

PLI SCHEME and Opportunities for CAs

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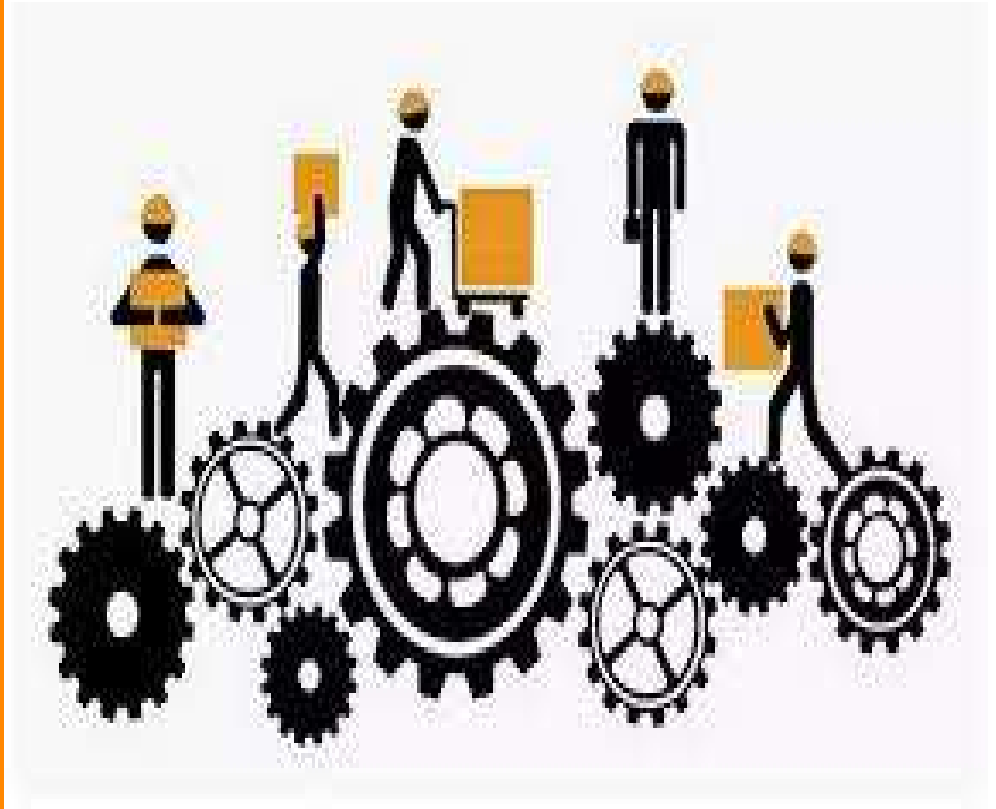
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PLI Scheme



OVERVIEW



Promote Govt's flagship "Make in India program + Aatma Nirbhar Bharat

Scheme was first launched in April 2020 for large scale electronic sector

Extended to 13 target sectors

Financial incentive to boost domestic manufacturing

Attract investments

Overall objectives and contours defined by Central Govt, the fine mechanics of the scheme i.e. implementation by nominated ministry

FOCUS AND OBJECTIVE



- Making India an integral part of the global supply chain and enhance exports
- Coverage of Sectors having growth potential plus generate large scale employment
- Aiming to service consumption trends right from digitalization of economy to globalisation of products
- Attracting manufacturing investments that bring technology and know-how to India

BENEFIT

Incentive

4% to 6% on incremental sales For sectors like food processing - Branding and Marketing Support for globalising brand

Eligibility

Fulfilment of investment and incremental turnover threshold as per sector specific schemes

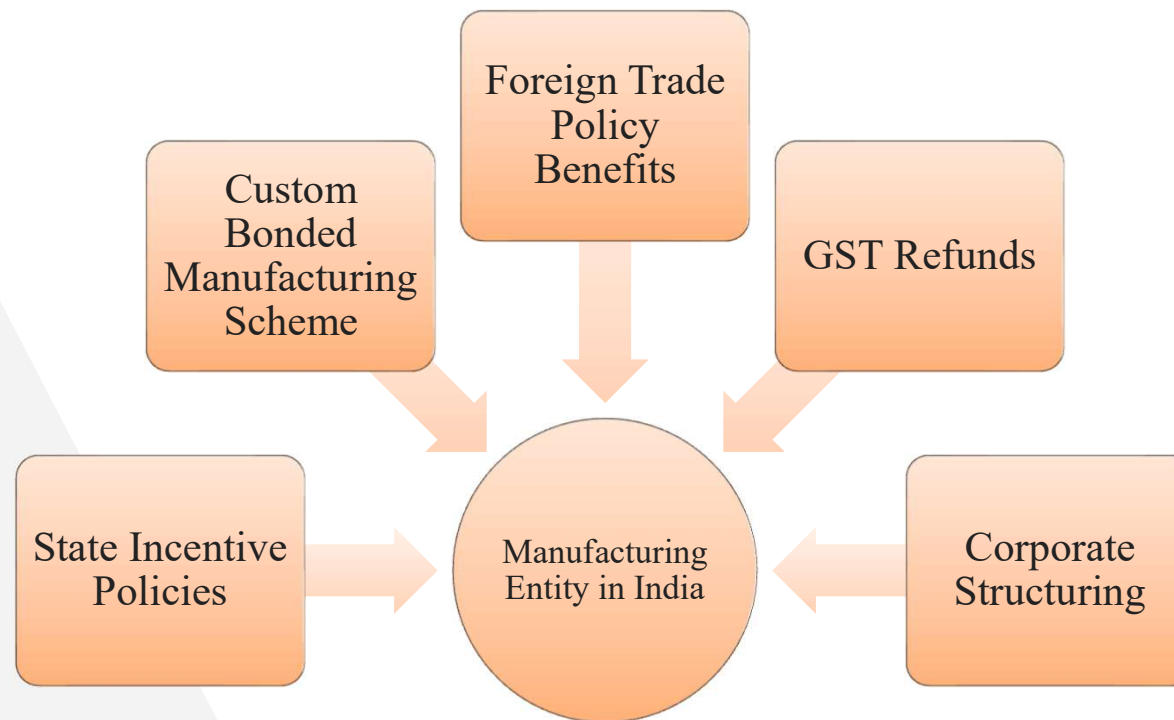
Limit

Incentives capped for each applicant. Possible increase where other applicants are not able to fulfil thresholds

Parallel Benefit

Benefits are mutually exclusive of benefits under other schemes of Central/State Govt

CROSS LINKAGES WITH OTHER SCHEMES



POTENTIAL BENEFICIARIES

Preference to
Companies with
significant global
sales

Businesses intending
to shift manufacturing
facility from other
countries to India

Domestic Players

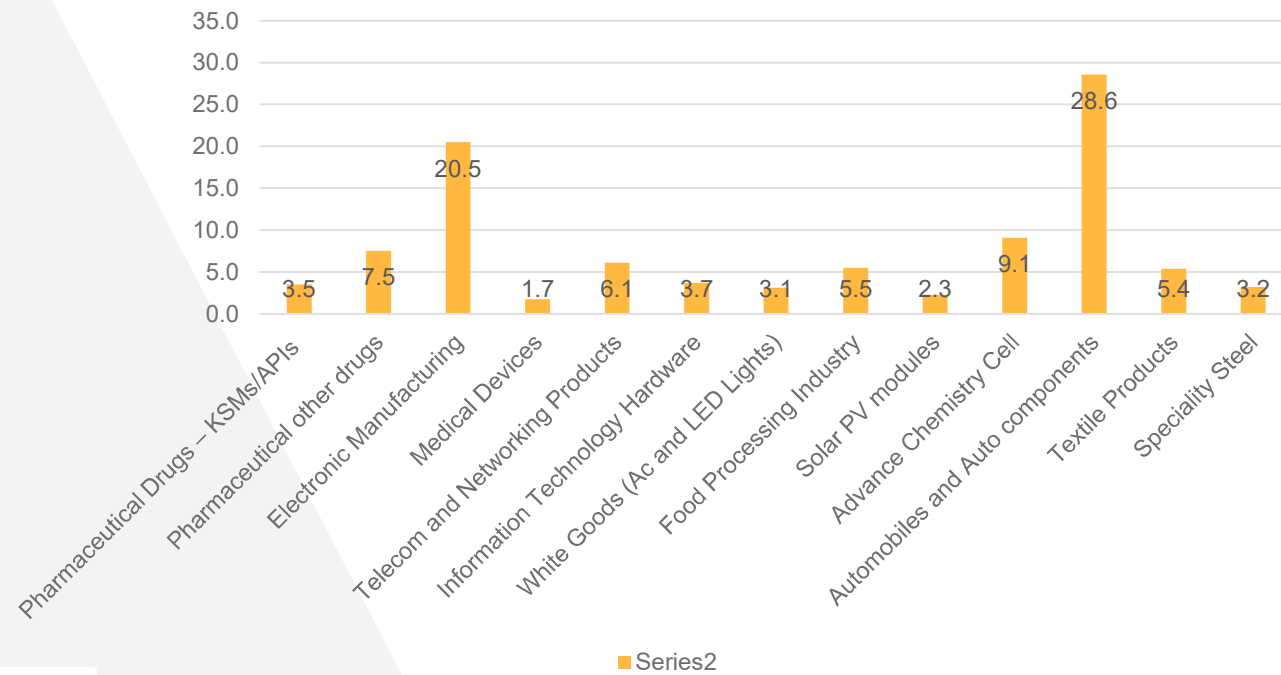
STATUS DETAILS

S. No.	Scheme/ Parameters	Approved by Gov	Policy released	Guidelines	Window Open
1	Pharmaceutical Drugs – KSMs/APIs	Yes	Yes	Yes	29.10.2020- 30.11. 2020 & 30.04.2021-28.07.2021
2	Pharmaceutical drugs	Yes	Yes	Yes	31.07.2021
3	Large Scale Electronic Manufacturing	Yes	Yes	Yes	01.06.2020- 31.07.2020 & 11.03.2021-31.03.2021.
4	Medical Devices	Yes	Yes	Yes	29.10.2020- 30.11. 2020 & 30.04.2021-28.07.2021
5	Telecom and Networking Products	Yes	Yes	Yes	04.06.2020 – 03.07.2020

STATUS DETAILS

S. No.	Scheme/ Parameters	Approved by Gov	Policy released	Guidelines	Window Open
6	Information Technology Hardware	Yes	Yes	Yes	Initially it was 31.03.2021 Extended till 30.04.2021
7	White Goods (Ac and LED Lights)	Yes	Yes	Yes	15.09.2021
8	Food Processing Industry	Yes	Yes	Yes	17.06.2021
9	Solar PV modules	Yes	Yes	Yes	30.06.2021
10	Advance Chemistry Cell (ACC)	Yes	Yes	No	-
11	Automobiles and Auto components	No	No	No	-
12	Textile Products	No	No	No	-
13	Speciality Steel	Yes	No	No	-

OUTLAY SHARE



DETAILS

S. No.	Scheme/ Parameters	Total Outlay	Target Segment	Relevant Ministry
1	Pharmaceutical Drugs – KSMs/APIs	6940 Cr.	Fermentation based KSM/Drugs Intermediaries And Key Chemical Synthesis drugs etc.	Department of Pharmaceuticals
2	Pharmaceutical drugs	15000 Cr.	Bio-pharmaceuticals, Cell based or gene therapy drugs	Department of Pharmaceuticals
3	Large Scale Electronic Manufacturing	40951 Cr.	Specified Electronic Components like PCB, SIP and SMT components etc	Ministry of electronics and information technology
4	Medical Devices	3420 Cr.	Cancer care device, Radiology and imaging devices, Implants and Anaesthetic medical devices etc.	Department of Pharmaceuticals
5	Telecom and Networking Products	12195 Cr	Core Transmission Equipment; Next generation Radio Access Network and Wireless Equipment IOT, Routers etc.	Department of Telecommunications

DETAILS

S. No.	Scheme/ Parameters	Total Outlay	Target Segment	Relevant Ministry
6	Information Technology Hardware	7325 Cr.	Laptops, Tablets, All-in-One PCs, and Servers	Ministry of Electronics and Information Technology
7	White Goods (Ac and LED Lights)	6238 Cr.	ACs, LED Lights, Components of LED Lights	Department for Promotion of Industry and Internal Trade.
8	Food Processing Industry	10900 Cr.	Ready to Cook food, Processed Fruits and Vegetables Marine Products etc	Ministry of Food Processing Industry
9	Solar PV modules	4500 Cr.	Solar PV cells and module manufacturing units	Ministry of New and Renewable Energy
10	Advance Chemistry Cell	18100 Cr.	ACC Batteries	Department of Heavy Industries

DETAILS

S. No.	Scheme/ Parameters	Total Outlay	Target Segment	Relevant Ministry
11	Automobiles and Auto components	57042 Cr.	Automobile and Auto Components	Department of Heavy Industries
12	Textile Products	10683 Cr.	Man-Made Fibre Segment and Technical Textiles	Ministry of Textiles
13	Speciality Steel	6322 Cr.	Coated Steel, High Strength Steel, Steel Rails and Alloy Steel Bars and Rods	Ministry of Steel

BROAD FRAMEWORK

Eligible Person

- Entity engaged in manufacture of goods falling within Target Sector
- Different treatment to Domestic and Foreign company
- Contract manufacturers included in certain schemes

Eligible Product

- Benefits restricted to notified goods falling within target sector. Lists given in the scheme itself.
- Product can be manufactured either in existing or new manufacturing facility

Scheme Period

- Normally 4-6 years
- Fresh applications can be re-opened during Scheme period

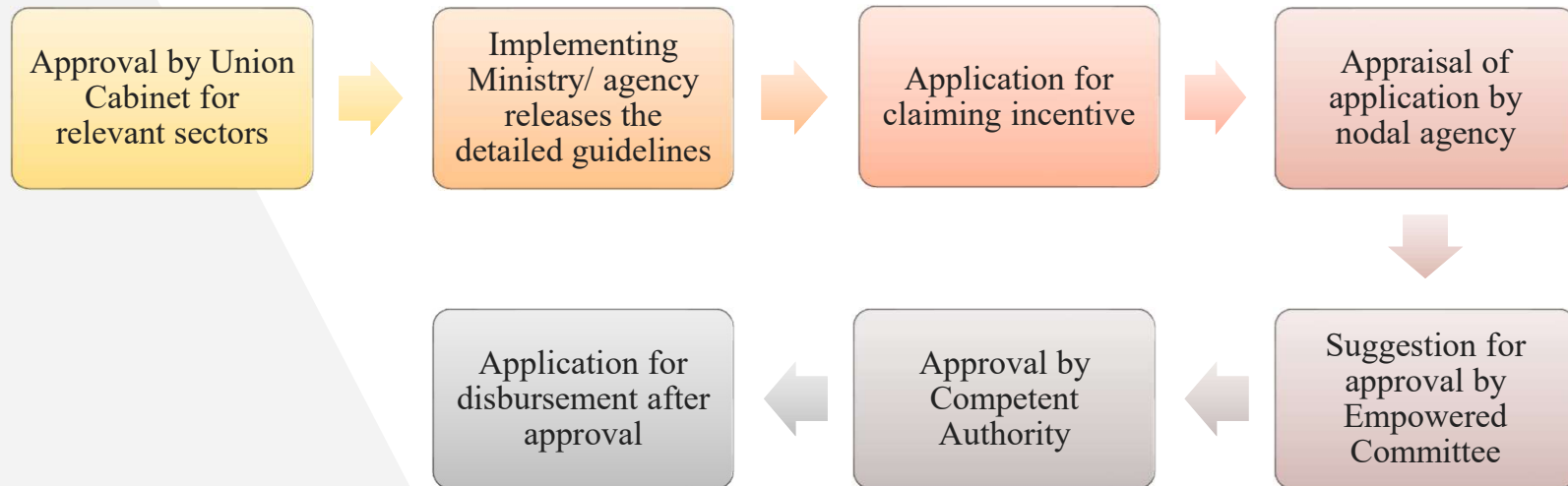
Investment Criteria

- Incremental investment over base year
- Separate thresholds for each scheme

Sales Criteria

- Incremental sales over base year
- Separate thresholds for each scheme

PROCEDURE



WTO COMPLIANT

WTO Agreement on Subsidies and Countervailing Measures prohibits subsidies in two scenarios:

- Subsidies contingent on export performance
- Subsidies contingent upon use of domestic over imported goods



WORLD TRADE
ORGANIZATION

White Goods



OVERVIEW

Air Conditioners

- Air Conditioners (Components – High value intermediates or low value intermediates or sub assemblies or combination thereof
 - Large investment
 - Normal investment
- High Value Intermediates (Copper Tubes, Aluminium Foil and Compressors)
- Low Value intermediates (PCB assembly for controllers, BLDC motors, service valves, and cross flow fans for AC and other components)

LED Lights

- LED Lighting Products (Core Components like LED Chip packaging, resistors, ICs, Fuses etc.)
 - Large investment
 - Normal investment
- Components of LED Lighting Products (like LED Chips, LED Drivers, LED Engines, Mechanicals, Packaging, Modules, Wire Wound Inductors and other components
 - Large investment
 - Normal investment

PRE-REQUISITES

(Rs. in Crore)

S.No.	Target Segment	Large Investments			Normal Investments		
		Gross Block	Global Revenue	Net Worth	Gross Block	Global Revenue	Net Worth
1	AC (Components)	300	1500	180	150	600	90
2	AC (High Value Intermediaries)	200	1000	120	125	500	75
3	AC (Low Value Intermediaries)	50	250	30	25	100	15
4	LED (Core Components)	150	750	90	50	200	30
5	LED (Components)	12	60	7.5	5	20	3

INVESTMENT ELIGIBILITY

Includes	Excludes
New Plant, machinery, equipment	Equipment located outside country
Tools, dies, moulds, jigs, fixtures (even if located outside premises)	Equipment without valid documents
Packaging Freight, transport, insurance, erection, commissioning	Investment in land and building (including factory building or construction)
Associated Utility – Captive power and affluent treatment plant, IT/ITES infra relating to manufacturing	Investment in R&D over 15% of committed investment
Non-creditable taxes and duties	Investment in Transfer of Technology over 5% of committed investment
	Revenue Expenditure on R&D

QUANTUM OF INCENTIVE FOR AC

Rs. Crore									
Sl.	Segment	Year	PLI @	MINM. Cum. Incr. Investment	MINM. Incr. Sale	MINM. PLI	MINM. Cum. Incr. Investment	MINM. Incr. Sale	MINM. PLI
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				LARGE INVESTMENT			NORMAL INVESTMENT		
1	ACs (Components [®])	2021-22		150			50		
		2022-23	6%	300	750		100	250	
		2023-24	6%	400	1500	45	150	500	15
		2024-25	5%	500	2000	90	225	750	30
		2025-26	5%	600	2500	100	300	1125	38
		2026-27	4%		3000	125		1500	56
		2027-28				120			60
		Total		600	9750	480	300	4125	199
2	High Value intermediates of ACs*	2021-22		50			50		
		2022-23	6%	125	250		100	250	
		2023-24	6%	200	625	15	150	500	15
		2024-25	5%	300	1000	38	200	750	30
		2025-26	5%	400	1500	50	250	1000	38
		2026-27	4%		2000	75		1250	50
		2027-28				80			50
		Total		400	5375	258	250	3750	183
3	Lower value intermediates of ACs#	2021-22		20			10		
		2022-23	6%	40	100		20	50	
		2023-24	6%	60	200	6	30	100	3
		2024-25	5%	80	300	12	40	150	6
		2025-26	5%	100	400	15	50	200	8
		2026-27	4%		500	20		250	10
		2027-28				20			10
		Total		100	1500	73	50	750	37

QUANTUM OF INCENTIVE FOR LED

Rs. Crore

Sl.	Segment	Year	PLI @	MINM. Cum. Incr. Investment	MINM. Incr. Sale	MINM. PLI	MINM. Cum. Incr. Investment	MINM. Incr. Sale	MINM. PLI
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				LARGE INVESTMENT			NORMAL INVESTMENT		
1	LED Lights (Core Components)#	2021-22		100			20		
		2022-23	6%	150	600		40	120	
		2023-24	6%	200	900	36	60	240	7
		2024-25	5%	250	1200	54	80	360	14
		2025-26	5%	300	1500	60	100	480	18
		2026-27	4%		1800	75		600	24
		2027-28				72			24
		Total		300	6000	297	100	1800	88
2	Components of LED Lights*	2021-22		5			2		
		2022-23	6%	10	30		4	12	
		2023-24	6%	15	60	2	6	24	1
		2024-25	5%	20	90	4	8	36	1
		2025-26	5%	25	120	5	10	48	2
		2026-27	4%		150	6		60	2
		2027-28				6			2
		Total		25	450	22	10	180	9

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Advanced Chemistry Cell (ACC)



OVERVIEW

- Cabinet Approval Received on 12th May 2021 for ‘National Programme on Advanced Chemistry Cell (ACC) Battery Storage’ and Notification issued on 9th June 2021.
- Concerned Department for implementing the Scheme would be Department of Heavy Industry
- The manufacturing facility would have to be commissioned within a period of two years.
- The incentive will be disbursed thereafter over a period of five years.

Budgetary Provision	FY	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	Subsidy (INR Cr)	Setting Up of Manufacturing Facilities		2700	3800	4500	4300	2800	18100

- Each selected ACC battery Storage manufacturer would have to commit to set-up an ACC manufacturing facility of minimum five (5) GWh capacity and ensure a minimum 60% domestic value addition at the Project level within five years.

ACCs are the new generation of advanced storage technologies that can store electric energy either as electrochemical or as chemical energy and convert it back to electric energy as and when required

OVERVIEW

- Calculation of disbursement of subsidy:

Applicable amount per Kilowatt hour X

Percentage of value addition achieved during the period X

Actual sale of ACC (in Kwh)

- Incentive will not be offered to conventional battery pack segment of the industry.
- The amount of cash subsidy shall be distributed quarterly.
- The total annual cash subsidy to be disbursed by the Government will be capped at 20GWh per beneficiary firm.
- To ensure a single window mechanism for the potential investors, a state level grand challenge will be initiated including provision for encumbrance free land, trunk infrastructure facilities, power at rationale rate to the potential investors for attracting the projects in their states.
- The consumer electronics, electric vehicles, advanced electricity grids, solar rooftop etc. which are major battery consuming sectors are expected to benefit in the coming years.

Auto Sector



OVERVIEW

- * As per various information in the public domain including newspapers:
 - Benefit to the extent of 2 to 12 percent of the incremental sales possible
 - It is expected that strict and high eligibility criteria may come in
 - A company would qualify for PLI only if has a revenue of Rs 1000 crore (Rs 100 crore for component makers) from overseas operations, Rs 10,000 crore overall revenue (Rs 500 crore for component makers) and an global investment of Rs 3000 crore (Rs 150 crore for component sector).
 - For new non-automotive entities, the PLI will be offered to companies that have global net worth of Rs 1000 crore and have committed at least Rs 2,000 crore investment in India over a 5 year horizon. This investment will have to show plan on growth of revenue from automotive and auto component manufacturing.
 - Under the PLI scheme, four plans for the automotive sector have been proposed :
 - sourcing incentive scheme,
 - champion OEM incentive scheme,
 - logistic cost linked incentive scheme, and
 - component champion incentive scheme
 - Electric Vehicles to be given priority and push

Textile Sector



OVERVIEW

- Targeting elevated production in 50 (40 man-made fibre and 10 technical textile) product categories.
- Extended over a five year starting from FY 2022
- The incentives may be ranging from 7% to 11%.
- The highest incentive–11%–is meant for large investments of over Rs 500 crore in greenfield projects. The benefit, however, is linked to an incremental turnover of Rs 1,500 crore in the first year and a 25% rise in turnover each year after that.
- The MMF category largely covers garments covered in Chapter 61 and 62 of the Customs Tariff Act like jerseys, pullovers, trousers, socks and shirts of man-made fibres. The technical textile category may cover products like diapers, adhesive dressings, bandages and safety airbags, as covered under some specific HSNs under chapter 30, 39 or 59 of the Customs Tariff Act.
- It is expected that the benefit may be available for both greenfield and brownfield projects.
- Industry representations have been made to include synthetic fibre like nylon, polyester etc.
- Special Allocation to MSME sector

As per various information in the public domain including newspapers

Speciality Steel Sector

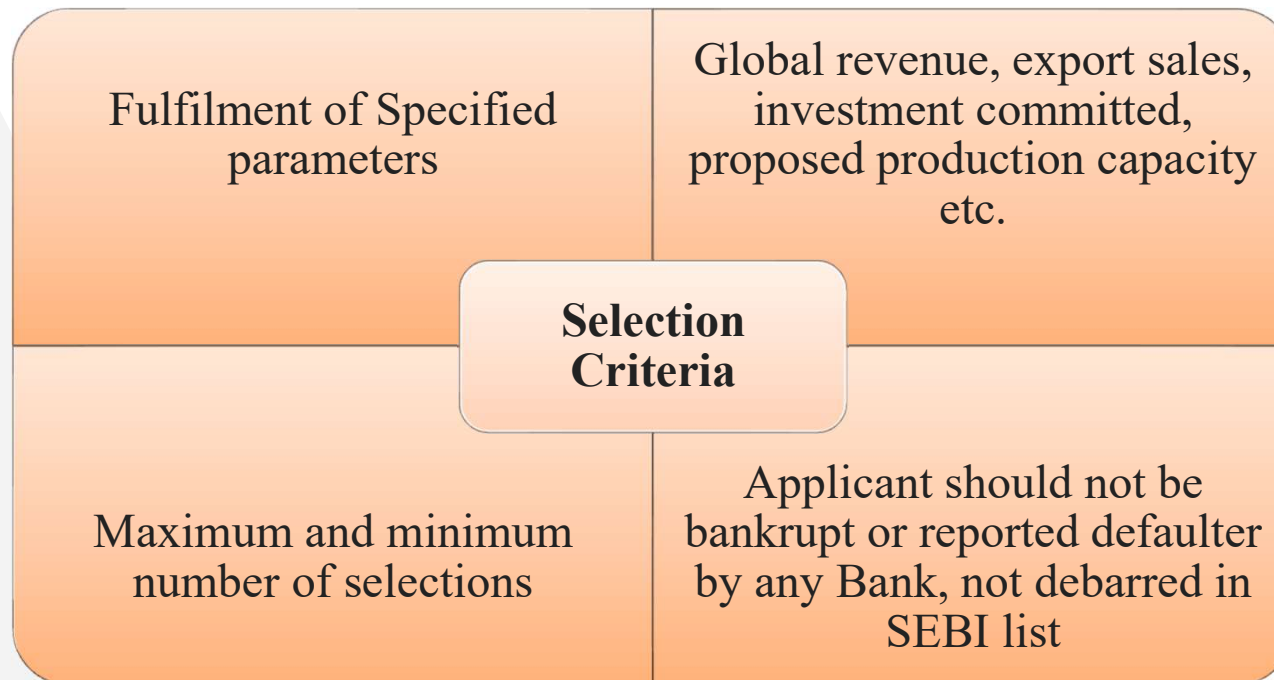


OVERVIEW

- Specialty steel is value added steel wherein normal finished steel is worked upon by way of coating, plating, heat treatment, etc to convert it into high value added steel which can be used in various strategic applications like Defence, Space, Power, apart from automobile sector, specialized capital goods etc.
- There are 3 slabs of PLI incentives, the lowest being 4 % and highest being 12% which has been provided for electrical steel (CRGO).
- The duration of the scheme will be five years, from 2023-24 to 2027-28
- The five categories of specialty steel which have been chosen in the PLI Scheme are:
 - A. Coated/Plated Steel Products
 - B. High Strength/Wear resistant Steel
 - C. Specialty Rails
 - D. Alloy Steel Products and Steel wires
 - E. Electrical Steel
- Meanwhile, Stainless steel, alloy steel, and TMT producers are also eyeing a share in the PLI scheme but the Ministry is yet to incorporate their demands.

**As per various information in the public domain including newspapers*

GENERAL SELECTION PARAMETERS



CONSEQUENCES ON NON-FULFILMENT OF COMMITMENTS

- No benefit for that particular year
- If the applicant does not meet the committed investment, Bank Guarantee shall be invoked, and the applicant shall not be eligible for the scheme
- For delay in meeting the investment schedule, a specified percentage of eligible incentive amount may also be deducted
- If the applicant is found ineligible at any stage or declines the offer of approval, they shall be removed from the scheme and bank guarantee may be invoked



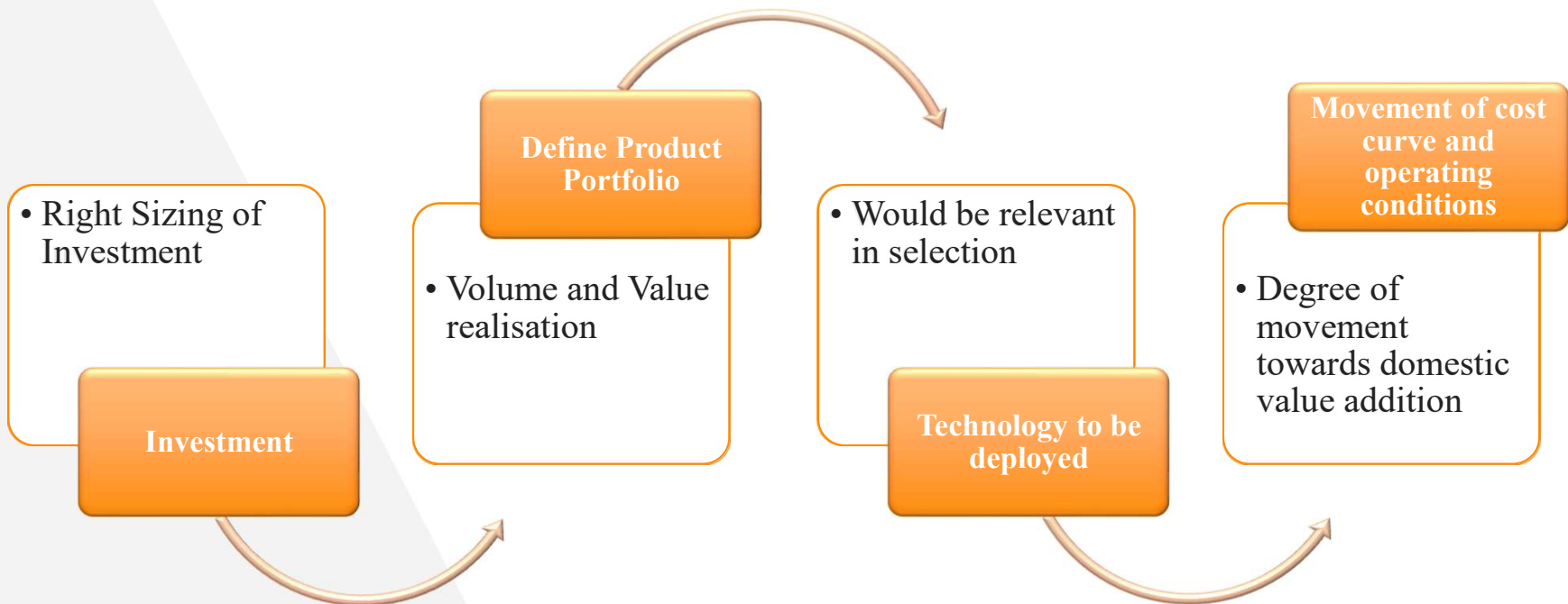
WAY FORWARD

- Evaluate Coverage and Eligibility under the relevant Scheme.
- Representation before the relevant authority
- Applications under PLI Scheme are to be taken in a time bound manner.
- Timely tracking of new releases and seeking clarifications is essential
- Preparation of robust application



Opportunity for Chartered Accountants

PLANNING



HOW CAs CAN ASSIST

Phase 1

Evaluation and Application under PLI



Phase 2

Post Selection Assistance



PHASE 1

Evaluation of eligibility of the entity under the scheme based on the products manufactured and other criteria

Discussion with the management on the basis/strategy of preparation of application, considering various selection parameters

Collation of documents/information required for preparation of the application

Preparing the application with complete coordination with client's team

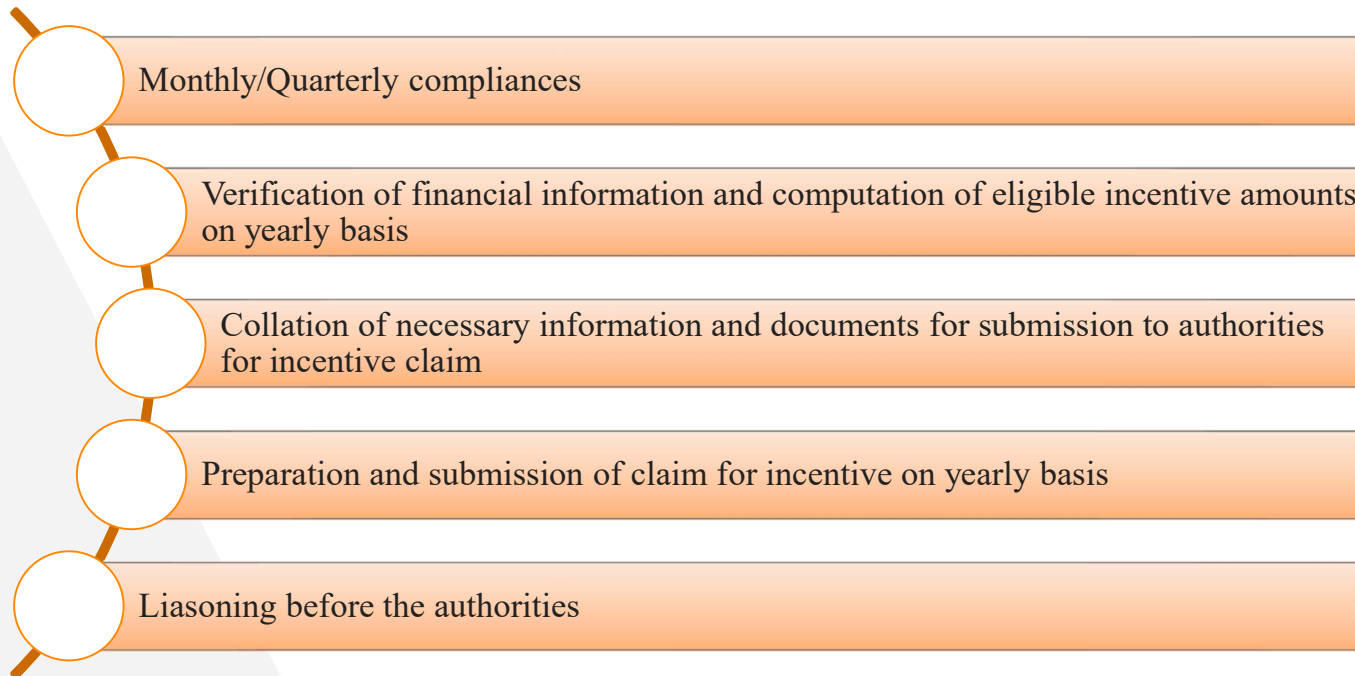


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Representing before authorities



PHASE 2



Adobe Acrobat
Document



claim form

ABOUT THE SPEAKERS



Deepanshu Gupta
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Securities or
Financial Assets

He is the Managing Partner of CA Firm Deepanshu Gupta and Associates (DGA). DGA is a multi-disciplinary audit and advisory firm providing gamut of services including audit, income tax, consulting and outsourcing services. The firm is based in the National Capital Region, Gurgaon, India. Deepanshu, has more than 14 years of experience working in Deloitte and PwC. Deepanshu is also a Cost and Management Accountant having secured **1st rank in North India**. He has worked extensively for Indian and global clients serving wide-ranging sector experience in – Manufacturing, Engineering, Automobile, IT/ITES/BPO, Real Estate, Investment Management, Mining among others for several years. He is also a registered valuer in domain Securities or Financial Assets (S&FA) and has been involved in the valuation of investments made by several US and Canadian hedge funds and private equity firms. He has conducted audits in accordance with IndAS , US GAAP and IFRS.

ABOUT THE SPEAKERS



Shweta Jain
LLB(H), CS,
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She is a partner with RSA Legal Solutions which is a renowned Law firm, based in Gurgaon, specializing in laws relating to Customs, Foreign Trade Policy, GST, FEMA, and other allied laws. She is a practicing Advocate and a qualified Company Secretary. She has an experience of more than 13 years. Having worked in the law firm of Lakshmikumaran and Sridharan and PwC for around 9 years. She has provided various opinions, health check-ups, due diligence, indirect tax litigation including litigations upto Supreme Court. She has argued many matters before various High Courts as well. She is also an Author of three very known books on taxes in India covering “Section wise Commentary on GST by Taxmann”, “Faceless Assessment in Customs by Commercial Law House” and “Foreign Trade Policy by R.K.Jain”. She is an avid writer of articles which are time and again published in Taxindia Online, Taxmann and many other online journal portals.

RSA has successfully found a place in the list of Finalist for “Tax Law Firm of the Year 2021” by Asian Legal Business (ALB) Awards. RSA recently featured in the Top 20 recommended lawyers in India by Business Connect magazine in 2019-2020. RSA has been chosen in top 5 finalist in the category of "Best Start up law firm of the year" award by the prestigious IDEX Legal Awards. Also, the firm was awarded with the “Top 10 GST Consultants Award” by the famous Insight Success Magazine.



THANKS!

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