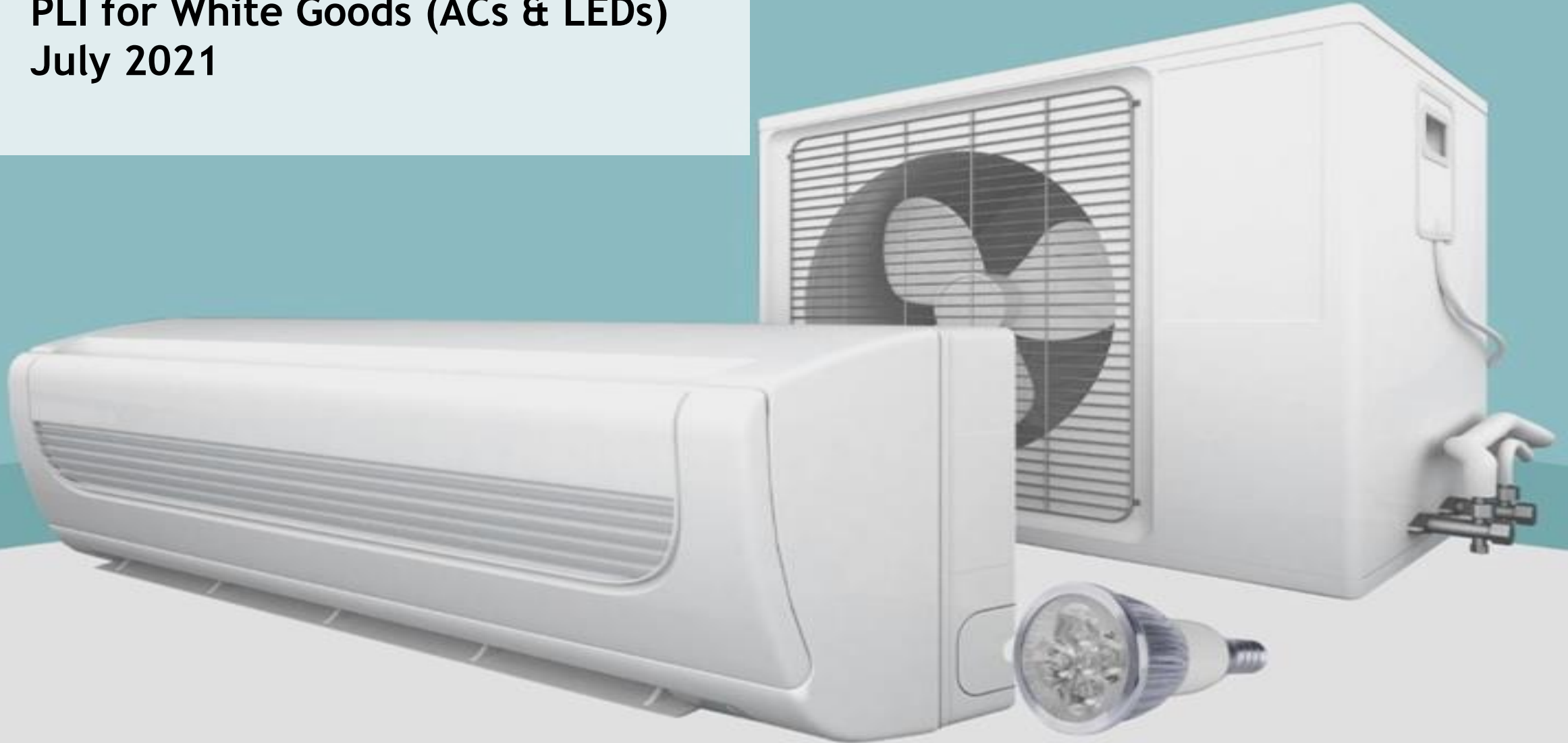


## PLI for White Goods (ACs & LEDs) July 2021

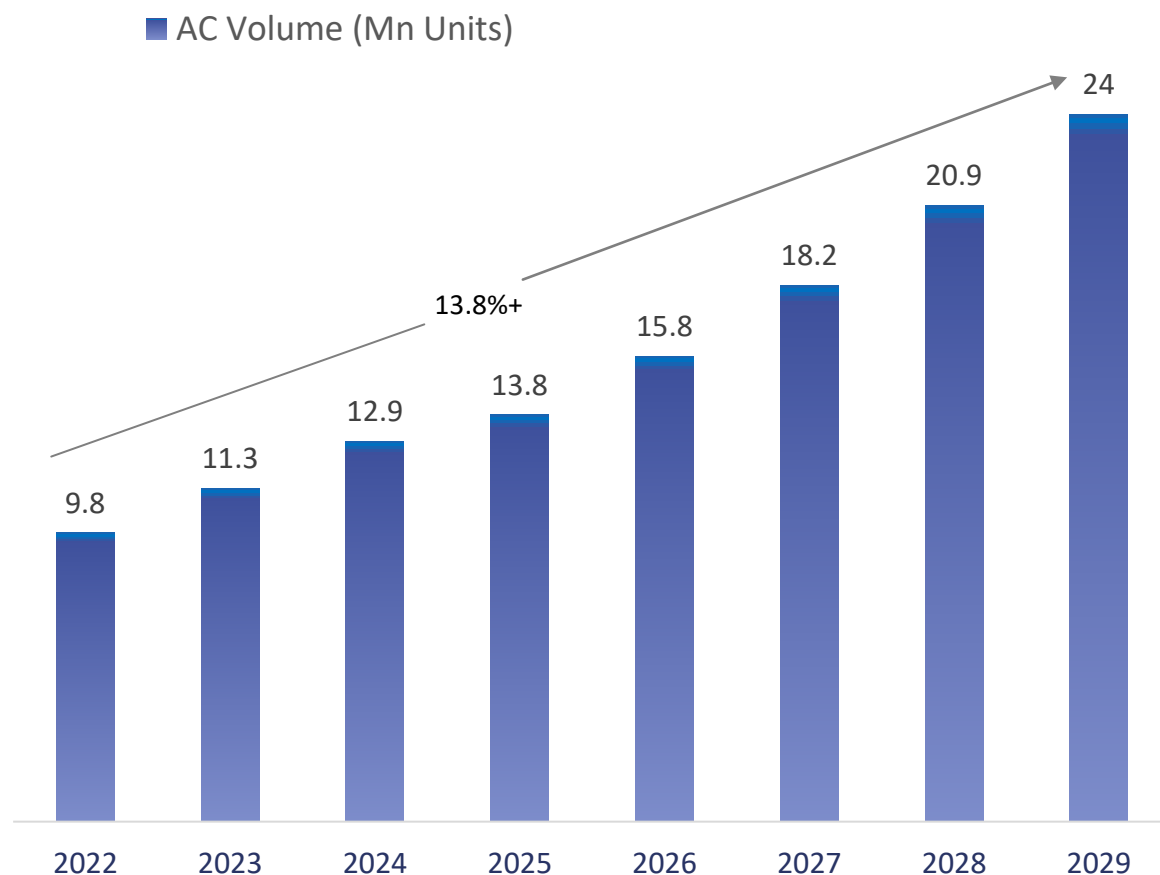


**INVEST INDIA**  
NATIONAL INVESTMENT PROMOTION  
& FACILITATION AGENCY



# India's \$2.1 Bn AC market to grow at 15% CAGR for next 7 years

## PLI Scheme to boost value addition by ~90% by 2028-29



## Major factors driving growth in AC Manufacturing ecosystem



**Growing Ecosystem:** 5% penetration, rapidly increasing in India; Major brands have pushed for local manufacturing



**Demand Push-** Rural electrification: 100%; Disposable Income: 2.5X by 2027; Urbanisation Growth: ~60% by 2030



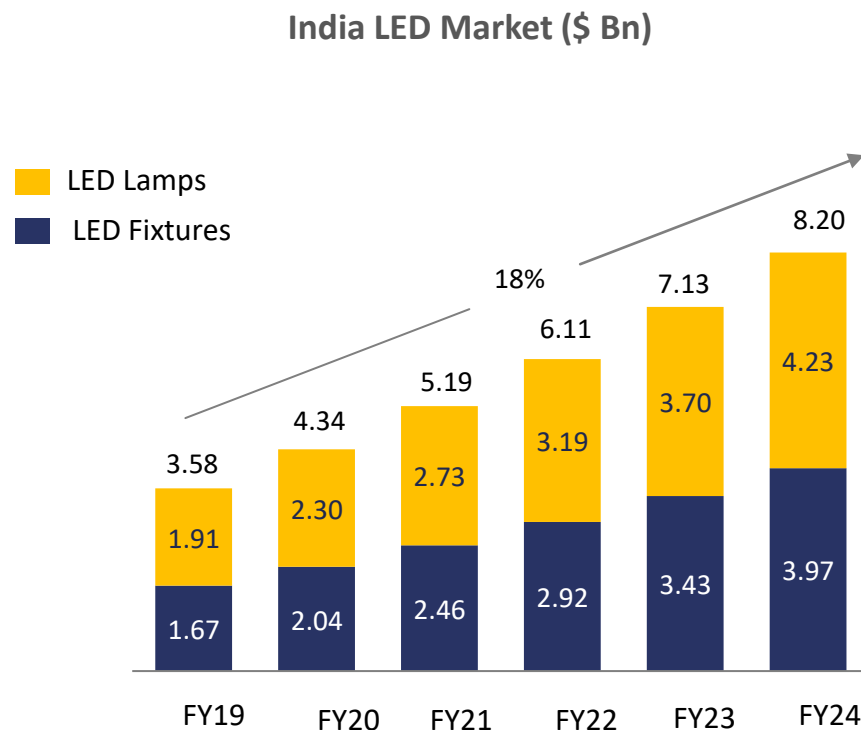
**Government Support:** 100% FDI via automatic route; Quality Regulations; Incentives at Centre & State level: PLI, SPECS, clusters



**EoDB:** Revamped processes to facilitate Ease of doing business; Competitive Taxation; Single Window; Land Bank

# India, the 2<sup>nd</sup> largest LED market globally, is growing steadily

## PLI Scheme to boost value addition by ~85% by 2028



## Key factors driving growth in LED Manufacturing ecosystem



**Low energy consumption & costs in India** –2014-18: 30TWh annual energy savings & sharp drop in LED bulb prices to \$1



**Increased IoT adoption**- \$17 Bn market to grow at 22% for 5 years with emerging demand



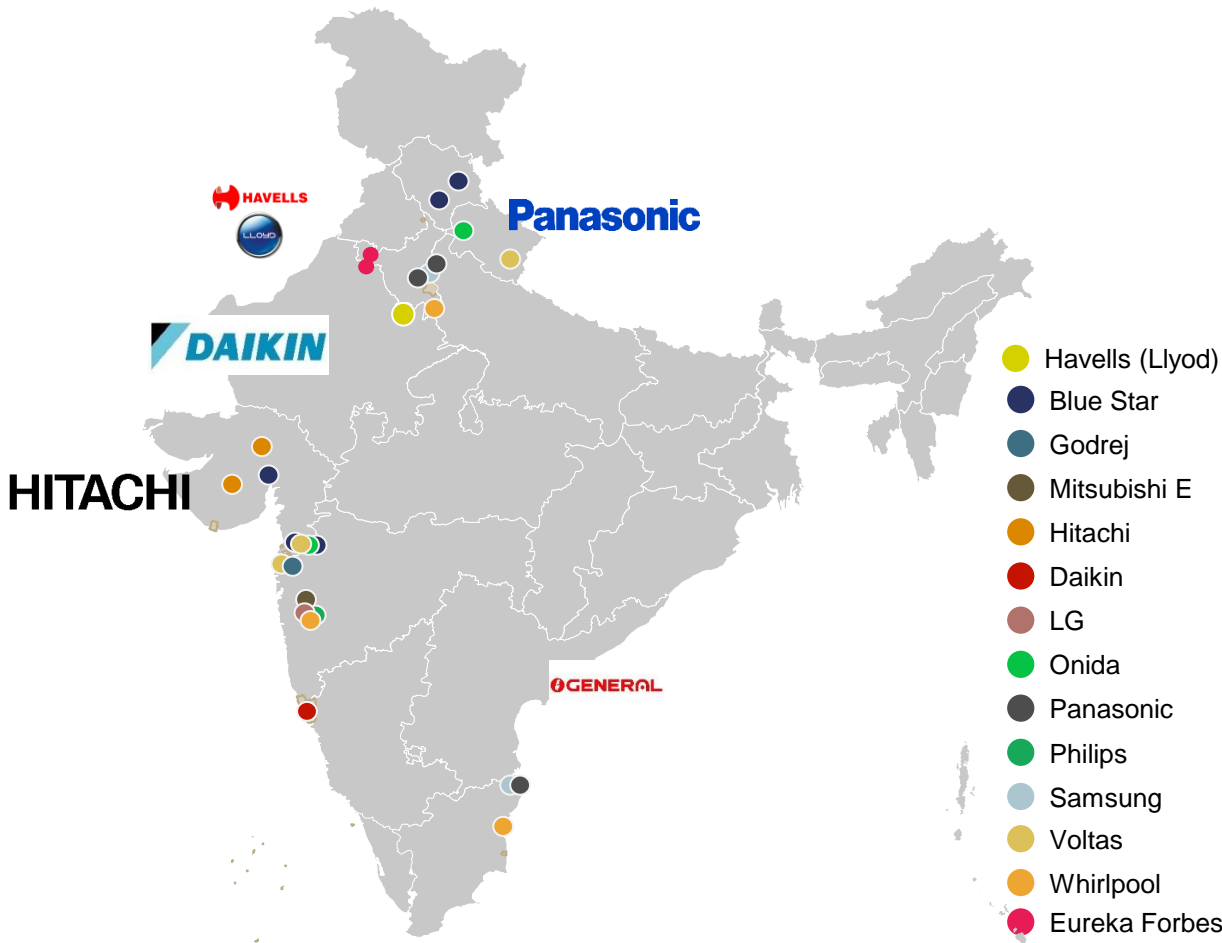
**Growth of ancillary industries** – Auto (21% CAGR); TV (9.4% CAGR); Smartphones (15% CAGR) to boost growth



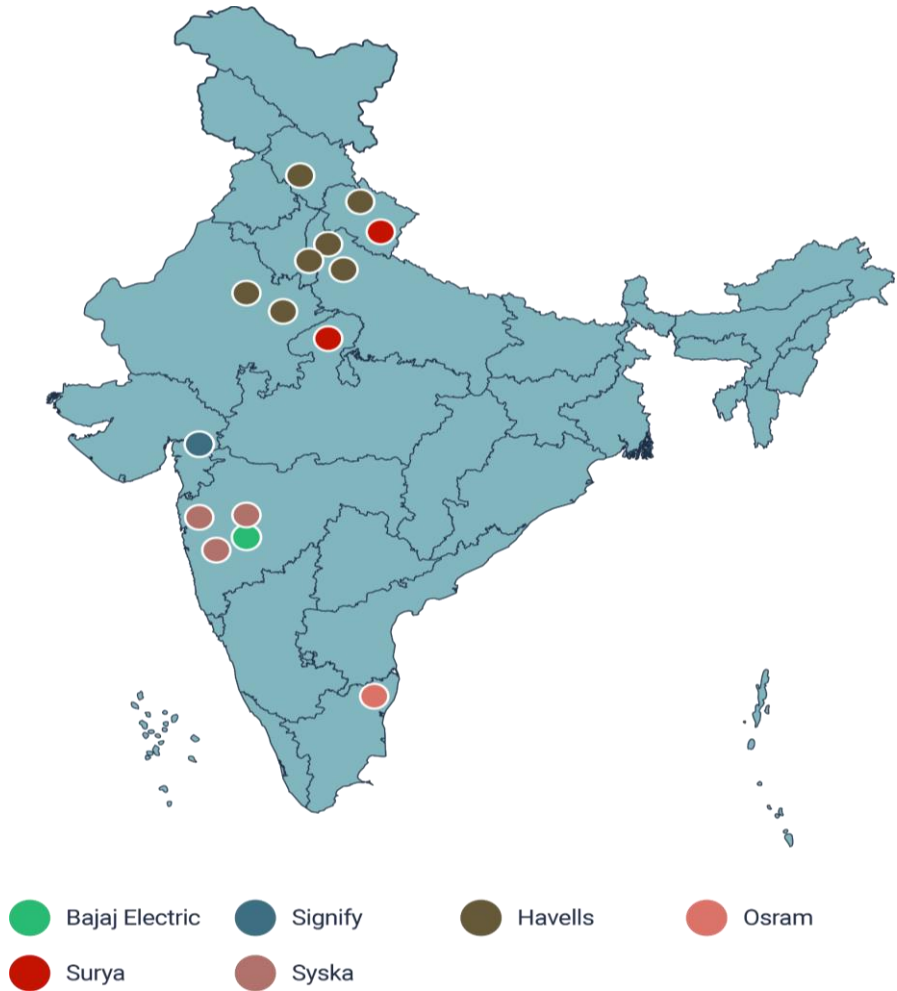
**Increased Awareness for Safety Regulations**- Quality Control; Successful adoption via UJALA & SLNP\* schemes

# Key players consistently expanding manufacturing footprint across ACs & LEDs

Key AC Manufacturing Regions



Key Manufacturing Clusters for LED Lights



Source: AMR, UN COMTRADE (HS 853950 Light-emitting diode "LED" lamps)

# PLI to boost domestic component ecosystem & create a multiplier effect

**\$855 Mn+**

**Incentives  
Available**

**100K+**

**Incremental jobs  
to be added**

**\$23 Bn+**

**Projected  
increase in  
production**

**\$8.8 Bn+**

**Projected  
increase in  
exports**

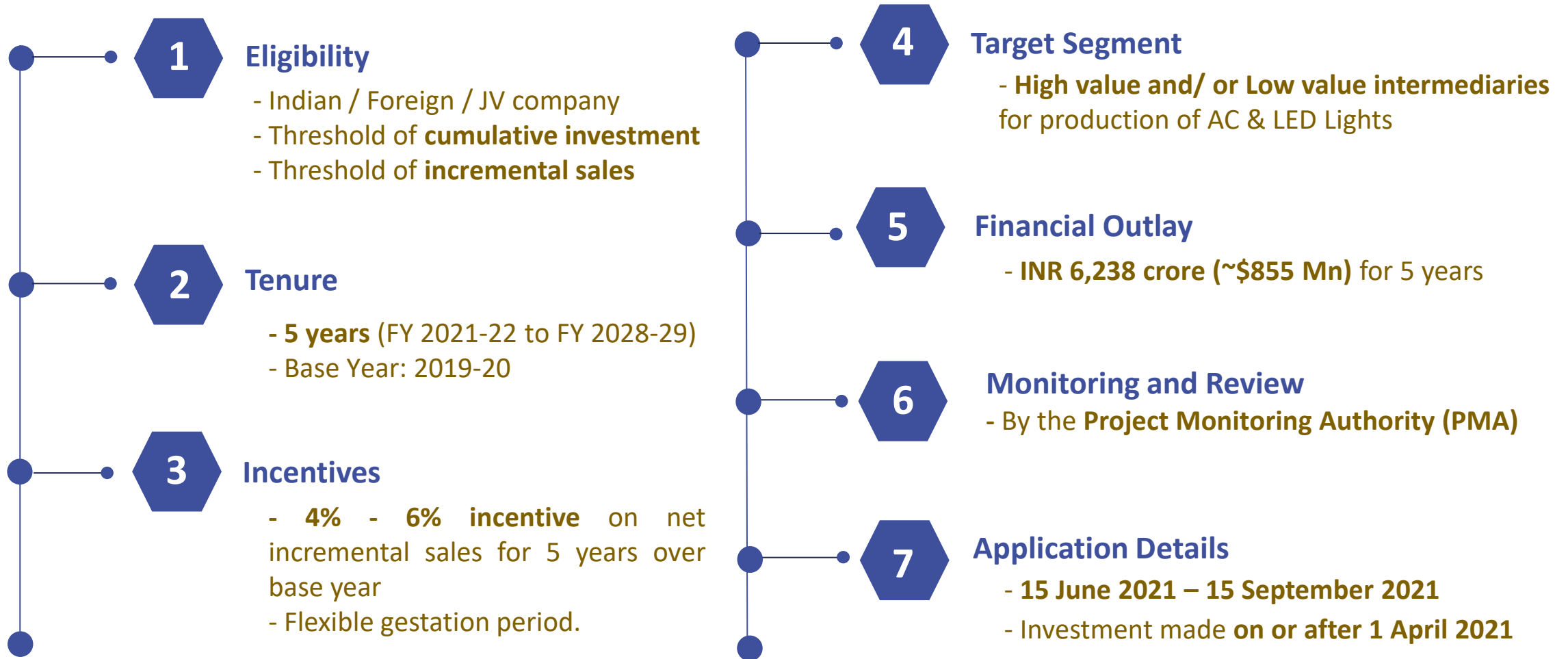
## Investment Covered

**New Plant, Machinery, Equipment & Associated  
Utilities**

**Research & Development (R&D)**

**Transfer of Technology (ToT)**

# PLI Scheme for ACs & LEDs : Salient Features



# Target Segment and Eligible Products: Air Conditioners

Sl.	Target Segment	Large Investment	Normal Investment
		<b>Eligible Products</b>	
1.	<b>ACs (Components)</b>	(i) High value Intermediates of ACs (ii) Low Value Intermediates of ACs (iii) A combination of (i) and (ii)	
2.	<b>High Value Intermediates of ACs</b>	(i) Compressor (ii) Copper Tube (plain and/or grooved) (iii) Aluminum Stock for Foils or Fins for heat exchangers	
3.	<b>Lower Value Intermediates of ACs</b>	(i) Control Assemblies for IDU or ODU or Remotes (ii) Display panel (LCD/LED) (ii) Motors (iii) Cross Flow Fan (CFF) (iv) Valves & Brass components (v) Heat exchangers (vi) Sheet Metal components (vii) Plastic Moulding components	

# Target Segment and Eligible Products: LED Lights

Sl.	Target Segment	Large Investment	Normal Investment
Eligible Products			
1.	LED (Core Components)	<ul style="list-style-type: none"> <li>(i) LED Chip Packaging</li> <li>(ii) Integrated Circuits (ICs)</li> <li>(iii) Resistors</li> <li>(iv) Fuses</li> <li>(v) Large – scale investments in LED components</li> </ul>	
2.	LED (Components)	<ul style="list-style-type: none"> <li>(i) LED Chips</li> <li>(ii) LED Drivers</li> <li>(iii) LED Engines</li> <li>(iv) LED Modules</li> <li>(v) Printed Circuit Boards (PCB)</li> <li>(vi) Mechanicals- Housing</li> <li>(vii) Wire Wound Inductors</li> <li>(viii) Drum Cores</li> <li>(ix) Heat Sinks</li> <li>(x) Diffusers</li> <li>(xi) Ferrite Cores</li> <li>(xii) LED Light Management Systems (LMS)</li> </ul>	



# Successful implementation of PLI for Large Scale Electronics Manufacturing in 2020



# Target Segment and Eligible Products: Pre-Qualification & Selection Criteria

## Pre-Qualification Criteria:

### Threshold investment prescribed for eligibility\* :

- **Gross Block** : 50% of threshold investment
- **Global Manufacturing Revenue:**
  - 5 times of threshold investment for 'Large Investment' category
  - 4 times for 'Normal Investment' category
- **Net worth:** 30% of threshold investment
- One entity may apply for only one target segment.
- Separate group companies may apply for different target segments.
- Any entity availing benefits under any other PLI Scheme of Govt. India **for the same product will not be eligible** under this scheme.

## Selection Criteria:

Mere assembly of finished goods would not be incentivized

Products being manufactured deeper into the value chain would be accorded higher priority in selection

Within a target segment, 'Large Investment' category shall be given higher priority over 'Normal Investment' category.

# Eligibility Threshold Investment & Net Incremental Sales for ACs\*

INR Cr



Sl.	Target Segment	Year	PLI @	Minimum Cumulative Incremental Investment	Minimum Net Incremental Sales	Minimum Cumulative Incremental Investment	Minimum Net Incremental Sales
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			X	L	5*L <sub>-1</sub>	N	5*N <sub>-1</sub>
				LARGE INVESTMENT		NORMAL INVESTMENT	
1	ACs (Components)	2021-22		150		50	
		2022-23	6%	300	750	100	250
		2023-24	6%	400	1500	150	500
		2024-25	5%	500	2000	225	750
		2025-26	5%	600	2500	300	1125
		2026-27	4%		3000		1500
		2027-28					
		<b>Total</b>		<b>600</b>	<b>9750</b>	<b>300</b>	<b>4125</b>
2	High Value Intermediaries of ACs	2021-22		50		50	
		2022-23	6%	125	250	100	250
		2023-24	6%	200	625	150	500
		2024-25	5%	300	1000	200	750
		2025-26	5%	400	1500	250	1000
		2026-27	4%		2000		1250
		2027-28					
		<b>Total</b>		<b>400</b>	<b>5375</b>	<b>250</b>	<b>3750</b>
3	Lower value intermediaries of ACs	2021-22		20		10	
		2022-23	6%	40	100	20	50
		2023-24	6%	60	200	30	100
		2024-25	5%	80	300	40	150
		2025-26	5%	100	400	50	200
		2026-27	4%		500		250
		2027-28					
		<b>Total</b>		<b>100</b>	<b>1500</b>	<b>50</b>	<b>750</b>

Calculation for Minimum net incremental sales & min. cumulative incremental investment is with respect to the base year, i.e., 2019-20

# Eligibility Threshold Investment & Net Incremental Sales for LED Lights\*

INR Cr

Sl.	Target Segment	Financial Year	PLI @	Minimum Cumulative Incremental Investment	Minimum Net Incremental Sales	Minimum Cumulative Incremental Investment	Minimum Net Incremental Sales
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			<b>X</b>	<b>L</b>	<b>6*L<sub>1</sub></b>	<b>N</b>	<b>6*N<sub>1</sub></b>
				<b>LARGE INVESTMENT</b>		<b>NORMAL INVESTMENT</b>	
1	LED Lights (Core components)	2021-22		100		20	
		2022-23	6%	150	600	40	120
		2023-24	6%	200	900	60	240
		2024-25	5%	250	1200	80	360
		2025-26	5%	300	1500	100	480
		2026-27	4%		1800		600
		2027-28					
		Total		300	6000	100	1800
2	Components of LED Lights	2021-22		5		2	
		2022-23	6%	10	30	4	12
		2023-24	6%	15	60	6	24
		2024-25	5%	20	90	8	36
		2025-26	5%	25	120	10	48
		2026-27	4%		150		60
		2027-28					
		Total		25	450	10	180

Calculation for Minimum net incremental sales & min. cumulative incremental investment is with respect to the base year, i.e., 2019-20

# Incentive Calculation-Example

## Large Investment in High Value Intermediary for ACs segment



Target Segment	Year	PLI @	Minimum Cumulative Incremental Investment	Minimum Net Incremental Sales	INR Cr
					Incentive
		$X$	$L_t$	$5 * L_{t-1}$	$X\% \text{ of } (5 * L_{t-1})$
LARGE INVESTMENT					
High Value Intermediaries of ACs	2021-22		50.00		
	2022-23	6%	125.00	250	
	2023-24	6%	200.00	625	15
	2024-25	5%	300.00	1000	37.5
	2025-26	5%	400.00	1500	50
	2026-27	4%		2000	75
	2027-28				80
	Total		400	5375	257.5

Initial cumulative incremental investment over base year 2019-20

In year 2022-23, the company needs to invest INR 75 Cr & achieve net incr. sales of INR 250 Cr (5X of last year's investment) to get incentive of 15 Cr in 2023-24

Company X is applying for Compressors/ Copper Tubes/ Aluminum Stock (high value intermediaries) for Air Conditioners in the Large Investment Segment.

Over 5 years, Company X will invest INR 400 cr. and produce goods worth INR 5375 Cr and in turn will receive incentives worth INR 257.5 Cr

The incentive is disbursed in the subsequent year

# Online Application Process

## ● Registration on Scheme Portal\* - *Applicant*

Acknowledgement Email will be sent by PMA within 2 working days from registration.

## ● Submission of Application - *Applicant*

An Acknowledgement Email & SMS will be sent to the applicant by the PMA post submission.

## ● Application Scrutiny and Appraisal - *Project Management Agency (PMA)*

Selection of applications to be completed within 60 days from 15 Sept' 2021, i.e. closure of the Application Window

## ● Intimation of Deficiencies in the application (if any) - *PMA*

Deficiencies in the application to be rectified (by applicant) within 15 working days from intimation.

## ● Final Recommendation to DPIIT - *PMA*

PMA to scrutinize and submit recommendations to DPIIT, the Sanctioning Authority.

## ● Application Approval (based on decision of Competent Authority/DPIIT) - *PMA*

Letter of approval to be issued within 5 working days from date of receipt of approval by the Competent Authority.

# Invest India: Dedicated Agency for FDI

Contact: [consumer.goods@investindia.org.in](mailto:consumer.goods@investindia.org.in)



## INVEST INDIA

NATIONAL INVESTMENT PROMOTION  
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Awareness &  
Engagement

Business Advisory

Strategy &  
Implementation

Investor Aftercare

Long Term  
Partnership

262,390 Business Requests

34 States & UTs

162 Nations

40 Sectors



2016



2016, 2017, 2018, 2019



2016, 2018, 2020



2018, 2019, 2020



Most Innovative IPA: 2021