



# Production Linked Incentive Scheme

## Automotive Sector

September 2021

# Production Linked Incentives for Auto and Auto Components

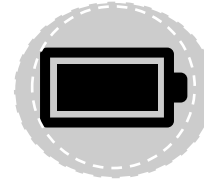
## Background

### Objective



- ▶ Boost domestic manufacturing of Advanced Automotive Technology products and attract large scale investment
- ▶ Herald a new age in higher technology, more efficient and green automotive manufacturing
- ▶ Increase employment opportunities in the automotive manufacturing chain

### Current Status



- ▶ The scheme has been notified by the Ministry of Heavy Industries (MHI) with budget outlay of Rs. 25,938 crores on 23.09.2021 over 5 years (**Annexure 1**)
- ▶ Open for Existing as well as new non-automotive investors
- ▶ The list of Advance Automotive Technology Vehicles notified. (**Annexure 2**)
- ▶ The list of eligible Advance Automotive Technology Components is awaited

### Scheme tenure



- ▶ The tenure of the Scheme is for 5 years starting from FY 2022-23 to FY 2026-27
- ▶ The incentive payable for a particular year will be due for payment in the following year

### Base Year



- ▶ FY 2019-20 shall be treated as the base year for calculation of eligible sales value (not applicable for New Non-Automotive investors).
- ▶ FY 2020-21 shall be considered for financial attributes to determine eligibility criteria

### Target Sector



- ▶ **OEM:** Battery electric vehicles and hydrogen fuel cell Vehicles of all segments
- ▶ **Auto Component:** Advanced automotive technology components of vehicles, CKD/SKD kits, vehicle aggregates of 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles, tractors etc.

### Quantum of incentive



- ▶ Incentive of 13%-18% on net incremental sales of eligible products over base year for auto OEM
- ▶ Incentive of 8%-13% on net incremental sales of eligible products over the base year for auto component
- ▶ Additional 5% incentive for specified components of battery electric vehicle and hydrogen fuel cell vehicles.

# Production Linked Incentives for Auto and Auto Components

## Expected Outcomes

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Total Investment	Rs. 42,500 Crores
Incremental Production	Rs. 2,31,500 Crores
Total additional jobs created(direct and indirect) over scheme period	7,50,000
Total incremental tax collection (direct and indirect) over scheme period	Rs. 10,851 Crores

# Production Linked Incentives for Auto and Auto Components

## Key Definitions

<b>Applicant</b>	<p>An applicant for the purpose of the Scheme should be:</p> <ul style="list-style-type: none"><li>• a company; or its Group Company(ies) incorporated under The Companies Act in India, engaged in automotive and/or auto component manufacturing sector; or</li><li>• New Non-Automotive Investor company or its Group Company(ies) (who are currently not in automobile or auto component manufacturing business)</li></ul> <p>meeting the eligibility criteria specified under the scheme and making an application for seeking approval under the Scheme.</p>
<b>Application Window</b>	<p>The window for receiving applications through the Notice Inviting Applications will be for a period of <b>60 days</b>. The brief process of Application and Documentation Requirement for Disbursement of Incentives is contained in <b>Annexure 3</b>.</p>
<b>Automotive OEM</b>	<p>The original manufacturer of a vehicle, including tractor and automobile meant for military use and/or vehicle aggregates.</p>
<b>Eligible Product</b>	<ul style="list-style-type: none"><li>• Pre-approved Advanced Automotive Technology Vehicles and pre-approved Advanced Automotive Technology Components of all vehicles, CKD/SKD kits, Vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles and tractors including automobile meant for military use.</li><li>• The list of Advanced Automotive Technology Vehicles has been provided (<b>Refer Annexure 2</b>) and can be amended by MHI from time to time depending upon technological developments.</li><li>• The list of Advanced Automotive Technology Components is yet to be prescribed.</li></ul>

# Production Linked Incentives for Auto and Auto Components

## Key Definitions

<b>Completely Knocked Down (CKD)</b>	A vehicle as a Completely Knocked Down(CKD) kit containing all the necessary parts for assembling a complete vehicle with chassis, engine, gearbox, transmission mechanism not in a pre-assembled condition.
<b>Semi-Knocked down Unit (SKD)</b>	Semi-Knocked Down (SKD) is a vehicle as a knocked down kit containing all the necessary parts, sub-assemblies for assembling a complete vehicle with engine, gearbox, transmission in pre-assembled condition but not mounted on a chassis or a body assembly.
<b>Fixed Assets</b>	Fixed asset is an asset held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business e.g., Property, plant and equipment etc.
<b>Global Group Revenue</b>	Total revenue of the group companies from global operations (from automotive and auto component manufacturing in a given year)
<b>Group Companies</b>	Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to: <ul style="list-style-type: none"><li>• Exercise twenty-six percent or more of Voting rights in the other enterprise; Or</li><li>• Appoint more than fifty percent of members of Board of Directors in the other enterprise (As defined in the FDI Policy Circular of 2020).</li></ul>
<b>Global Net Worth</b>	It refers to the Gross Net worth of a company or its Group company(ies) from all operations i.e. Domestic as well as Foreign, of all assets (Domestic plus Foreign) less all liabilities (Domestic plus Foreign).
<b>Vehicle Aggregates</b>	Vehicle aggregate is a sub-assembly / combination of different components for a defined vehicle model that are combined to provide a specific functionality to the vehicle. Aggregates of a vehicle typically include body shell / chassis, engine, transmission, suspension, steering systems, wheel assemblies, brake systems, seats etc.

# Production Linked Incentives for Auto and Auto Components

## Investment and Value addition Criteria

<b>Expenditure incurred on Plant, Machinery, Equipment and Associated Utilities</b>	<p>This shall include expenditure on :</p> <ul style="list-style-type: none"><li>• Plant, machinery, equipment and associated utilities as well as tools, dies, moulds, jigs, fixtures (including parts, accessories, components and spares thereof) of the same, used in the design, manufacturing, assembly, testing, packaging or processing of any of the eligible products under the scheme;</li><li>• Packaging, freight/transport, insurance, and erection and commissioning of the plant, machinery, equipment, and associated utilities;</li><li>• Associated utilities would include captive power and effluent treatment plants, essential equipments required in operations area such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water and power supply, and control systems. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, softwares, and ERP solutions.</li><li>• All non-creditable taxes and duties would also be included in such expenditure.</li></ul>
<b>Expenditure incurred on Land and Building</b>	<p>The expenditure incurred on <b>land will not be considered</b> for meeting the threshold criteria of Cumulative Minimum Domestic Investment. However, <b>buildings of the main plant and utilities will be considered</b> as part of the investment <b>provided it does not exceed 10%</b> of Minimum Cumulative Domestic Investment defined for a segment.</p>
<b>Value Addition</b>	<p>The term "Value addition" will be construed as the percentage of manufacturing activity being undertaken in that referred part of the supply chain. It will be certified by Testing agency of MHI.</p> <p><b>% domestic value addition</b>= [(Ex-factory price of the product (net of GST) - (minus) Import content) / Ex-factory price of the product (net of GST)] x 100.</p> <p><i>Import Content: sum of FOB value of all imported components or materials in the final product including import duties</i></p>

# Production Linked Incentives for Auto and Auto Components

## Eligible Sales Value and Determined Sales Value

<b>Eligible Sales Value for Vehicle Segment</b>	Total sales (Net of GST) for eligible vehicles
<b>Eligible Sales Value for Component Segment</b>	Total sales (Net of GST) for eligible components Or apportioned value of eligible component as determined by Testing Agency of MHI.
<b>Determined Sales Value for Vehicle Segment</b>	(Eligible Sales Value for Vehicle Segment for a particular year) minus (Eligible Sales Value for Vehicle Segment for Base year)
<b>Determined Sales Value for Component Segment</b>	(Eligible Sales Value for Component Segment for a particular year) minus (Eligible Sales Value for Component Segment for Base year)

# Production Linked Incentives for Auto and Auto Components

## Eligibility for incentive

- To meet the basic eligibility criteria for Champion OEM Incentive Scheme and Champion Component Incentive Scheme as contained in **slide 10** and **slide 17** respectively;
- Eligible companies who meet the above criteria, will apply for registration of their products as eligible Advanced Automotive Technology vehicles/ components to seek incentive in this scheme;
- Pre-approval of eligible product will be done by Testing Agency of MHI as Advanced Automotive Technology Product as prescribed by MHI from time to time.
- Pre-approved eligible product with minimum 50% domestic value addition will be eligible for incentive under this scheme. Phased Manufacturing Programme similar to FAME-II Scheme will be followed. Methodology of determination of domestic value addition will be same as in FAME scheme. Testing Agency of MHI will certify domestic value addition in the eligible product.
- The scheme is designed to incentivize Advanced Automotive Technology products only viz eligible Advanced Automotive product on standalone basis at component level or in integration with the vehicle having appropriate value apportionment on the vehicle side. Therefore, an approved legal entity as Automotive OEM company or New Non-Automotive Investor company can avail incentives under both components of the scheme subject to the condition that any eligible product shall be incentivized only once under the scheme.
- Any double claim of incentive for the same product under component level and vehicle level can lead to disqualification of the legal entity/entities involved on this ground alone in addition to any other legal action as applicable under the law.
- **Testing Agency will ascertain the value of Advanced Automotive Technology components to be assigned/apportioned for the purpose of eligible sales value under the scheme.**



# Champion OEM Incentive Scheme

# Production Linked Incentives for Auto PLI

## Eligibility criteria - Champion OEM Incentive Scheme

Rs. Crore

Segment	Global Investment of Company or its Group* Company(ies) in fixed assets (gross block) as on 31-03-2021	Global Group Revenue (from automotive and/or auto component manufacturing) as on 31-03-2021	Net Worth as on 31-03-2021	Fresh Investment Commitment (Over 5 years) (Refer Annexure 4)
Auto OEM (other than 2W and 3W)	Minimum 3,000	Minimum 10,000	NA	Minimum 2,000
Auto OEM (2W and 3W)	Minimum 3,000	Minimum 10,000	NA	Minimum 1,000
New non-Auto OEM investors	NA	NA	Minimum 1,000	Minimum 2,000

**Note 1:** Above eligibility criteria to be met based on audited financial statements for year ending March 31, 2021.

**Note 2:** A company or its Group company(ies) must satisfy all above criteria to be eligible as 'Automotive Champions'.

**Note 3:** New non-automotive investors will be defined as those where there is no revenue from manufacturing of automobile or automobile components upto 31st March 2021.

**Note 4:** Non-automotive investors or its Group company(ies) (who are currently not in automobile or auto component manufacturing business) can qualify for this scheme provided they present a clear business plan to invest in India and grow revenues from advanced automotive technology in vehicles or advanced automotive technology automotive component manufacturing.

**Note 5: Group companies shall mean** - Two or more enterprises, which directly or indirectly, are in position to:

- ▶ exercise 26% or more voting right in other enterprise; or
- ▶ appoint more than 50% of members of board of director in other enterprise

**Note 6:** The applicant will be eligible to claim incentive subject to meeting cumulative minimum new domestic investment to be achieved for a particular year and prescribed % of YoY growth (over the threshold for the first year and thereafter for 4 consecutive years) in Determined sales value

**Note 7:** An approved applicant shall be eligible for benefits for 5 consecutive Financial Years but not beyond for the Financial Year ending 31/03/2027.

# Production Linked Incentives for Auto PLI

## Incentive-Champion OEM Incentive Scheme

<i>Rs. Crore</i>	
Minimum determined sales value	Incentive (as a % of determined sales value)
Upto 2,000 crores	13%
More than 2,000 crores - upto 3,000 crores	260+ 14% on determined sales value above 2000 upto 3000
More than 3,000 crores upto 4,000 crores	400+ 15% on determined sales value above 3000 upto 4000
More than 4,000 crores	550+ 16% on determined sales value above 4000
<b>Additional 2% incentive if the cumulative determined sales value over 5 years is 10,000 crores or more</b>	

**Note: -**

1. YoY (Year on Year) growth of minimum 10% (over the threshold for the first year and thereafter for 4 consecutive years) in Determined Sales Value has to be achieved, to receive incentive. The Minimum Determined Sales Value (Refer Annexure 5) for first year would be Rs. 125 Crores.
2. For new non-automotive investors (who are currently not in automobile or auto component manufacturing business) eligible sales value in the base year will be taken as zero.
3. **Determined Sales Value (OEM)**=Eligible sales value for vehicle segment for a particular year (minus) eligible sales value for vehicle segment for base year

# Illustration 1: Incentives computation

## Champion OEM Incentive Scheme (Except 2W and 3W)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	-
Actual sale of eligible OEM products	Rs. 1,130 Crores	Rs. 1,135 Crores	Rs. 1,155 Crores	Rs. 1,300 Crores	Rs. 3,700 Crores	Rs. 8,420 Crores
Minimum Determined sales value (refer Note 1)	Rs. 125 Crores	Rs. 137.50 Crores	Rs. 151.25 Crores	Rs. 166.38 Crores	Rs. 183.01 Crores	Rs. 763.14 Crores
Determined sales value	Rs. 130 crores (1,130-1,000)	Rs. 135 crores (1,135-1,000)	Rs. 155 crores (1,155-1,000)	Rs. 300 crores (1,300-1,000)	Rs. 2,700 crores (3,700-1,000)	Rs. 3,420 Crores
Cumulative investment required (refer Note 2)	Rs. 300 Crores	Rs. 800 Crores	Rs. 1,400 Crores	Rs. 1,750 Crores	Rs. 2,000 Crores	-
Cumulative investment done till the end of the year	Rs. 350 Crores	Rs. 850 Crores	Rs. 1,200 Crores	Rs. 1,900 Crores	Rs. 2,100 Crores	Rs. 2,100 Crores
Eligible for Incentive?	Yes	No	No	Yes	Yes	-
Incentive rate	13%	NA	NA	13%	<ul style="list-style-type: none"> <li>13% for first 2,000</li> <li>14% for balance 700</li> </ul>	-
Incentive Amount	Rs. 16.90 crores (130*13%)	NA	NA	Rs. 39 crores (300*13%)	Rs. 358 crores [(2,000*13%) + (700*14%)]	Rs. 413.90 Crores

**Note 1:** Threshold Determined Sales Value for the first year is ₹125 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e ₹125 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 2,000 crore over 5 years:

FY 2022-23: Rs. 300 crore

FY 2023-24: Rs. 800 crore

FY 2024-25: Rs. 1,400 crore

FY 2025-26: Rs. 1,750 crore

FY 2026-27: Rs. 2,000 crore

# Illustration 2: Incentives computation

## Champion OEM Incentive Scheme (2W and 3W)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	-
Actual sale of eligible OEM products	Rs. 1,130 Crores	Rs. 1,135 Crores	Rs. 1,155 Crores	Rs. 1,300 Crores	Rs. 3,700 Crores	Rs. 8,420 Crores
Minimum Determined sales value (refer Note 1)	Rs. 125 Crores	Rs. 137.50 Crores	Rs. 151.25 Crores	Rs. 166.38 Crores	Rs. 183.01 Crores	Rs. 763.14 Crores
Determined sales value	Rs. 130 crores (1,130-1,000)	Rs. 135 crores (1,135-1,000)	Rs. 155 crores (1,155-1,000)	Rs. 300 crores (1,300-1,000)	Rs. 2,700 crores (3,700-1,000)	Rs. 3,420 Crores
Cumulative investment required (refer Note 2)	Rs. 150 Crores	Rs. 400 Crores	Rs. 700 Crores	Rs. 875 Crores	Rs. 1,000 Crores	-
Cumulative investment done till the end of the year	Rs. 175 Crores	Rs. 425 Crores	Rs. 600 Crores	Rs. 900 Crores	Rs. 1,100 Crores	Rs. 1,100 Crores
Eligible for Incentive?	Yes	No	No	Yes	Yes	-
Incentive rate	13%	NA	NA	13%	<ul style="list-style-type: none"> <li>13% for first 2,000</li> <li>14% for balance 700</li> </ul>	-
Incentive Amount	Rs. 16.90 crores (130*13%)	NA	NA	Rs. 39 crores (300*13%)	Rs. 358 crores [(2,000*13%) + (700*14%)]	Rs. 413.90 Crores

**Note 1:** Threshold Determined Sales Value for the first year is ₹125 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e ₹125 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 1,000 crore over 5 years:

FY 2022-23: Rs. 150 crore

FY 2023-24: Rs. 400 crore

FY 2024-25: Rs. 700 crore

FY 2025-26: Rs. 875 crore

FY 2026-27: Rs. 1,000 crore

# Illustration 3: Incentives computation

## Champion OEM Incentive Scheme (Except 2W and 3W)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	-
Actual sale of eligible OEM products	Rs. 1,130 Crores	Rs. 1,135 Crores	Rs. 1,155 Crores	Rs. 1,300 Crores	Rs. 3,700 Crores	Rs. 8,420 Crores
Minimum Determined sales value (refer Note 1)	Rs. 125 Crores	Rs. 137.50 Crores	Rs. 151.25 Crores	Rs. 166.38 Crores	Rs. 183.01 Crores	Rs. 763.14 Crores
Determined sales value	Rs. 1,130 crores (1,130-0)	Rs. 1,135 crores (1,135-0)	Rs. 1,155 crores (1,155-0)	Rs. 1,300 crores (1,300-0)	Rs. 3,700 crores (3,700-0)	Rs. 8,420 Crores
Cumulative investment required (refer Note 2)	Rs. 300 Crores	Rs. 800 Crores	Rs. 1,400 Crores	Rs. 1,750 Crores	Rs. 2,000 Crores	-
Cumulative investment done till the end of the year	Rs. 350 Crores	Rs. 850 Crores	<b>Rs. 1,200 Crores</b>	Rs. 1,900 Crores	Rs. 2,100 Crores	Rs. 2,100 Crores
Eligible for Incentive?	Yes	Yes	No	Yes	Yes	-
Incentive rate	13%	13%	NA	13%	<ul style="list-style-type: none"> <li>• 13% for first 2,000</li> <li>• 14% for next 1,000</li> <li>• 15% for balance 700</li> </ul>	-
Incentive Amount	Rs. 146.90 crores (1,130*13%)	Rs. 147.55 crores (1,135*13%)	NA	Rs. 169 crores (1,300*13%)	Rs. 505 crores [(2,000*13%) + (1,000*14%)+ (700*15%)]	Rs. 968.45 Crores

**Note 1:** Threshold Determined Sales Value for the first year is ₹125 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e ₹125 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 2,000 crore over 5 years:  
FY 2022-23: Rs. 300 crore; FY 2023-24: Rs. 800 crore  
FY 2024-25: Rs. 1,400 crore; FY 2025-26: Rs. 1,750 crore  
FY 2026-27: Rs. 2,000 crore

# Illustration 4: Incentives computation

## Champion OEM Incentive Scheme (Except 2W and 3W)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	-
Actual sale of eligible OEM products	Rs. 1,130 Crores	Rs. 1,135 Crores	Rs. 1,155 Crores	Rs. 1,300 Crores	Rs. 3,700 Crores	Rs. 8,420 Crores
Minimum Determined sales value (refer Note 1)	Rs. 125 Crores	Rs. 137.50 Crores	Rs. 151.25 Crores	Rs. 166.38 Crores	Rs. 183.01 Crores	Rs. 763.14 Crores
Determined sales value	Rs. 1,130 crores (1,130-0)	Rs. 1,135 crores (1,135-0)	Rs. 1,155 crores (1,155-0)	Rs. 1,300 crores (1,300-0)	Rs. 3,700 crores (3,700-0)	Rs. 8,420 Crores
Cumulative investment required (refer Note 2)	Rs. 300 Crores	Rs. 800 Crores	Rs. 1,400 Crores	Rs. 1,750 Crores	Rs. 2,000 Crores	-
Cumulative investment done till the end of the year	Rs. 350 Crores	Rs. 850 Crores	<b>Rs. 1,200 Crores</b>	Rs. 1,900 Crores	Rs. 2,100 Crores	Rs. 2,100 Crores
Eligible for Incentive?	Yes	Yes	No	Yes	Yes	-
Incentive rate	13%	13%	NA	13%	<ul style="list-style-type: none"> <li>• 13% for first 2,000</li> <li>• 14% for next 1,000</li> <li>• 15% for balance 700</li> </ul>	-
Incentive Amount	Rs. 146.90 crores (1,130*13%)	Rs. 147.55 crores (1,135*13%)	NA	Rs. 169 crores (1,300*13%)	Rs. 505 crores [(2,000*13%) + (1,000*14%)+ (700*15%)]	Rs. 968.45 Crores

**Note 1:** Threshold Determined Sales Value for the first year is ₹125 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e ₹125 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 2,000 crore over 5 years:  
FY 2022-23: Rs. 300 crore; FY 2023-24: Rs. 800 crore  
FY 2024-25: Rs. 1,400 crore; FY 2025-26: Rs. 1,750 crore  
FY 2026-27: Rs. 2,000 crore

# Component Champion Incentive Scheme



# Production Linked Incentives for Auto PLI

## Eligibility criteria - Component Champion Incentive Scheme

<i>Rs. Crore</i>				
Segment	Global group Investment (In fixed assets) as on 31-03-2021	Global Group Revenue (from automotive and/or auto component manufacturing) as on 31-03-2021	Net Worth as on 31-03-2021	Fresh Investment Commitment (Over 5 years)  (Refer Annexure 4)
Auto Component	Minimum 150	Minimum 500	NA	Minimum 250
New non-Automotive investors	NA	NA	Minimum 1,000	Minimum 500

**Note 1:** Above eligibility criteria to be met based on audited financial statements for year ending March 31, 2021.

**Note 2:** A company must satisfy all above criteria to be eligible as 'Automotive Champions'.

**Note 3:** New non-automotive investors will be defined as those where there is no revenue from manufacturing of automobile or automobile components upto 31st March 2021.

**Note 4:** Non-automotive investors can qualify for this scheme provided they present a clear business plan to invest in India and grow revenues from advanced automotive technology in vehicles or advanced automotive technology automotive component manufacturing

**Note 5: Group companies shall mean** - Two or more enterprises, which directly or indirectly, are in position to:

- ▶ exercise 26% or more voting right in other enterprise; or
- ▶ appoint more than 50% of members of board of director in other enterprise

**Note 6:** The applicant will be eligible to claim incentive subject to meeting cumulative minimum new domestic investment to be achieved for a particular year and prescribed % of YoY growth

**Note 7:** An approved applicant shall be eligible for benefits for 5 consecutive Financial Years but not beyond for the Financial Year ending 31/03/2027.

# Production Linked Incentives for Auto PLI

## Incentive- Component Champion Incentive Scheme

<i>Rs. Crore</i>	
Minimum determined sales value	Incentive* (as a % of determined sales value)
Upto 250 crores	8%
More than 250 crores upto 500 crores	20+ 9% on determined sales value above 250 upto 500
More than 500 crores, upto 750 crores	42.50+ 10% on determined sales value above 500 upto 750
More than 750 crores	67.50+ 11% on determined sales value above 750
<b>Additional 2% incentive if the cumulative determined sales value over 5 years is 1,250 crores or more</b>	
<b>Additional 5% incentive for battery electric vehicles &amp; hydrogen fuel cell vehicles components</b>	

*\*For computing the benefits of fifth year for Internal Combustion Engine (ICE) vehicle components, multiplier factor of 0.9 to be applied on eligible sales.*

Note: -

1. YoY (Year on Year) growth of minimum 10% (over the threshold for the first year and thereafter for 4 consecutive years) in determined sales value has to be achieved, to receive incentive. The Minimum Determined Sales Value (Refer Annexure 5) for first year would be Rs. 25 Crores.
2. On an annual basis, eligible component champions will have to separately report break up of sales value of components specific to battery-EV and hydrogen fuel Cell vehicle components produced in India as defined in the guidelines.
3. For new non-automotive investors (who are currently not in automobile or auto component manufacturing business) eligible sales value in the base year will be taken as zero.
4. **Determined Sales Value (Component)** =Eligible sales value for component segment for a particular year (minus) eligible sales value for component segment for base year

# Illustration 5: Incentives computation

## Component Champion Incentive Scheme

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	-
Actual sale of eligible OEM products	Rs. 1,030 Crores	Rs. 1,035 Crores	Rs. 1,055 Crores	Rs. 1,300 Crores	Rs. 1,700 Crores	Rs. 6,120 Crores
Minimum Determined sales value (refer Note 1)	Rs. 25 Crores	Rs. 27.50 Crores	Rs. 30.25 Crores	Rs. 33.28 Crores	Rs. 36.60 Crores	Rs. 152.63 Crores
Determined sales value	Rs. 30 crores (1,030-1,000)	Rs. 35 crores (1,035-1,000)	Rs. 55 crores (1,055-1,000)	Rs. 300 crores (1,300-1,000)	Rs. 700 crores (1,700-1,000)	Rs. 1,120 Crores
Cumulative investment required (refer Note 2)	Rs. 40 Crores	Rs. 100 Crores	Rs. 175 Crores	Rs. 220 Crores	Rs. 250 Crores	-
Cumulative investment done till the end of the year	Rs. 50 Crores	Rs. 150 Crores	Rs. 160 Crores	Rs. 290 Crores	Rs. 310 Crores	Rs. 310 Crores
Eligible for Incentive?	Yes	No	No	Yes	Yes	-
Incentive rate	8%	NA	NA	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for balance 50</li> </ul>	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for balance 200</li> </ul>	-
Incentive Amount	Rs. 2.4 crores (30*8%)	NA	NA	Rs. 24.50 crores [(250*8%) + (50*9%)]	Rs. 62.50 crores [(250*8%) + (250*9%) + (200*10%)]	Rs. 89.40 Crores

**Note 1:** Threshold Determined Sales Value for the first year is ₹25 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e. ₹25 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 250 crore over 5 years:

FY 2022-23: Rs. 40 crore; FY 2023-24: Rs. 100 crore  
 FY 2024-25: Rs. 175 crore; FY 2025-26: Rs. 220 crore  
 FY 2026-27: Rs. 250 crore

# Illustration 6: Incentives computation

## Component Champion Incentive Scheme

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	-
Actual sale of eligible OEM products	Rs. 1,030 Crores	Rs. 1,035 Crores	Rs. 1,055 Crores	Rs. 1,300 Crores	Rs. 1,700 Crores	Rs. 6,120 Crores
Minimum Determined sales value (refer Note 1)	Rs. 25 Crores	Rs. 27.50 Crores	Rs. 30.25 Crores	Rs. 33.28 Crores	Rs. 36.60 Crores	Rs. 152.63 Crores
Determined sales value	Rs. 1,030 crores (1,030-0)	Rs. 1,035 crores (1,035-0)	Rs. 1,055 crores (1,055-0)	Rs. 1,300 crores (1,300-0)	Rs. 1,700 crores (1,700-0)	Rs. 6,120 Crores
Cumulative investment required (refer Note 2)	Rs. 40 Crores	Rs. 100 Crores	Rs. 175 Crores	Rs. 220 Crores	Rs. 250 Crores	-
Cumulative investment done till the end of the year	Rs. 50 Crores	Rs. 150 Crores	<b>Rs. 160 Crores</b>	Rs. 290 Crores	Rs. 310 Crores	Rs. 310 Crores
Eligible for Incentive?	Yes	Yes	No	Yes	Yes	-
Incentive rate	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 280</li> </ul>	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 285</li> </ul>	NA	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 550</li> </ul>	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 950</li> </ul>	-
Incentive Amount	Rs. 98.48 crores [(250*8%) + (250*9%) + (250*10%) + (280*11%)]	Rs. 98.85 crores [(250*8%) + (250*9%) + (250*10%) + (285*11%)]	NA	Rs. 128 crores [(250*8%) + (250*9%) + (250*10%) + (550*11%)]	Rs. 172 crores [(250*8%) + (250*9%) + (250*10%) + (950*11%)]	Rs. 497.33 Crores
<p><i>Since, the cumulative determined sales value exceeds of Rs. 1,250 Crores over 5 years, additional 2% incentives would be provided on the incremental sale in excess of Rs. 1,250 Crores i.e. Rs. 4,870 Crores * 2% = Rs. 97.40 Crores. Additional 5% incentive to specified components of BEVs &amp; HFCVs.</i></p>						

**Note 1:** Threshold Determined Sales Value for the first year is ₹25 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e. ₹25 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 250 crore over 5 years:  
 FY 2022-23: Rs. 40 crore; FY 2023-24: Rs. 100 crore  
 FY 2024-25: Rs. 175 crore; FY 2025-26: Rs. 220 crore  
 FY 2026-27: Rs. 250 crore

# Illustration 7: Incentives computation

Component Champion Incentive Scheme (battery electric vehicles & hydrogen fuel cell vehicles components)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	Rs. 1,000 Crores	-
Actual sale of eligible OEM products	Rs. 1,030 Crores	Rs. 1,035 Crores	Rs. 1,055 Crores	Rs. 1,300 Crores	Rs. 1,700 Crores	Rs. 6,120 Crores
Minimum Determined sales value (refer Note 1)	Rs. 25 Crores	Rs. 27.50 Crores	Rs. 30.25 Crores	Rs. 33.28 Crores	Rs. 36.60 Crores	Rs. 152.63 Crores
Determined sales value	Rs. 30 crores (1,030-1,000)	Rs. 35 crores (1,035-1,000)	Rs. 55 crores (1,055-1,000)	Rs. 300 crores (1,300-1,000)	Rs. 700 crores (1,700-1,000)	Rs. 1,120 Crores
Cumulative investment required (refer Note 2)	Rs. 40 Crores	Rs. 100 Crores	Rs. 175 Crores	Rs. 220 Crores	Rs. 250 Crores	-
Cumulative investment done till the end of the year	Rs. 50 Crores	Rs. 150 Crores	Rs. 160 Crores	Rs. 290 Crores	Rs. 310 Crores	Rs. 310 Crores
Eligible for Incentive?	Yes	No	No	Yes	Yes	-
Incentive rate (Additional 5% incentive to specified components of BEVs & HFCVs)	13%	NA	NA	<ul style="list-style-type: none"> <li>13% for first 250</li> <li>14% for balance 50</li> </ul>	<ul style="list-style-type: none"> <li>13% for first 250</li> <li>14% for next 250</li> <li>15% for balance 200</li> </ul>	-
Incentive Amount	Rs. 3.9 crores (30*13%)	NA	NA	Rs. 39.50 crores [(250*13%) + (50*14%)]	Rs. 97.50 crores [(250*13%) + (250*14%) + (200*15%)]	Rs. 140.90 Crores

**Note 1:** Threshold Determined Sales Value for the first year is ₹25 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e. ₹25 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 250 crore over 5 years:  
FY 2022-23: Rs. 40 crore; FY 2023-24: Rs. 100 crore  
FY 2024-25: Rs. 175 crore; FY 2025-26: Rs. 220 crore  
FY 2026-27: Rs. 250 crore

# Illustration 8: Incentives computation

## Component Champion Incentive Scheme (New non-automotive investor )

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Eligible sales value in base year (FY 2019-20)	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	Rs. 0 Crores	-
Actual sale of eligible OEM products	Rs. 1,030 Crores	Rs. 1,035 Crores	Rs. 1,055 Crores	Rs. 1,300 Crores	Rs. 1,700 Crores	Rs. 6,120 Crores
Minimum Determined sales value (refer Note 1)	Rs. 25 Crores	Rs. 27.50 Crores	Rs. 30.25 Crores	Rs. 33.28 Crores	Rs. 36.60 Crores	Rs. 152.63 Crores
Determined sales value	Rs. 1,030 crores (1,030-0)	Rs. 1,035 crores (1,035-0)	Rs. 1,055 crores (1,055-0)	Rs. 1,300 crores (1,300-0)	Rs. 1,700 crores (1,700-0)	Rs. 6,120 Crores
Cumulative investment required (refer Note 2)	Rs. 80 Crores	Rs. 200 Crores	Rs. 350 Crores	Rs. 440 Crores	Rs. 500 Crores	-
Cumulative investment done till the end of the year	Rs. 90 Crores	Rs. 225 Crores	<b>Rs. 300 Crores</b>	Rs. 490 Crores	Rs. 510 Crores	Rs. 510 Crores
Eligible for Incentive?	Yes	Yes	No	Yes	Yes	-
Incentive rate	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 280</li> </ul>	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 285</li> </ul>	NA	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 550</li> </ul>	<ul style="list-style-type: none"> <li>8% for first 250</li> <li>9% for next 250</li> <li>10% for next 250</li> <li>11% for balance 950</li> </ul>	-
Incentive Amount	Rs. 98.48 crores [(250*8%) + (250*9%) + (250*10%) + (280*11%)]	Rs. 98.85 crores [(250*8%) + (250*9%) + (250*10%) + (285*11%)]	NA	Rs. 128 crores [(250*8%) + (250*9%) + (250*10%) + (550*11%)]	Rs. 172 crores [(250*8%) + (250*9%) + (250*10%) + (950*11%)]	Rs. 497.33 Crores

Since, the cumulative determined sales value exceeds of Rs. 1,250 Crores over 5 years, additional 2% incentives would be provided on the incremental sale in excess of Rs. 1,250 Crores i.e. Rs. 4,870 Crores \* 2% = Rs. 97.40 Crores. Additional 5% incentive to specified components of BEVs & HFCVs.

**Note 1:** Threshold Determined Sales Value for the first year is ₹25 crore in respect of all companies viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim incentive. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of first year i.e. ₹25 crore has to be achieved by all approved companies.

**Note 2:** Minimum cumulative investment of Rs. 500 crore over 5 years:

FY 2022-23: Rs. 80 crore; FY 2023-24: Rs. 200 crore

FY 2024-25: Rs. 350 crore; FY 2025-26: Rs. 440 crore

FY 2026-27: Rs. 500 crore

# Other key points

# Production Linked Incentives for Auto and Auto Components

## Other key points

1

### Nature of investment

New investments should be made from the same legal entity as the one applying for the incentive

2

### Audit

The scheme shall have provision for cost audit by External Auditor (Cost or Chartered Accountant) appointed by MHI and the expenses will be met within the allocation of the scheme

3

### Consequence of not fulfilling new Domestic Investment

In case the company fails to meet the cumulative domestic investment condition in any given year, it will not receive any incentive for that year even if the threshold for determined sales value is achieved. However, it will still be eligible to receive the benefits under the scheme in the following years if it meets the cumulative domestic investment condition defined for that year.

4

### Incentive Capping

Total Incentive per entire Group company(ies) is capped at ₹ 6,485crore (25% of total incentives outlay under this Scheme). The cap on incentive payable to the approved company or Group of company(ies) as stated above would be incorporated as part of the agreement.

5

### Other schemes

Benefits available under the Auto PLI scheme, Faster Adaption of Manufacturing of Electric Vehicles ('FAME') scheme and Advance Chemistry Cell ('ACC') PLI , state incentives etc. can be availed simultaneously

6

### Consequence of not fulfilling 10% YOY growth

In case the approved company fails to meet the threshold for increase in Determined Sales Value over the threshold for the first, for any given year, it will not receive any incentive for that year. However, it will still be eligible to receive the benefits under the scheme in the next year if it meets the threshold for that particular year calculated on the basis of 10% YoY growth over the threshold for the first year and thereafter for 4 consecutive years



# Our Team



# Saurabh Agarwal

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S.No.	Remarks	Particulars
1.	Name	Saurabh Agarwal
2.	Designation	Partner - Indirect Tax Services
3.	Experience	13 Years+
4.	Qualification	Chartered Accountant - Institute of Chartered Accountants of India
5.	Expertise	<ul style="list-style-type: none"><li>• He specializes in providing end-to-end services in relation to the fiscal incentives by State and Central Government and setting up/expansion of new units</li><li>• Expertise in GST, Customs and International Trade, State and Central Incentives</li></ul>
6.	Other relevant aspects	<ul style="list-style-type: none"><li>• He is a knowledge partner to The Automotive Component Manufacturers Association ('ACMA') and Indian Battery and Accessories Industries Welfare Association ('IBAIWA')</li><li>• Instrumental in various policy related decision matters (including Auto PLI) jointly with policy makers and industry players</li></ul>

# Annexures

# Annexure 1

## Incentive Pay-out

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<i>Rs. Crore</i>	
Financial Year	Total Incentive
Year 1	604
Year 2	3,150
Year 3	5,925
Year 4	7,199
Year 5	9,060
<b>Total</b>	<b>25,938</b>

# Annexure 2

## Champion OEM Incentive Scheme : List of Advance Automotive Technology Vehicles

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Incentives are applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments - 2 wheelers, 3 wheelers, passenger vehicles, commercial vehicles, Tractors and automobile meant for Military use and any other Advanced Automotive Technology vehicle prescribed by MHI depending upon technical developments.

The following vehicles are prescribed by Ministry of Heavy Industries (MHI) as Advance Automotive Technology Vehicles. The list can be amended by MHI from time to time depending upon technological developments.

Sr. No.	Segment	Description
1	Battery Electric vehicles	All vehicle segments which meet the performance criteria of FAME-II scheme or as notified from time to time by MHI.
2	Hydrogen Fuel Cell Vehicle	All vehicle segments.

# Annexure 3

## Application and Documentation Requirement for Disbursement of Incentives

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- The window for receiving applications through the Notice Inviting Applications will be for a period of 60 days. The applicant companies are required to submit an application along with financial and supporting documents.
- The documents required for verifying eligibility for both the components of the scheme will include, but not be limited, to the following:
  - Audited financial statements (Profit & loss, balance sheet) of the legal entity applying for the scheme as well as that of the global group company;
  - For base lining and establishing incentives, eligible sales value in the base year and domestic investment made starting from 01.04.2021, if any, the applicant needs to furnish a statutory auditor's certificate;
- The documents should be audited and validated by statutory auditor.
- A non-refundable application fee would be payable for each application.
- All applications will be submitted through an online portal maintained by the PMA (URL to be made available on the website of MHI in due course). In case the portal is not available, applications may be submitted in physical form to the PMA.
- Claim for disbursement of incentive shall be filed by the approved applicant within 6 (six) months from the end of the financial year to which the claim pertains.
- The approved applicants shall be required to reconcile Domestic Investment and Determined Sale Value with documents as prescribed by the PMA, by 31st of December of the financial year subsequent to which the claim pertains.
- The disbursement of incentives will be in the form of Direct Bank Transfer through PFMS or through any other mechanism of adjustment in the name of the applicant only.
- In case of excess claims disbursed, the approved applicant shall reimburse MHI for any incentive amount refundable, along with interest calculated at 3 years' SBI Marginal cost of funds-based lending rate (MCLR) prevailing on the date of disbursement, compounded annually. The same interest implications, if PMA/MHI is satisfied that eligibility or disbursement under the Scheme has been obtained by misrepresentation of facts or falsification of information.

# Annexure 4

## Cumulative New Domestic Investment

Rs. Crore

Cumulative new domestic investment to be achieved	Champion OEM (Except 2W & 3W)	Champion OEM 2W & 3W	Component Champion	New Non-Automotive investor (OEM)	New Non-Automotive investor (Component)
Upto or before March 31, 2023	300	150	40	300	80
Upto or before March 31, 2024	800	400	100	800	200
Upto or before March 31, 2025	1,400	700	175	1,400	350
Upto or before March 31, 2026	1,750	875	220	1,750	440
Upto or before March 31, 2027	2,000	1,000	250	2,000	500

### Notes :

1. New investments should be made from the same legal entity as the one applying for the incentive.
2. Cumulative new domestic investment made **starting 1st April 2021** shall be considered under this condition.
3. The applicant company is required to meet the cumulative investment condition for each year.
4. Preference shall be given to eligible companies or its Group company(ies) committing to front load their investment during the scheme period. Proposed investment commitment will be evaluated by calculating the net present value (NPV) of the investment using the bank rate as the discounting factor.
5. In the event, any company meets the investment condition few years before the end of the scheme; it will be eligible for incentives throughout the tenure of the scheme subject to meeting other conditions of the scheme.
6. In case the company fails to meet the cumulative domestic investment condition in any given year, it will not receive any incentive for that year even if the threshold for determined sales value is achieved. However, it will still be eligible to receive the benefits under the scheme in the following years if it meets the cumulative domestic investment condition defined for that year.

# Annexure 5

## Minimum Determined Sales Value

Rs. Crore

Year	Minimum Determined Sales Value [(Eligible sales value for vehicle segment/component segment for a particular year) minus (Eligible sales value for vehicle segment/component segment for base year)]	
	Champion OEM Scheme	Component Champion Scheme
Year 1	125	25

### Notes:

1. Base Year: FY 2019-20 (not applicable for new non-automotive investors).
2. For new non-automotive investors (who are currently not in automobile or auto component manufacturing business) **eligible sales value\*** in the base year will be taken as zero.
3. New non-automotive investors and those OEMs/component manufacturers who have NIL **eligible sales value\*** in the base year, have to achieve determined sales value for the first year.
4. YoY growth in determined sales value of minimum 10% has to be achieved.
5. In case the company fails to meet the threshold for determined sales value in any given year, it will not receive any incentive for that year. However, it will still be eligible to receive the benefits under the scheme in the next year if it meets the threshold of determined sales defined for that year subject to meeting condition of minimum new domestic investment for the claim year.

*\*eligible sales value for vehicle segment: Total sales (Net of GST) for eligible vehicles;*

*eligible sales value for Component segment: Total sales (Net of GST) for eligible components or apportioned value of eligible component as determined by Testing agency of Ministry of Heavy industries (MHI);*



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