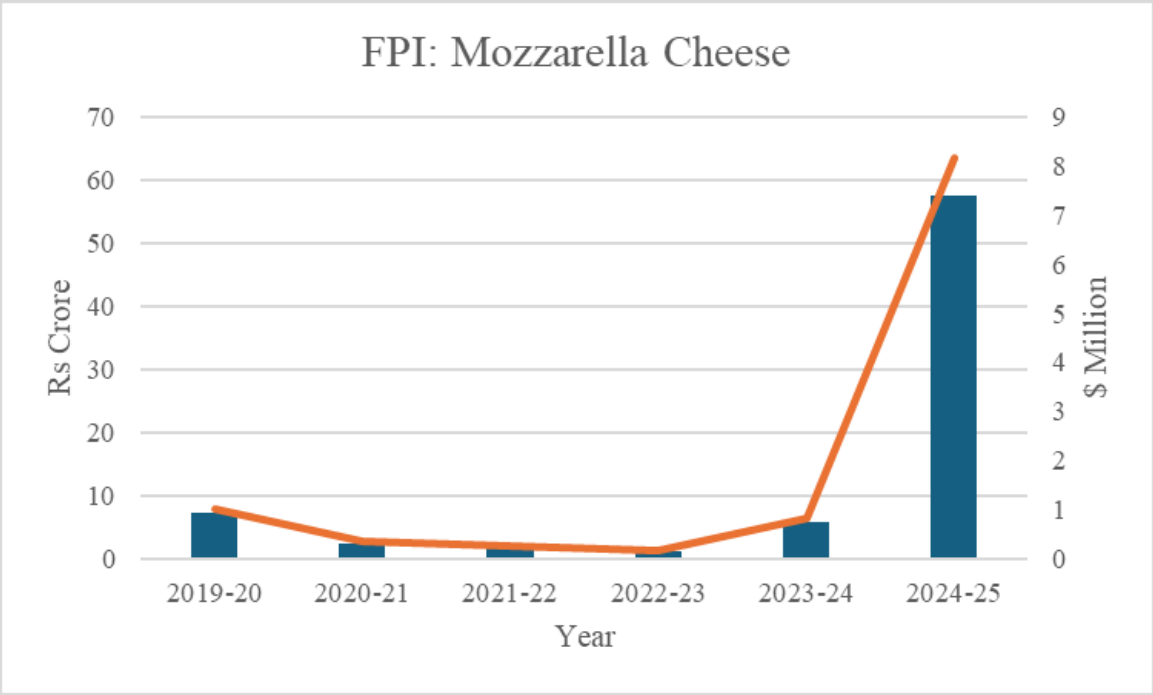

Graph H16




Graph H17

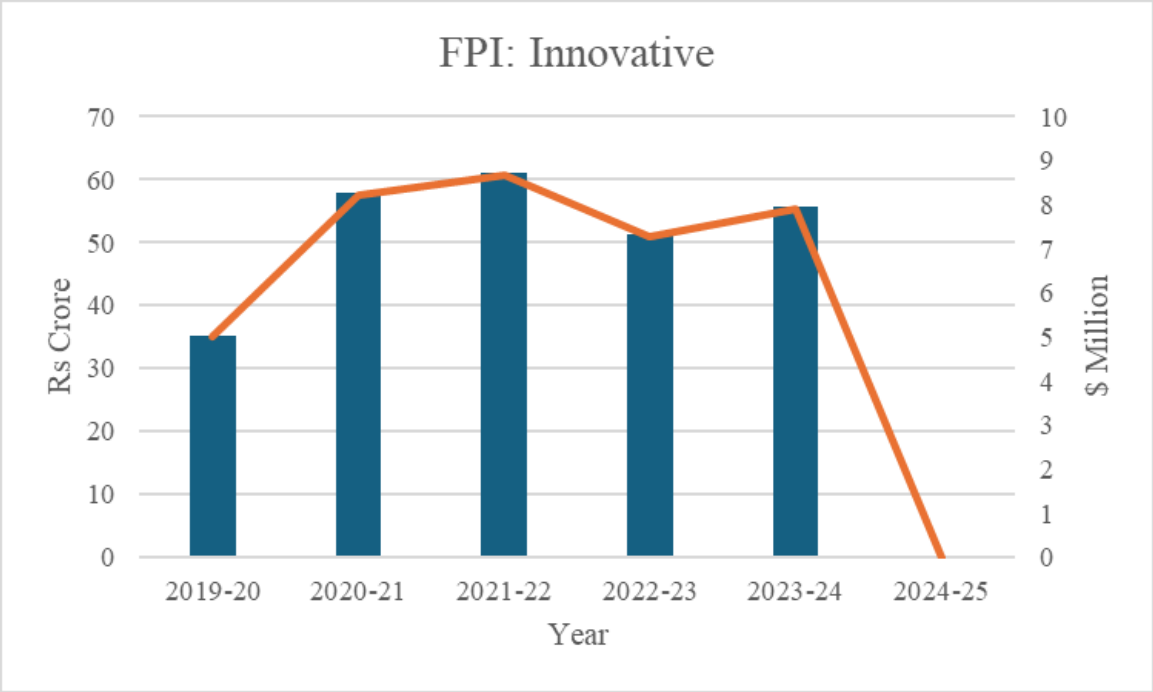



Graph H18

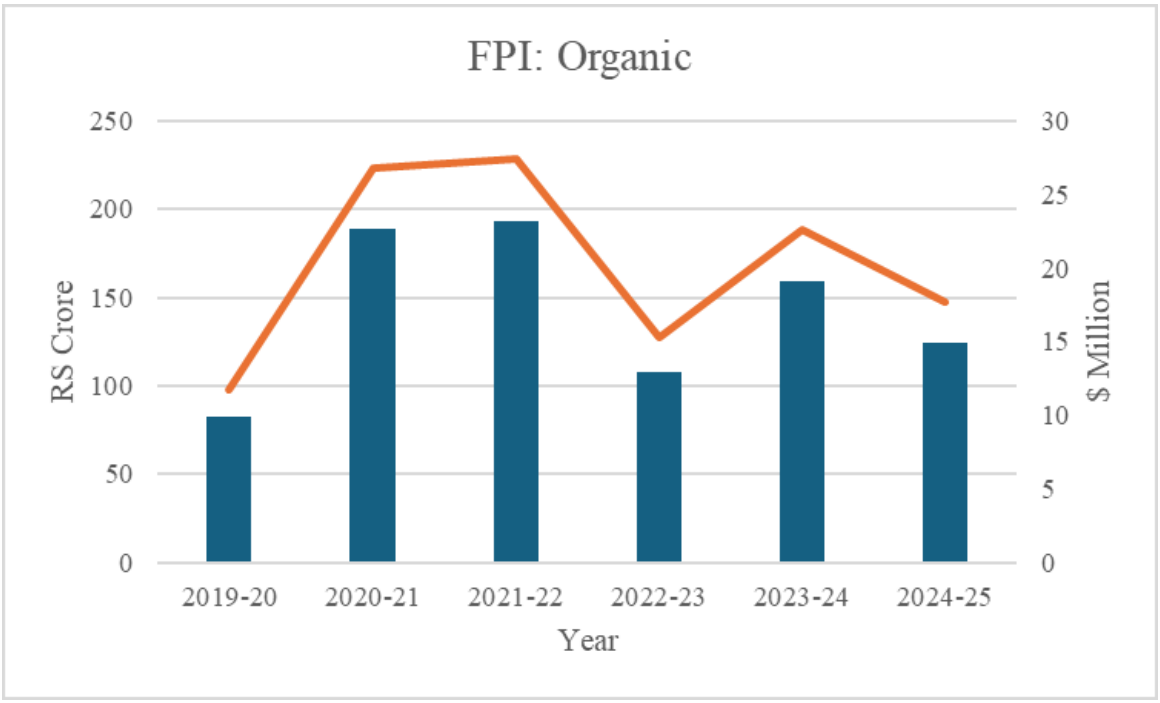



Graph H19

## Exports of Category 2 Sub-categories (₹ Crore)

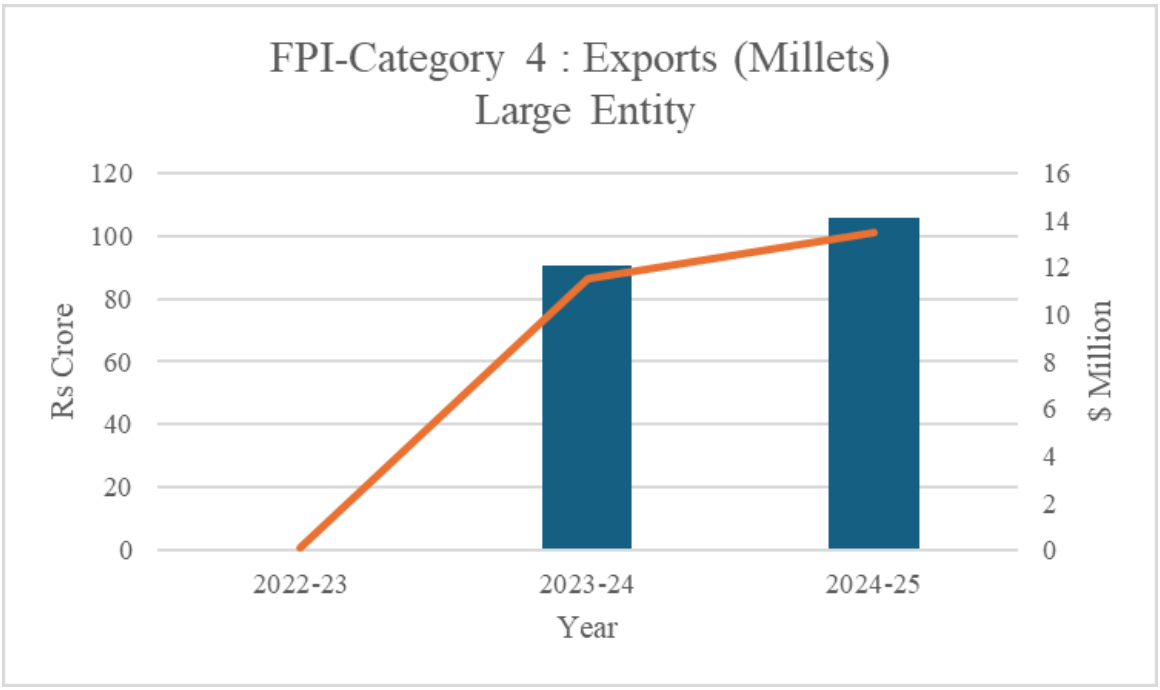



Graph H20

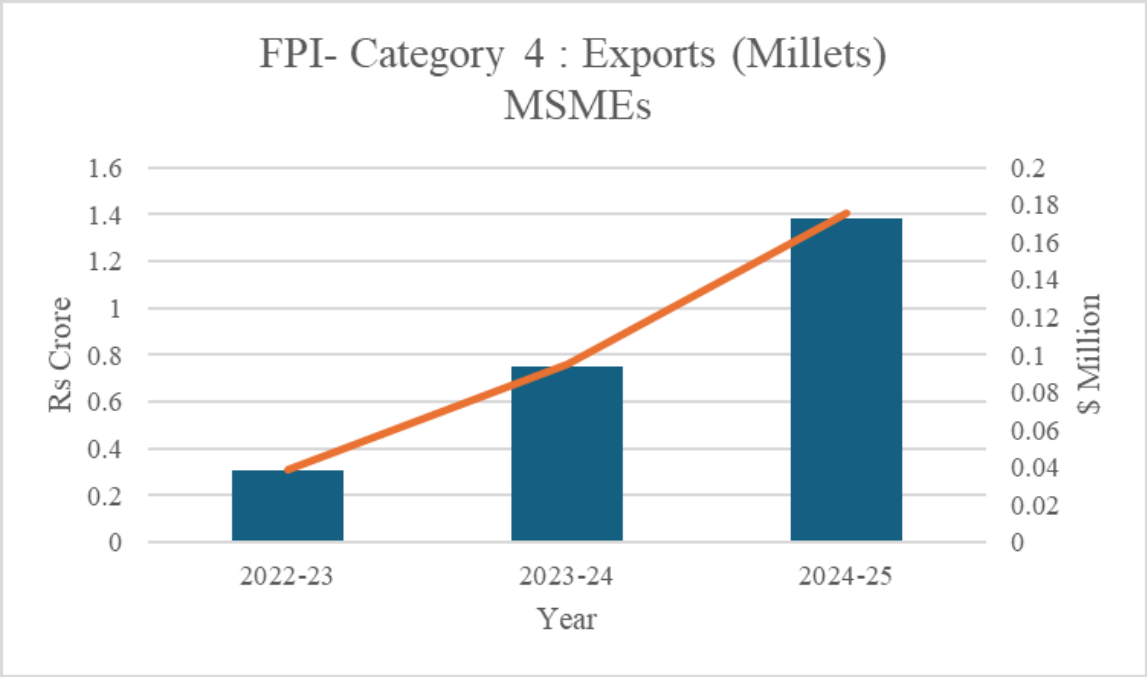



Graph H21

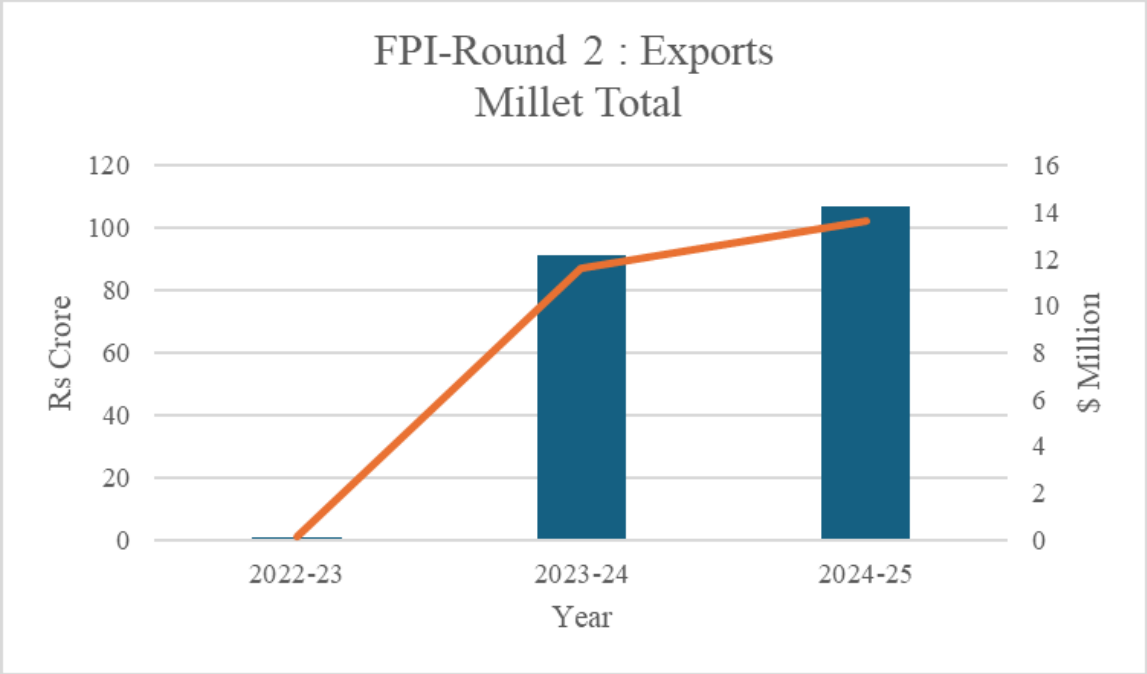
## Round 2: Exports



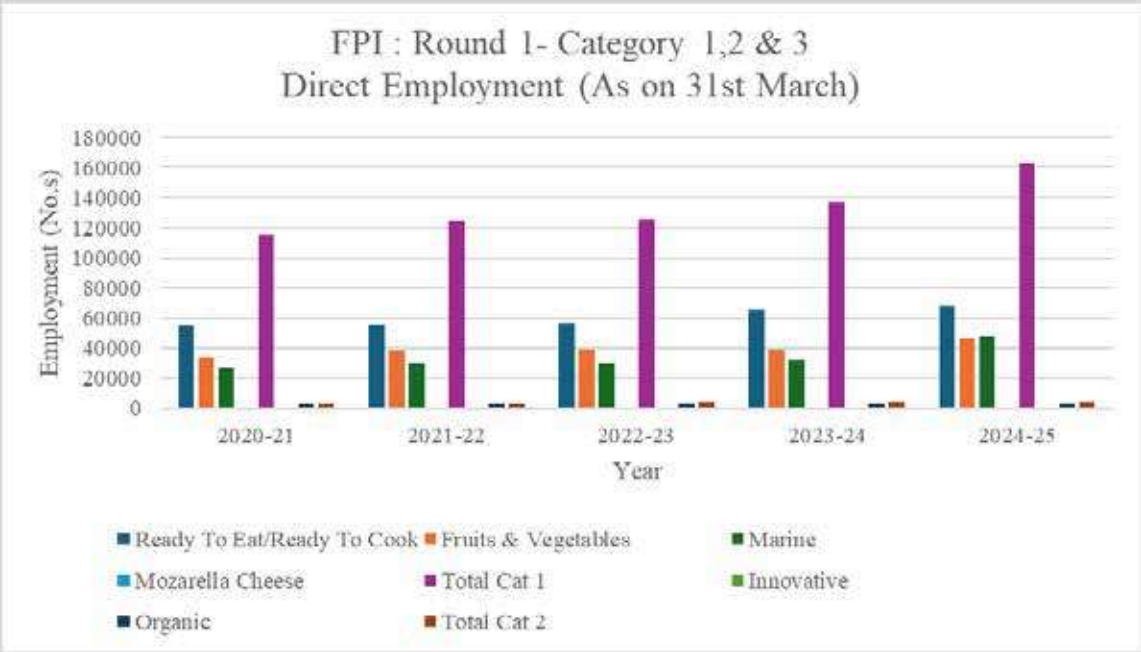

Graph H22



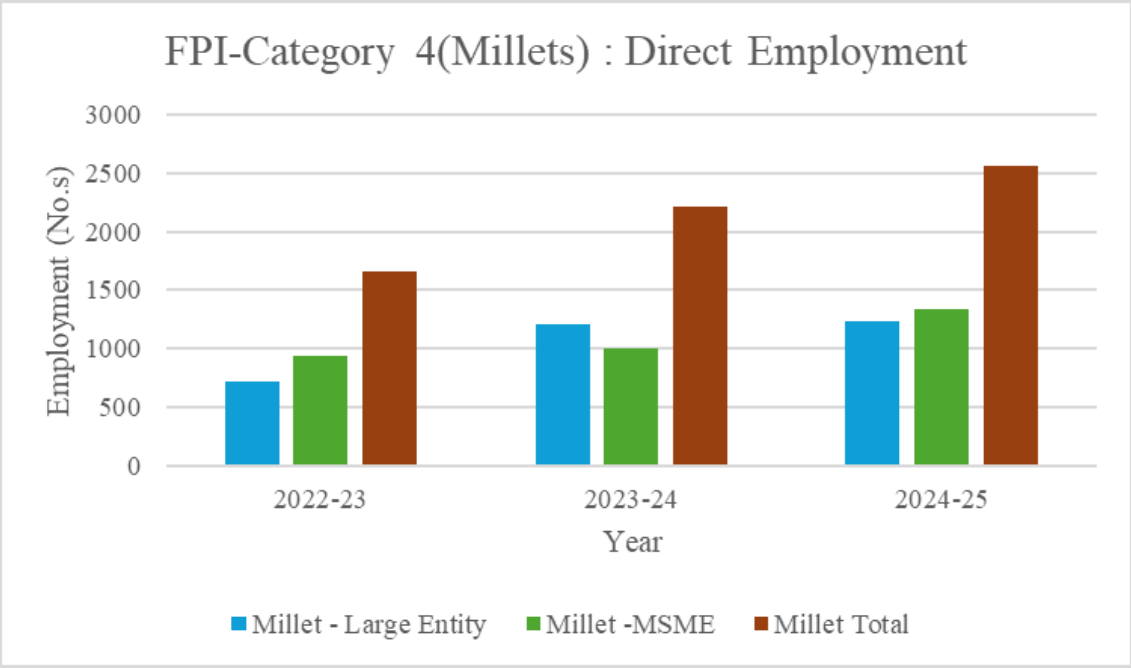

Graph H23




Graph H24

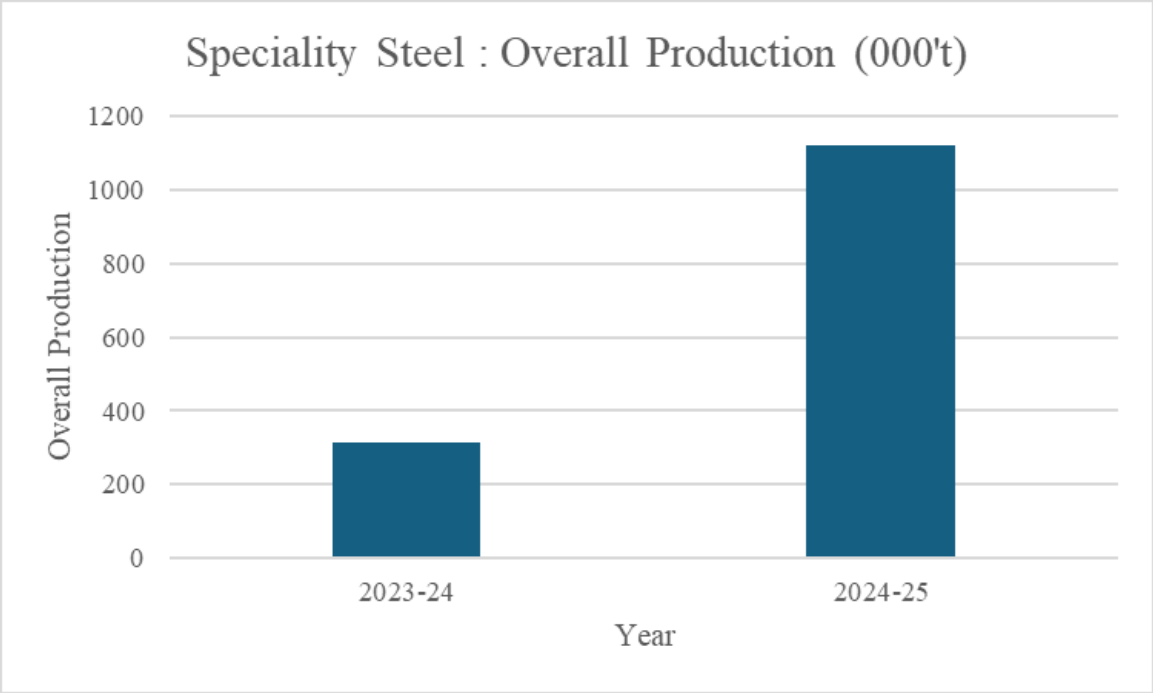



Graph H25




Graph H26

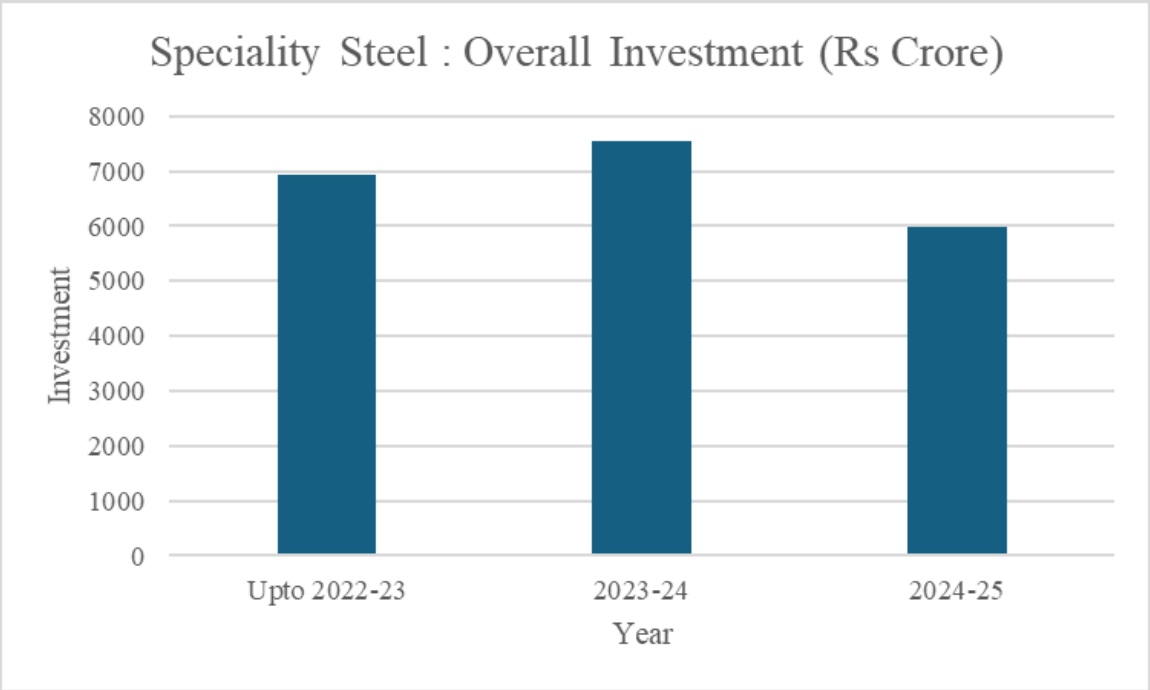
## Speciality Steel




Graph I1




Graph I2


Speciality Steel : Overall Investment (Rs Crore)
8000
7000
6000
5000
4000
3000
2000
1000
0
Investment
Upto 2022-23
2023-24
2024-25
Year

Graph 13



सत्यमेव जयते

NITI Aayog

IIMA

विद्याविनियोगाद्विकास:

