



सत्यमेव जयते



PART-II

COMPILED BY:

FCI
LIMITED
आई एफ सी आई लिमिटेड
(A Government of India Undertaking)
(भारत सरकार का उपक्रम)

IFCI LIMITED

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- c) IFCI Venture Capital Fund Ltd. (IVCF)
- d) IFCI Factors Ltd. (IFL)
- e) IFCI Financial Services Ltd. (IFIN)
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Background

Keeping in view Hon'ble Prime Minister's vision of making the country 'Atmanirbhar' and to enhance its manufacturing capabilities and boost Exports, scheme wise outlay has been announced in Union Budget 2021-22 for PLI schemes for 14 key sectors of the economy. The PLI Schemes are expected to enable the setting up of a widespread supplier base for the global champions established under the scheme. It will help bring scale and size in key sectors and create future global champions. Besides, all the units put together would help India to generate massive primary & secondary employment opportunities, enhance manufacturing capability and domestic consumption, reduce import dependency and boost exports.

A summary of incentive outlay of 14 key sectors under PLI scheme is listed below:

Sl. No.	PLI Scheme Sector	Implementing Ministry/ Department	Incentive Outlay (INR Cr)
1.	Food Processing Industry	Ministry of Food Processing Industry	10,900
2.	National program on High Efficiency Solar PV module	Ministry of New & Renewable Energy	4,500
3.	Telecom & networking products	Dept. of Telecom	12,195
4.	Medical devices	Dept. of Pharmaceuticals	3,420
5.	Advanced Chemistry cell battery	Niti Ayog and Dept. Of Heavy Industries	18,100
6.	IT Hardware	Ministry of Electronics and Information Technology	7,325
7.	Large Scale Electronics Manufacturing	Ministry of Electronics and Information Technology	40,951
8.	White Goods (ACs & LED)	Ministry of Commerce	6,238
9.	Key Starting materials/ DIs/Active pharmaceutical ingredients	Dept. of Pharmaceuticals	6,940
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11.	Automobiles & Auto Components	Department of Heavy Industries	25,938
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13.	Pharmaceuticals drugs	Department of Pharmaceutical	15,000
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PLI Scheme ‘National Programme on High Efficiency Solar PV Modules’

Ministry of New & Renewable Energy (MNRE)

F. No. 283/62/2020-GRID SOLAR
भारत सरकार / Government of India
नवीन और नवीकरणीय ऊर्जा मंत्रालय/ Ministry of New & Renewable Energy (MNRE)
ग्रिड सौर ऊर्जा प्रभाग / Grid Solar Power Division

Block No. 14, C.G.O. Complex,
Lodi Road, New Delhi - 110003

Dated: 28th April, 2021

To

The Pay & Accounts Officer,
Ministry of New & Renewable Energy
New Delhi - 110003.

Sub: Production Linked Incentive Scheme 'National Programme on High Efficiency Solar PV Modules'

Sir/ Madam,

I am directed to convey the sanction of President for implementation of Production Linked Incentive scheme 'National Programme on High Efficiency Solar PV Modules' for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV modules.

2.0 Aims and Objectives:

2.1 Aim: To promote manufacturing of high efficiency solar PV modules in India and thus reduce import dependence in the area of Renewable Energy.

2.2 Objectives:

- a. To build up solar PV manufacturing capacity of high efficiency modules.
- b. To bring cutting edge technology to India for manufacturing high efficiency modules. The scheme will be technology agnostic in that it will allow all technologies. However, technologies which result in better module performance will be incentivized.
- c. To promote setting up of integrated plants for better quality control and competitiveness.
- d. To develop an ecosystem for sourcing of local material in solar manufacturing.
- e. Employment generation and technological self-sufficiency.

3.0 Implementation Methodology: The Scheme will be implemented as per the detailed Scheme Guidelines enclosed at Annexure-I.

4.0 Necessary funds for implementation of this Scheme during 2021-22 (if any required) and subsequent years will be drawn from the budgetary allocations to Ministry of New & Renewable Energy.

5.0 This sanction issues in exercise of powers delegated to this Ministry and with the concurrence of IFD vide their Dy. No. 12 dated 28.04.2021 and approval of competent authority dated 27.04.2021.

Yours faithfully,



(Sanjay G. Karndhar)
Scientist-D

Tel: 011-24363498, Email: karndhar.sg@nic.in

Copy for information and necessary action to:

1. All Central Government Ministries and Departments.
2. NITI Aayog, Sansad Marg, Sansad Marg Area, New Delhi.
3. Renewable Energy /Power/Energy Departments of all States & UTs.
4. State Nodal Agencies for Renewable Energy (SNAs) of all States / UTs.
5. Major Public Sector Enterprises operating in Renewable Energy /Power /Energy sector.
6. Principal Director of Audit, Scientific Audit-II, DGACR Building, I.P. Estate, Delhi - 110002.
7. Director General (Local Bodies), Office of the Comptroller & Auditor General, 9-Deendayal Upadhyay Marg, New Delhi.
8. Indian Renewable Energy Development Agency Limited (IREDA), 3rd Floor, August Kranti Bhawan, Bhikaiji Cama Place, New Delhi - 110 066
9. National Institute of Solar Energy (NISE), Gwal Pahari, Faridabad-Gurugram Road, Gurugram, Haryana- 122003.
10. Solar Energy Corporation of India Limited (SECI), 6th Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi-110023.

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Yours faithfully,



(Sanjay G. Karndhar)

Scientist-D

Tel:011-24363498,

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Guidelines for Production Linked Incentive Scheme ‘National Programme on High Efficiency Solar PV Modules’

Sub: Scheme Guidelines for Implementation of the Production Linked Incentive scheme ‘National Programme on High Efficiency Solar PV Modules’ for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV modules.

1.0 Introduction & Background:

1.1. On 11 November, 2020, the Cabinet approved introduction of Production Linked Incentive (PLI) Scheme for 10 key Sectors, for enhancing India’s manufacturing capabilities and exports under Atmanirbhar Bharat initiative. One of the 10 sectors for which introduction of Production Linked Incentive (PLI) has been approved by the Cabinet is ‘High Efficiency Solar PV Modules’ for which Ministry of New & Renewable Energy (MNRE) has been designated as the implementing Ministry. The financial outlay for PLI for ‘High Efficiency Solar PV Modules’, as approved by the Cabinet and communicated vide NITI Aayog’s Order No. 13(176)/2020-I&M (I) dated 20.11.2020, over a five-year period is ₹ 4,500 crore.

1.2 Background:

India has set an ambitious target of setting up 1,75,000 MW capacity of renewable energy by 2022 and 4,50,000 MW by 2030. On the basis of techno-economic analysis, Central Electricity Authority (CEA) has indicated in their Optimum Energy Mix report that 2,80,000 MW capacity from solar energy will be needed by 2029-30. To achieve the target, around 25,000 MW solar energy capacity is needed to be installed every year, till 2030. Solar capacity addition presently depends largely upon imported solar PV cells and modules as the domestic manufacturing industry has limited operational annual capacities of around 2,500 MW for solar PV cells and 9,000-10,000 MW for solar PV modules.

2.0 Aims and Objectives:

2.1 Aim: To promote manufacturing of high efficiency solar PV modules in India and thus reduce import dependence in the area of Renewable Energy.

2.2 Objectives:

- a. To build up solar PV manufacturing capacity of high efficiency modules.
- b. To bring cutting edge technology to India for manufacturing high efficiency modules. The scheme will be technology agnostic in that it will allow all technologies. However, technologies which will result in better module performance will be incentivised.
- c. To promote setting up of integrated plants for better quality control and competitiveness.
- d. To develop an ecosystem for sourcing of local material in solar manufacturing.
- e. Employment generation and technological self-sufficiency.

3.0 Implementation Methodology:

The Ministry of New and Renewable Energy has decided to implement a National Programme on Solar PV Manufacturing involving Production Linked Incentive (PLI) to enhance domestic

manufacturing capacity of High Efficiency Solar PV Modules, for which the Cabinet has given approval on 11th November, 2020 and allocated an amount of ₹ 4,500 crore to be spent over a period of five years.

3.1 Implementing Agency:

- (i) The PLI scheme will be implemented by MNRE through Indian Renewable Energy Development Agency (IREDA) as Implementing Agency. IREDA will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MNRE from time to time. The responsibilities of IREDA inter alia, include receipt of applications, examination and appraisal of applications as per the modalities of this scheme, issuing acknowledgements to applicants, making appropriate recommendations to MNRE after assigning inter-se ranking for approval of beneficiaries, examination of claims of beneficiaries for disbursement of PLI, verification and reconciliation of disbursement claims with prescribed documents and making appropriate recommendations to MNRE in this regard, compilation of data regarding progress and performance of the scheme through Quarterly Review Reports and other information / documents. IREDA will also submit progress to MNRE on a quarterly basis along with details of disbursement claims received for PLI, amount disbursed, reasons for delay in disbursement of the incentives etc. IREDA will be eligible to get 1% of the PLI amount disbursed as administrative charges on annual basis.
- (ii) IREDA will have the right to carry physical inspection of an applicant's manufacturing units and offices through site visits. It will take help of National Institute of Solar Energy (NISE) for measurement of efficiency and temperature co-efficient of modules. If required, MNRE may also designate National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited labs, etc. for such measurement.

3.2 Selection of beneficiaries: Beneficiaries of the PLI scheme will be selected through a transparent bidding process. Applications will be shortlisted after consideration of the following parameters:

- a) **Extent of Integration:** Preference will be given to manufacturers who propose to set up a fully integrated solar PV manufacturing plant using silicon based technology (starting from the stage of manufacturing of polysilicon, to Ingot/Wafer to Solar Cell and Module) or fully integrated Thin Film technology or any other technology. However, in order to qualify for the bid, the applicant manufacturer will have to promise minimum integration across solar cells and modules.
- b) **Manufacturing Capacity:** Preference will be given to manufacturers who set up higher capacity plants. However, in order to qualify for the bid, the applicant manufacturer will have to undertake to set up a manufacturing plant of minimum 1,000 MW capacity (1,000 MW each for all individual stages included in the manufacturer's proposal).
- c) **Minimum module performance:** Manufacturers will also have to fulfill following minimum performance parameters:

Minimum module efficiency of 19.50% with temperature coefficient of Pmax better than -0.30% per degree Celsius

Or

Minimum module efficiency of 20% with temperature coefficient of Pmax equal to or better than -0.40% per degree Celsius

3.3 Inter se ranking of the bidders and other eligibility conditions:

- a) **Inter se ranking:** Bidders who fulfill the minimum conditions as specified in para 3.2 (a), (b) and (c) above will be shortlisted. Subsequently, they will be assigned marks, for determining their inter-se position as per the following selection criteria table:

SELECTION CRITERIA Table			
Parameter	Stages of manufacturing	Marks	Max Marks
1. Extent of Integration	Stage-1: Manufacturing of Polysilicon from outsourced (imported/ domestic) M.G. Silica + Stage-2: Manufacturing of Ingots-Wafers from Stage-1 Polysilicon + Stage-3: Manufacturing of solar cells from Stage-2 Wafers + Stage-4: Manufacturing of Modules from Stage-3 Solar Cells or Fully integrated manufacturing of Thin Film plant or fully integrated plant of any other technology	50	50
	Stage-2: Manufacturing of Ingots-Wafers from outsourced Polysilicon + Stage-3: Manufacturing of solar cells from Stage-2 Wafers + Stage-4: Manufacturing of Modules from Stage-3 Solar Cells or similar level of integration of any other technology	35	
	Stage-3: Manufacturing of solar cells from outsourced Wafers + Stage-4: Manufacturing of Modules from Stage-3 Solar Cells or similar level of integration of any other technology	20	
2. Manufacturing Capacity (in MW)	4,000 MW & above	50	50
	3,500 MW and above but less than 4,000 MW	45	
	3,000 MW and above but less than 3,500 MW	40	
	2,500 MW and above but less than 3,000 MW	35	
	2,000 MW and above but less than 2,500 MW	30	
	1,500 MW and above but less than 2,000 MW	25	
	1,000 MW and above but less than 1,500 MW	20	

Note: The bidder manufacturer getting higher marks will get preference in allocation of manufacturing capacity under the PLI scheme. In case of equal marks, the bidder/ manufacturer quoting least total PLI amount for five years' period as per Para 3.5 below, followed by higher 'Extent of integration' followed by higher 'Manufacturing Capacity' will get priority in selection.

- b) **Bidders eligible for PLI:** The bidder manufacturer can be a single company or a Joint Venture/ Consortium of more than one company. However, in case of Joint Venture/Consortium, a partner/company will be allowed to tie up their manufacturing capacity (of any stage) with another partner/company for one bid only. The selection of the beneficiaries will be done by the bucket filling method keeping in view the overall PLI limit of ₹ 4,500 crore, and the PLI requirements quoted by the bidders. The bidder getting highest marks/inter se position will get PLI amount for five years as quoted by him followed by 2nd bidder and so on till the PLI amount of ₹ 4,500 crore is exhausted. Manufacturing units which have availed any benefit under the MNRE's tender(s) for solar Power Purchase Agreements linked to PV manufacturing or SIPS/ M-SIPS programme of Ministry of Electronics & Information Technology (MEITY) will not be eligible for benefits under this programme. Manufacturing units which have imported capital goods for setting up the module manufacturing facility before the last date of bid submission will not be eligible for participation under the PLI scheme.

- c) **Waiting List:** A waiting list on the basis of marks (valid for six months from the date of selection of the bidder manufacturers) will be maintained in case of substantial over subscription of the bid. In case, the Ministry gets additional financial outlay over and above ₹ 4,500 crore, the waiting list will be cleared following the same bucket filling method.

3.4 Greenfield & Brownfield projects: Greenfield new solar PV module manufacturing units will be eligible for PLI. Brownfield projects will also be allowed to participate subject to the fulfilment of prescribed eligibility criteria for greenfield projects as mentioned at 3.2(a), 3.2(b) and 3.2(c). PLI rate for such Brownfield projects will be 50% of the rate for Greenfield projects. Brownfield projects will refer to all such new solar PV manufacturing capacities set up by the existing solar PV manufacturers which share some common infrastructure facilities with the pre-existing solar PV manufacturing capacities or addition of new manufacturing lines in the existing solar PV manufacturing facilities.

3.5 Calculation of Production Linked Incentive (PLI):

- (i) PLI will be calculated as per following formula: $PLI (\text{₹}) \text{ to manufacturers} = \text{Sales Volume (Wp)} \times \text{Base PLI Rate (₹/Wp as per position in Performance Matrix mentioned in para 3.7)} \times \text{Tapering Factor as explained in para 3.7.1 (1.4, 1.2, 1, 0.8, 0.6 for 1st, 2nd, 3rd, 4th \& 5th year respectively)} \times \text{Local Value Addition expressed in fraction of one}$. At the time of bidding, the bidders will also have to submit the quantum of total PLI required for the five year period post commissioning of the manufacturing unit. They will calculate PLI requirement for each individual year, based on the estimated values of the parameters in the formula above.
- (ii) The actual PLI given to a manufacturer will depend on actual sales or the maximum capacity awarded under the PLI scheme, whichever is less, as explained in para 3.6, his actual position in the Performance Matrix and actual local value addition. However, the bidders, will in no case, be eligible for any PLI over and above the PLI requirement quoted by them for a particular year. In case a selected manufacturer fails to meet the extent of integration or manufacturing capacity promised at the time of selection, he will not get any PLI till he overcomes these deficiencies. If the manufacturer achieves the promised levels subsequently, he will be eligible for PLI from the next month following the month in which he achieved the promised levels of integration and capacity. However, in such cases, the manufacturer will not be able to get PLI for full 5 years since 5 years PLI is counted from the scheduled date of commissioning of the plant. In case, the modules manufactured by a selected manufacturer do not meet the minimum performance parameters mentioned at para 3.2(c), then he will not get any PLI in respect of such modules.

3.6 Maximum Sales (in MW) covered: Though a manufacturer can bid for any capacity (MW), the maximum capacity that can be awarded, to one bidder under the PLI scheme, is 50% of the bid capacity (capacity which he has promised to set up in his bid) or 2000 MW, whichever is less, to accommodate at least three manufacturers under the overall envelope of ₹ 4,500 crore. PLI will be given on actual production and sales of high efficiency module by the selected units. In case, the annual sales (in MW) of a unit is more than the capacity (in MW) awarded to it, PLI will be limited to the sales (MW) equal to the capacity (MW) awarded under the PLI scheme.

3.7 Performance Matrix: On the basis of module efficiency and module's temperature co-efficient of Pmax (hereinafter also referred to as module's temperature co-efficient), 'Base PLI rate' will be determined in ₹/Watt peak (₹/Wp) as per the Performance Matrix Table given below:

PERFORMANCE MATRIX TABLE						
	Module Efficiency (%) →	During five Year period after commissioning				
		Base PLI Rate (₹/Wp)**				
		Less than 19.50%	19.50% and above but less than 20%	20% and above upto 21.5%	Above 21.5% & upto 23%	Above 23%
Module's Temperature Coefficient of Pmax* (in % per degree Celsius)↓	Position		W	X	Y	Z
Worse than -0.40		0	0	0	0	0
-0.40 to -0.30	A	0	0	2.50	3.00	3.50
Better than -0.30	B	0	2.25	2.75	3.25	3.75

* Pmax = Maximum Power at Standard Test Conditions (STC), i.e. Irradiance 1000 W/m², cell temperature 25°C, air mass (AM)= 1.5; Module's temperature coefficient refers to percentage change in Pmax per degree Celsius rise in temperature

** Increase in the Base PLI Rate (₹/Wp) of ₹0.25/Wp for different module efficiency has been kept to motivate and incentivize manufacturers for producing higher efficiency module which requires higher investment for R&D.

3.7.1 Tapering of PLI: In order to give a signal to solar PV manufacturing industry that they will need to be competitive after five years, the PLI rate (₹/Wp) will be higher in the beginning and lower towards the end of five-year period. To achieve the objective of tapering down the PLI rate (in ₹/Wp), the PLI rate (₹/Wp) will be multiplied by a tapering factor of 1.4 for the 1st year of the five year PLI disbursement period followed by a tapering factor of 1.2, 1.0, 0.8 and 0.6 for the 2nd, 3rd, 4th and 5th year of the PLI disbursement period respectively.

3.8 Disbursement of PLI: The manufacturing units sanctioned under the programme would be eligible for getting PLI on annual basis on sales of high efficiency solar PV modules for 5 years from commissioning or 5 years from scheduled commissioning date, whichever is earlier. Consequently, in case of delayed commissioning, the PLI period will reduce from 5 years by the quantum of such delay in commissioning. A team constituted by MNRE or IREDA will visit the manufacturing unit immediately after its commissioning to verify promised extent of integration, manufacturing capacity, efficiency and temperature co-efficient of modules. The manufacturers will be asked to give a self-declaration and a Statutory Auditor's or Chartered or Cost Accountant's certificate in support of claims of PLI. The manufacturers will be required to provide documents in support of the PLI claimed for a particular year based on (i) sales (watt) of modules, (ii) percentage of local value addition and (iii) PLI rate (as per the position in Performance Matrix). Documents required to be submitted by manufacturer for availing PLI will be detailed out in the tender documents. MNRE will also make provisions for adequate safeguards, including for periodical special audits and appointing technical organisations to conduct sample checks to verify claims of manufacturers in respect of module efficiency and temperature coefficient.

3.9 Local Value Addition: Manufacturers will be encouraged to source their material from domestic market. The PLI amount will increase with the increased local value addition. The percentage of Local Value Addition will be calculated as follows:

$$\frac{[(\text{Sale value of Module as per GST invoice excluding net domestic indirect taxes}) - (\text{Value of direct and indirect imported materials and services (including all customs duty) as per Bill of Entry filed in Customs, used in manufacture of module})]}{[(\text{Sale value of Module as per GST invoice excluding net domestic indirect taxes})]} \times 100\%$$

3.10 Timelines for commissioning of solar PV manufacturing facilities: The time-period allowed for commissioning of solar PV manufacturing units under the Scheme is as follows:

Type of solar PV manufacturing plant	Time allowed for commissioning
Stage-1: Manufacturing of Polysilicon from outsourced (imported/domestic) M.G. Silica + Stage-2: Manufacturing of Ingots-Wafers from Stage-1 Polysilicon + Stage-3: Manufacturing of solar cells from Stage-2 Wafers + Stage-4: Manufacturing of Modules from Stage-3 Solar Cells or Fully integrated manufacturing of Thin Film plant or fully integrated plant of any other technology	Within 3 years from date of sanction
Stage-2: Manufacturing of Ingots-Wafers from outsourced Polysilicon + Stage-3: Manufacturing of solar cells from Stage-2 Wafers + Stage-4: Manufacturing of Modules from Stage-3 Solar Cells or similar level of integration of any other technology	Within 2 years from date of sanction
Stage-3: Manufacturing of solar cells from outsourced Wafers + Stage-4: Manufacturing of Modules from Stage-3 Solar Cells or similar level of integration of any other technology	Within 1.5 years from date of sanction

3.11 Penalties:

- (i) In case a selected manufacturer fails to meet the promised integration or capacity or minimum module performance after his selection, he will not get any PLI till he overcomes these deficiencies. If the manufacturer achieves the promised levels subsequently, he will be eligible for PLI from the next month following the month in which he achieved the promised levels. However, in such cases, the manufacturer will not be able to get PLI for full 5 years since 5 years PLI is counted from the scheduled date of commissioning of the plant.
- (ii) Bidders will have to submit, at the time of signing of Contract Agreement with IREDA, Performance Bank Guarantees (PBG). In case they fail to implement the promised 'Extent of integration' or the 'Manufacturing capacity' submitted by them in their bids, within scheduled commissioning date, Bank Guarantees commensurate to the manufacturing commitments not fulfilled by the bidder will be forfeited by IREDA and balance Bank Guarantees will be released by them. Detailed modalities in this regard will be given in tender documents.
- (iii) To ensure that the bidder-manufacturers quote realistic year-wise PLI requirement, so as to accommodate more beneficiaries, in case of actual PLI claimed by the successful bidder-manufacturer in a particular year is less than the amount of PLI quoted by him, at the time of bid submission, for that particular year, by 25% or more, then the amount of PLI to be disbursed to such manufacturer for that particular year will be limited to 95% of the PLI amount, which he

would have been otherwise eligible (as per his sales, position in performance matrix and local value addition) for that particular year.

3.12 Monitoring of the PLI scheme and power to remove difficulties:

- (i) As approved by the Cabinet on 11th November 2020, the Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary will monitor the PLI scheme, undertake periodic review of the outgo under the scheme, ensure uniformity of all PLI Schemes and take appropriate action to ensure that the expenditure is within the prescribed outlay. Any changes required in the modalities of the scheme, subject to the condition that the overall financial outlay remain within ₹ 4500 crore, will be placed for consideration of the EGoS.
- (ii) Any changes required in the scheme guidelines, without changing the modalities which require placing before EGOS as mentioned in Para 3.12(i) above, will be done with the approval of Hon'ble Minister (New & Renewable Energy), subject to the condition that the overall financial outlay remain within ₹ 4500 crore.

F. No. 283/62/2020-GRID SOLAR

भारत सरकार / Government of India

नवीन और नवीकरणीय ऊर्जा मंत्रालय/ Ministry of New & Renewable Energy (MNRE)

ग्रिड सौर ऊर्जा प्रभाग / Grid Solar Power Division

Atal Akshay Urja Bhawan
Lodhi Road, New Delhi – 110003

Dated: 30th September, 2022

To

The Pay & Accounts Officer,
Ministry of New & Renewable Energy
New Delhi – 110003.

Sub: Production Linked Incentive Scheme (Tranche II) under 'National Programme on High Efficiency Solar PV Modules'

Sir/ Madam,

I am directed to convey the sanction of the President for implementation of the Production Linked Incentive Scheme (Tranche II) under 'National Programme on High Efficiency Solar PV Modules' for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV Modules.

2.0 Aims and Objectives:

2.1 Aim: To promote manufacturing of high efficiency solar PV modules in India and thus reduce import dependence in the area of Renewable Energy.

2.2 Objectives:

- i. To build up solar PV manufacturing capacity of high efficiency modules.
- ii. To bring cutting-edge technology to India for manufacturing high efficiency modules. The scheme will be technology agnostic in that it will allow all technologies. However, technologies which yield better module performance will be incentivized.
- iii. To promote setting up of integrated plants for better quality control and competitiveness.
- iv. To develop an ecosystem for sourcing of local material in solar manufacturing.
- v. Employment generation and technological self-sufficiency.
- vi. To encourage sustainable manufacturing practices and adoption of circular economy approaches.

3.0 Implementation Methodology: The Scheme will be implemented as per the detailed Scheme Guidelines enclosed at Annexure-I.

4.0 Necessary funds for implementation of this Scheme during 2022-23 (if any required) and subsequent years will be drawn from the budgetary allocations to Ministry of New & Renewable Energy.



5.0 This issues with the concurrence of IFD vide their Dy. No. 154 dated 30.09.2022.

Yours faithfully,



(Sanjay G. Karndhar)

Scientist-D

Email: karndhar.sg@nic.in

Copy for information and necessary action to:

1. All Central Government Ministries and Departments.
2. NITI Aayog, Sansad Marg, Sansad Marg Area, New Delhi.
3. Renewable Energy /Power/Energy Departments of all States & UTs.
4. State Nodal Agencies for Renewable Energy (SNAs) of all States / UTs.
5. Major Public Sector Enterprises operating in Renewable Energy /Power /Energy sector.
6. Principal Director of Audit, Scientific Audit-II, DGACR Building, I.P. Estate, Delhi – 110002.
7. Director General (Local Bodies), Office of the Comptroller & Auditor General, 9-Deendayal Upadhyay Marg, New Delhi.
8. Solar Energy Corporation of India Limited (SECI), 6th Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi-110023.
9. National Institute of Solar Energy (NISE), Gwal Pahari, Faridabad-Gurugram Road, Gurugram, Haryana- 122003.
10. Indian Renewable Energy Development Agency Limited (IREDA), 3rd Floor, August Kranti Bhawan, Bhikaiji Cama Place, New Delhi – 110 066

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Yours faithfully,



(Sanjay G. Karndhar)

Scientist-D

Email: karndhar.sg@nic.in

Sub: Scheme Guidelines for Implementation of the Production Linked Incentive Scheme (Tranche II) under 'National Programme on High Efficiency Solar PV Modules' for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV Modules.

1. Introduction & Background

1.1. The Union Cabinet approved the Production Linked Incentive (PLI) Scheme for National Programme on High Efficiency Solar PV Modules, for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV Modules) on 7th April, 2021. The outlay for this PLI Scheme was initially ₹ 4,500 crore (Tranche I) and the Ministry of New & Renewable Energy (MNRE) issued the Scheme Guidelines for Production Linked Incentive Scheme on 'National Programme on High Efficiency Solar PV Modules' on 28th April, 2021.

1.2. Under this tranche, Indian Renewable Energy Development Agency Limited (IREDA), the implementing agency on behalf of MNRE for the PLI Scheme (Tranche-I), issued the Bid Documents for selection of manufacturers for setting up manufacturing capacities for High Efficiency Solar PV Modules. In response, 18 bids corresponding to a Solar PV manufacturing capacity of 54,809 MW were received and Letters of Award were issued by IREDA on 11.11.2021/02.12.2021 to three successful bidders for setting up of 8,737 MW capacity of fully integrated Solar PV Module manufacturing units within PLI scheme outlay of ₹ 4,500 crore.

1.3. To establish a larger manufacturing base for solar PV modules, an additional allocation of ₹ 19,500 crore (Tranche II) for PLI for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules, was announced in the Budget 2022-23, on 1st February 2022.

2. Aims and Objectives

The scheme aims to promote manufacturing of high efficiency solar PV modules in India and thus reduce import dependence in the area of Renewable Energy. The objectives of the scheme include the following:

- i. To build up solar PV manufacturing capacity of high efficiency modules.
- ii. To bring cutting-edge technology to India for manufacturing high efficiency modules. The scheme will be technology agnostic in that it will allow all technologies. However, technologies which yield better module performance will be incentivized.
- iii. To promote setting up of integrated plants for better quality control and competitiveness.
- iv. To develop an ecosystem for sourcing of local material in solar manufacturing.
- v. Employment generation and technological self-sufficiency.
- vi. To encourage sustainable manufacturing practices and adoption of circular economy approaches.



3. Implementation Methodology

National Programme on Solar PV Manufacturing involving Production Linked Incentive (PLI) to enhance domestic manufacturing capacity of High Efficiency Solar PV Modules will be implemented through a transparent selection process, details of which are furnished in the succeeding paragraphs.

3.1. Implementing Agency

i. The PLI Scheme (Tranche-II) will be implemented by MNRE with Solar Energy Corporation of India Limited (SECI) as the Implementing Agency. SECI will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MNRE from time to time. The responsibilities of SECI inter alia, include receipt of applications, examination and appraisal of applications as per the provisions of the scheme, issuing acknowledgements and letters of award to applicants, examination of claims of beneficiaries for disbursement of PLI, verification and reconciliation of disbursement claims with prescribed documents, compilation of data regarding progress and performance of the scheme through Quarterly Review Reports and other information / documents. SECI will also submit progress to MNRE on a quarterly basis along with details of disbursement claims received for PLI, amount disbursed, reasons for delay in disbursement of the incentives etc. SECI will be eligible to get **0.50%** of the PLI amount disbursed as administrative charges on annual basis.

ii. SECI will have the right to carry out physical inspection of an applicant's manufacturing units and offices. It may take help of National Institute of Solar Energy (NISE) for verification of efficiency and temperature co-efficient of modules. If required, MNRE may also designate National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited labs, etc. for such verification. A Project Management Unit (PMU) shall be established in MNRE to assist MNRE & SECI in the implementation of the scheme. Expenditure for PMU will be met out of the administration charges cited at para 3.1 (i) above.

3.2. Criteria for Selection of Beneficiaries

i. Selection

The beneficiaries of the PLI Scheme will be selected through a transparent selection process. Applications will be shortlisted after consideration of the following parameters. It is proposed to call bids for the award of manufacturing capacities commensurate with the additional fund allocation of ₹ 19,500 crore announced in the Union Budget 2022-23.



ii. Bidders eligible for PLI

The bidder manufacturer can be a single company or a Joint Venture/ Consortium of more than one company. However, in case of Joint Venture/Consortium, a partner/company will be allowed to tie up their manufacturing capacity (of any stage) with another partner/company for one bid only. Manufacturing units which have availed any benefit under the MNRE's tender(s) for solar Power Purchase Agreements linked to PV manufacturing or SIPS/ M-SIPS / SPECS schemes of Ministry of Electronics & Information Technology (MEITY), will not be eligible for benefits under this programme. However, any benefit under SIPS/ M-SIPS/ SPECS/ Manufacturing Linked Tender can be availed by manufacturers for the difference of offered bid capacity and double the PLI awarded capacity. For example, for a bid capacity of Y, if a manufacturer has been awarded PLI capacity of X, then it may avail any benefit under SIPS/ M-SIPS/ SPECS /Manufacturing Linked Tender, for capacity in excess of double the PLI awarded capacity i.e. Y-2X. SECI shall obtain an undertaking from bidders in this regard. Goods, equipment and services for which contracts have been concluded by technically qualified bidders in earlier PLI bid, after 11.11.2021 (the date of issue of Letters of Award under Tranche-I), will be eligible for counting towards calculating benefits under the PLI Scheme Tranche-II. For any other case to be eligible for PLI disbursement, the contract for capital equipment / services, etc. should be concluded after the issuance of letter of award.

iii. Greenfield & Brownfield projects

Greenfield solar PV module manufacturing will involve installation of new plant, machinery and equipment. Such Greenfield units must be established in physically segregated premises from any existing manufacturing units.

If a bidder who was issued Letter of Award under earlier bid, is awarded additional capacity under new bid, the new capacity established, will be considered Greenfield, even if it shares common facilities / infrastructure built for the capacity under PLI Tranche-I.

Brownfield manufacturing units will involve expansion of existing manufacturing facilities with addition of new production lines within the existing physical infrastructure and will also be allowed to participate. PLI receivable for such Brownfield projects will be 50% of the PLI receivable for Greenfield projects.

iv. Extent of Integration

In order to qualify for the bid, the applicant manufacturer will have to promise minimum integration across solar cells and modules. Based upon the extent of integration proposed, the bidder can opt for bidding for any one of the following three baskets:



Basket No.	Code	Description
1	P+W+C+M	Stage-1: Manufacturing of Polysilicon + Stage-2: Manufacturing of Ingots-Wafers + Stage-3: Manufacturing of Solar Cells + Stage-4: Manufacturing of Modules or Fully integrated manufacturing of Thin Film plant or Fully integrated plant of any other technology
2	W+C+M	Stage-2: Manufacturing of Ingots-Wafers + Stage-3: Manufacturing of Solar Cells + Stage-4: Manufacturing of Modules or similar level of integration of any other technology
3	C+M	Stage-3: Manufacturing of Solar Cells + Stage-4: Manufacturing of Modules or similar level of integration of any other technology

v. Manufacturing Capacity

In order to qualify for the bid, the applicant manufacturer will have to undertake to set up a manufacturing plant of minimum 1,000 MW capacity (1,000 MW each for all individual stages included in the manufacturer's proposal). The maximum capacity that can be bid for, i.e. the manufacturing capacity that a bidder will set up will be 10 GW for P+W+C+M and 6 GW each for W+C+M and C+M categories. However, the maximum capacity that will be awarded to one bidder under the PLI scheme will be 50% of the capacity to be set up by the applicant. This awarded maximum bid capacity will include any capacity awarded as per LoA issued by IREDA in Tranche-I.

To illustrate, if a bidder was earlier issued LoA(s) in P+W+C+M category, with 'manufacturing capacity to be installed' as 4 GW and 'eligible capacity (for claiming PLI)' as 2 GW, it can bid for maximum $[10-4] = 6$ GW in the new bid and if it bids for his maximum possible (6 GW) in the new bid and is successful in the new bid, it will have to set up new 6 GW manufacturing capacity, in addition to the 4 GW capacity that it has to set up as per the LoA issued in respect of the earlier bid. However, it would be eligible for a PLI against a manufacturing capacity of 50%, i.e. 2GW from earlier LoA and 3GW from LoA awarded under these guidelines.

vi. Trajectories of Module Performance and Local Value Addition (LVA)

Manufacturers will have to fulfill certain minimum values of module performance (combination of module efficiency and module's temperature co-efficient of P_{max}) and Local Value Addition (LVA) for being eligible for PLI, as follows:

Parameter & integration category		Minimum values required for 1 st year after commissioning	Minimum values required for 2 nd year after commissioning	Minimum values required for 3 rd year after commissioning	Minimum values required for 4 th year after commissioning	Minimum values required for 5 th year after commissioning
Module Efficiency* & Module's temperature co-efficient of Pmax	P+W+C+M	<i>Minimum module efficiency of 21.00% with temperature coefficient of Pmax equal to or better than -0.40% per degree Celsius</i> OR <i>Minimum module efficiency of 20.50% with temperature coefficient of Pmax better than -0.30% per degree Celsius</i>				
	W+C+M					
	C+M					
Local Value Addition (LVA)	P+W+C+M	75%	78%	82%	86%	90%
	W+C+M	60%	65%	70%	75%	85%
	C+M	50%	55%	60%	65%	75%

* Under Standard Test Conditions (STC), i.e. Irradiance 1000 W/m², cell temperature 25°C, air mass (AM)= 1.5;

vii. Category-wise Baskets

The capacities will be allocated in separate categories based on the fund allocated for each category. This will enable competition among bidders within a particular level of integration, while also promoting a diversified supply chain.

Basket No.	Code	Fund Allocation (crore Rs.)
1	P+W+C+M	12,000
2	W+C+M	4,500
3	C+M	3,000

In case a particular category is undersubscribed, i.e. funds are left over even after award of capacities in the category, there will be inter-category fungibility of funds, with preference to higher integration baskets for allocation of leftover funds. To illustrate, if capacity equivalent to only Rs. 2500 crore of W+C+M have been awarded among all bidders, the remaining Rs. 2000 crore would be allocated for any unmet bid capacity in P+W+C+M category first and then in C+M category.

4. Bid Submission

Bidders will submit the following details which will be used for determining the award of capacities for PLI and calculation of PLI:



Sl. No.	Parameter
a	Extent of Integration
b	Manufacturing Capacity proposed to be set up (in GW)
c	Year-wise percentage of Local Value Addition (LVA)
d	Year-wise performance parameters of manufactured modules (module efficiency and module's temperature co-efficient of P _{max})

The applicant shall, in its application, also declare the type of technology proposed to be set up, plan for local value addition, and the estimated employment generation and exports during the tenure of the Scheme.

5. Calculation of Production Linked Incentive (PLI) and Allocation of Capacities

5.1. The PLI for allocated bid capacity will be calculated year-wise as a product of following four components:

- Base PLI Rate (in ₹/Wp) as identified from the applicable Performance Matrix, based on the module efficiency and module's temperature coefficient of P_{max}, quoted by the bidder for the particular year;
- LVA Factor, which is a function of percentage of Local Value Addition (LVA), as quoted by the bidder for the particular year;
- Tapering Factor (TF) for the particular year;
- Yearly sales [in Watt peak (Wp)] corresponding to the manufacturing capacity eligible for claiming PLI.

5.2. Formula for calculation of PLI amount shall be as follows:

$$PLI \text{ (in Rs.)} = \sum_{i=year1}^{year5} (\text{Base PLI Rate}_i \times \text{LVA Factor}_i \times \text{TF}_i \times \text{Sales}_i)$$

where,

a) 'i' is the year counted from date of scheduled or actual commissioning (whichever is earlier) ranging from 1 to 5;

b) **Base PLI Rate:** On the basis of module efficiency and module's temperature co-efficient of P_{max} (hereinafter also referred to as module's temperature co-efficient), 'Base PLI Rate' will be determined in ₹/Watt peak (₹/Wp) as per the Performance Matrix Tables given below. The Base PLI Rate (₹/Wp) increases with module efficiency to motivate and incentivize manufacturers for producing higher efficiency modules which also requires higher investment into R&D.



PERFORMANCE MATRIX TABLE for P+W+C+M Basket							
	Module Efficiency* (%) →	During five Year period after commissioning					
		Base PLI Rate (₹/W _p)					
	≥20.50% & <21.00%	≥21.00% & <21.50%	≥21.50% & <22.00%	≥22.00% & <22.50%	≥22.50% & <23.00%	≥23.00%	
Module's Temperature Coefficient of P _{max} ** (in % per degree Celsius)↓	Position	U	V	W	X	Y	Z
-0.40 to -0.30	A	0.00	1.45	1.65	1.85	2.00	2.20
Better than -0.30	B	1.45	1.65	1.85	2.00	2.20	2.20

PERFORMANCE MATRIX TABLE for W+C+M Basket							
	Module Efficiency* (%) →	During five Year period after commissioning					
		Base PLI Rate (₹/W _p)					
	≥20.50% & <21.00%	≥21.00% & <21.50%	≥21.50% & <22.00%	≥22.00% & <22.50%	≥22.50% & <23.00%	≥23.00%	
Module's Temperature Coefficient of P _{max} ** (in % per degree Celsius)↓	Position	U	V	W	X	Y	Z
-0.40 to -0.30	A	0.00	0.90	1.05	1.25	1.40	1.55
Better than -0.30	B	0.90	1.05	1.25	1.40	1.55	1.55

PERFORMANCE MATRIX TABLE for C+M Basket							
	Module Efficiency* (%) →	During five Year period after commissioning					
		Base PLI Rate (₹/W _p)					
		≥20.50% & <21.00%	≥21.00% & <21.50%	≥21.50% & <22.00%	≥22.00% & <22.50%	≥22.50% & <23.00%	≥23.00%
Module's Temperature Coefficient of P _{max} ** (in % per degree Celsius) ↓	Position	U	V	W	X	Y	Z
-0.40 to -0.30	A	0.00	0.50	0.65	0.85	1.00	1.15
Better than -0.30	B	0.50	0.65	0.85	1.00	1.15	1.15

* Under Standard Test Conditions (STC), i.e. Irradiance 1000 W/m², cell temperature 25°C, air mass (AM)= 1.5;

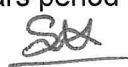
**P_{max} = Maximum Power at Standard Test Conditions (STC); Module's temperature coefficient refers to percentage change in P_{max} per degree Celsius rise in temperature

c) **Local Value Addition (LVA) Factor**_i is a function of the percentage of LVA, submitted for the ith year. LVA Factor is derived as per the following table:

LVA%	LVA% less than 50%	LVA% ≥50% but less than 60%	LVA% ≥60% but less than 70%	LVA% ≥70% but less than 80%	LVA% ≥80% but less than 90%	LVA% ≥90%
LVA Factor	0	0.73	0.79	0.85	0.92	1

The PLI amount increases with increased LVA, in order to encourage manufacturers to source their material from the domestic market. The percentage of LVA will be calculated as follows: [(Sale value of Module as per the GST invoice excluding net domestic indirect taxes) – (Value of direct and indirect imported materials and services (including all Customs Duty) as per Bill of Entry filed in Customs, used in manufacture of module)] / [(Sale value of Module as per GST invoice excluding net domestic indirect taxes)] x 100%.

d) **TF or Tapering Factor:** In order to give a signal to Solar PV Manufacturing industry that they will need to be competitive after five years, the PLI rate (₹/W_p) will be higher in the beginning and lower towards the end of the five-years period



over which the PLI will be paid. To achieve the objective of tapering down the PLI rate (in ₹/Wp), the PLI rate (₹/Wp) will be multiplied by a tapering factor of 1.4 for the 1st year of the five years PLI disbursement period followed by a tapering factor of 1.2, 1.0, 0.8 and 0.6 for the 2nd, 3rd, 4th and 5th year of the PLI disbursement period respectively.

Year	1	2	3	4	5
Tapering Factor	1.4	1.2	1	0.8	0.6

e) **Sales (in W_p)** is the net sales of solar PV modules of performance parameters (efficiency and temperature coefficient) and LVA equal to or better than those given at para 3.2(vi). The PLI disbursed to a manufacturer will be calculated as per the formula at para 5.2 and will depend on sales or the maximum eligible capacity awarded under the PLI scheme, whichever is less; actual Performance and actual Local Value Addition achieved, provided that only those modules will be counted in sales whose performance and LVA satisfy the levels given at para 3.2(vi).

5.3. Sequence of Allotment and Tie Breaking

i. The bid with the highest efficiency in the first year of production shall be first allocated the admissible bid capacity. In case of a tie in efficiency in the first year, the bid with the highest efficiency in the second year of production shall be allocated the admissible bid capacity first and so on. In case two bids have the exact same efficiency trajectory over all five years, the LVA trajectory shall similarly be compared year wise. In case, both efficiency and LVA trajectory over all the five years are the same, such tied bids will be prioritized on the basis of bid capacity and if bid capacities are also the same, then such tied bidders will be given the same ranking and allotted manufacturing capacity accordingly. However, in case of insufficient funds, the remaining possible allocation shall be divided equally between such tied bidders.

ii. In case the funds available at any point are sufficient to allocate only a part capacity of a bid that is next in priority, such a bidder would be free to exercise refusal on accounts of economies of scale and this allocation shall be offered to the next bidder in sequence.

6. Disbursement of PLI

The manufacturing units sanctioned under the programme will be eligible for getting PLI on annual basis on sales of high efficiency solar PV modules for 5 years from commissioning or 5 years from scheduled commissioning date, whichever is earlier. Consequently, in case of delayed commissioning, the PLI period will reduce from 5 years by the period of the delay in commissioning. A team constituted by MNRE or SECI will visit the manufacturing unit immediately after its commissioning to verify promised extent of integration, manufacturing capacity, efficiency and temperature coefficient of modules. The manufacturers will be asked to give a self-declaration and a Statutory Auditor's or Chartered or Cost Accountant's certificate in support of claims of

PLI. The manufacturers will be required to provide documents in support of the PLI claimed for a particular year based on (i) sales (watt) of modules, (ii) percentage of local value addition and (iii) PLI rate (as per the position in Performance Matrix). Documents required to be submitted by manufacturer for availing PLI will be detailed in the tender documents. MNRE will also make provisions for adequate safeguards, including for periodical special audits and appointing technical organizations to conduct sample checks to verify claims of manufacturers in respect of module efficiency and temperature coefficient.

7. Timelines for commissioning of solar PV manufacturing facilities

The time-period allowed for commissioning of solar PV manufacturing units under the Scheme is as follows:

Level of Integration	Time allowed for commissioning
P+W+C+M	Within 3 years from the date of the Letter of Award
W+C+M	Within 2 years from the date of the Letter of Award
C+M	Within 1.5 years from the date of the Letter of Award

8. Sustainable manufacturing

8.1. Manufacturers will be required to set up facilities for recovery and recycling of solar waste. Manufacturers will be encouraged to adopt circular economy principles in their manufacturing and supply chains.

8.2. Considering India's International commitments, particularly to achieve about 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030, the scheme would encourage use of renewable energy in the manufacturing facilities set up under the scheme. The successful bidders will ensure that at least 20% of the electricity consumption for the solar PV manufacturing plant will be sourced from renewable energy sources. Different modalities for compliance of this requirement will be permitted. Detailed provisions in this regard will be specified in the tender documents.

9. Penalties

9.1. In case a selected manufacturer fails to meet the extent of integration or manufacturing capacity promised at the time of selection, it will not get any PLI till it overcomes these deficiencies. If the manufacturer achieves the promised levels subsequently, it will be eligible for PLI from the next month following the month in which it achieved the promised levels of integration and capacity. However, in such cases, the manufacturer will not be able to get PLI for full 5 years since 5 years PLI is counted from the scheduled date of commissioning of the plant or the actual date of commissioning, whichever is earlier. In case, the modules manufactured by a selected manufacturer do not meet the minimum parameters as per the table for trajectories of minimum module performance and minimum LVA at para 3.2 (vi), then it will not get any PLI in respect of such modules.



9.2. Bidders will have to submit, at the time of bid submission, Earnest Money Deposit (EMD) as prescribed in the tender document. The tender document will inter-alia, contain provisions regarding forfeiture of EMD in case of selected bidder refusing to submit the requisite documents/ Performance Bank Guarantees (PBG) as per tender document / extant guidelines or the selected bidder not meeting eligibility criteria upon submission of documents.

9.3. Bidders who have been awarded capacities will have to submit Performance Bank Guarantees (PBG), at the time of accepting the award as per extant Ministry of Finance guidelines. In case they fail to implement the promised 'Extent of integration' or the 'Manufacturing capacity' submitted by them in their bids, within the scheduled commissioning date, Bank Guarantees commensurate to the manufacturing commitments not fulfilled by the bidder will be forfeited by SECI and balance Bank Guarantees will be released by them. Detailed modalities in this regard will be given in tender documents. Encashment of bank guarantees, accrued interest or other charges collected by SECI will be remitted to the Consolidated Fund of India by SECI as per rule-230(8) of GFRs 2017.

9.4. To ensure that the bidder-manufacturers quote realistic levels of year-wise module performance and LVA, in case, for any given year, the bidder-manufacturer falls short on quoted level of module efficiency/ quoted level of temperature co-efficient of P_{max} / quoted level of LVA, but meets the minimum requirements as prescribed in the trajectories of module performance and LVA at para 3.2(vi), the amount of PLI to be disbursed to it for that given year, will be limited to 75% of the PLI amount as per the actual achieved levels of module efficiency, temperature co-efficient of P_{max} and LVA.

10. Monitoring of the PLI scheme and power to remove difficulties:

10.1. As approved by the Cabinet on 11th November 2020, the Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary will monitor implementation of the PLI scheme, undertake periodic review of the outgo under the Scheme, ensure uniformity of all PLI Schemes and take appropriate action to ensure that the expenditure is within the prescribed outlay. Any changes required in the modalities of the scheme, subject to the condition that the overall financial outlay remains within ₹ 19,500 crore, will be placed for consideration of the EGoS.

10.2. A Scheme Monitoring Committee (SMC) under the chairmanship of Secretary, MNRE, and comprising representatives from MNRE, SECI, NISE, other organizations, and experts as may be required for the purpose, shall take periodical review of the status of implementation/ performance of solar PV manufacturing capacities awarded/ set up under the scheme. The committee will also facilitate / recommend measures to resolve difficulties, if any including delay in commissioning.

10.3. Any changes required in the scheme guidelines, without changing the modalities which require placing before EGoS as mentioned in Para 10.1 above, will be done with the approval of Hon'ble Minister (Power and New & Renewable Energy), subject to the condition that the overall financial outlay remains within ₹ 19,500 crore.



PLI Scheme for Food Processing Industry

Ministry of Food Processing Industries

F. No. FM-11-12/1/2021-PLIS
भारत सरकार/Govt.of India
खाद्य प्रसंस्करण उद्योग मंत्रालय
Ministry of Food Processing Industries
पंचशील भवन, अगस्त क्रान्ति मार्ग
Panchsheel Bhawan, August Kranti Marg
नईदिल्ली / New Delhi 110049

IMPORTANT NOTICE

Dated 9th April, 2021

Subject: Approval of Government of India on New Central Sector “Production Linked Incentive Scheme for Food Processing Industry”

Government of India has approved a new Central Sector Scheme - “Production Linked Incentive Scheme for Food Processing Industry” for implementation during 2021-22 to 2026-27 with an outlay of Rs. 10,900 crore. Under the Scheme, food manufacturing entities would be supported for significant expansion of food output to increase in the level of processing, minimization of wastage and increase in value addition. The Scheme would be implemented by Ministry of Food Processing Industries (MoFPI).

1. Objective:

1.1 The objective of the scheme is to support creation of global food manufacturing champions; support Indian brands of value added food products in the international markets; increase employment opportunities for off-farm jobs, ensuring remunerative prices of farm produce and higher income to farmers.

2. Components: The scheme has three broad components.

2.1 The first component relates to provision of fiscal incentives to select large manufacturers of food products who commit to make prescribed minimum investments and achieve increase in sales as per the prescribed growth rates in the following four segments:

(i) Ready to Cook/ Ready to Eat (RTC/RTE) including millet based foods,

- (ii) Processed Fruits & Vegetables,
- (iii) Marine Products, &
- (iv) Mozzarella Cheese.

2.2 The second component is for providing support to small and medium enterprises in the four segments who manufacture innovative/ organic products.

2.3 The third component of the scheme provides grant to companies for branding and marketing abroad to incentivize emergence of strong Indian global brands.

3. Eligibility

3.1 Food manufacturing entities willing to make minimum stipulated investment for expansion of processing capacity would be eligible for incentive under the scheme. Minimum investments for the eligibility of the applicants are given in the **Annexure-I**. The committed investment should be made in the product segment that the entity has been selected for in the years 2021-22 and 2022-23. Investment already made in the year 2020-21 would also be included in this.

3.2 Small & Medium Enterprises (SME) with Innovative/ Organic products would be provided incentive on increased sales above the Base year as is provided to large entities. Selection of SMEs and products would be based on the nature of product, stage of product & market development, business plan and potential for scalability as specified in their project proposal. The condition of minimum sales and committed investment will not be applicable in such cases.

4. Coverage of Food Products:

The scheme is applicable only for the sale of products whose entire manufacturing process takes place in India.

5. Incentives on Sales:

5.1 The incentive under the scheme would be paid for six years from 2021-22 to 2026-27 on incremental sales over the base year. The Scheme is fund limited, meaning that the selected entities would only be paid the incentive from the total funds allocated for the Scheme.

5.2 Base Year for calculation of Incremental sales would be 2019-20 for the first 4 years. For 5th & 6th years, the base year would be 2021-22 & 2022-23 respectively.

5.3 Incentive would be payable to the selected applicants on the incremental sales over the base year. The rates of incentive for each of the food segments are given in **Annexure-II**. The selected entities would need to achieve minimum Cumulative Aggregate Growth Rate (CAGR) each year to be eligible to receive the incentive.

5.4 The incentive payable for a particular year will be due for payment in the following year.

6. Financial Outlay:

Total financial outlay of the scheme during 2021-22 to 2027-28 is Rs. 10,900 crore.

7. Segment Allocation:

7.1 The indicative segment-wise financial allocation for sales based incentives under the scheme is at **Annexure-III**.

7.2 Inter-segment allocations and those for branding & marketing abroad are indicative and could be changed based on demand except that allocation for F&V segment shall not be reduced.

7.3 No company would get more than 25% of the total budget for that segment and no company should get less than 5% of the segment outlay. For processed Fruits & Vegetables segment, MoFPI may relax the norms of minimum 5% per company.

8. Branding & Marketing:

8.1 Support for promotion of Indian Brands envisages grant to the applicant entities for branding & marketing including in store branding and shelf space renting in large stores. The entities shall submit a five year programme for availing such assistance.

8.2 Government of India would provide 50% grant on the expenditure made by each company subject to a limit of 3% of turnover or Rs.50 crore per year, whichever is less.

8.3 For companies not getting incremental sales-based incentives, also grant would be provided at 50% of the total expenditure on branding and marketing abroad. This

grant would be subject to a limit of 3% of turnover or Rs 50 crore per year, whichever is less. Such entities shall agree to spend at least Rs.5 crore over a period of five years.

8.4 The Government of India grant would be back-ended and gradually tapering over the period of the scheme.

9. Application

9.1 Application will be invited through Expression of Interest (EOI). Application Window will be specified in the EOI.

9.2 The detailed guidelines of the scheme will be uploaded on the website of the Ministry. The Scheme guidelines would include list of products eligible for incremental sales based incentive in each product category, minimum Cumulative Aggregate Growth Rate (CAGR) to be achieved each year by the selected entities to be eligible to receive incentive, procedure for applying, etc.

Manoj Joshi

Manoj Joshi

Additional Secretary to Government of India

Tel. No. 011-26492476

Email: as-mofpi@gov.in

To,

1. The Chief Secretaries of all the States / UTs
2. CEO, NITI Aayog, Yojana Bhavan, Sansad Marg, New Delhi.
3. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi.
4. Secretary, Department of Agriculture, Cooperation & Farmers Welfare, Krishi Bhawan, New Delhi.
5. Secretary, Department of Agriculture Research & Education, Ministry of Agriculture, Cooperation & Farmers Welfare, Krishi Bhawan, New Delhi.
6. Secretary, Department of Animal Husbandry, Dairying & Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, Krishi Bhawan, New Delhi.
7. Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
8. Secretary, Department of Consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Krishi Bhawan, new Delhi.
9. Secretary, Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, New Delhi.
10. Secretary, Department of Commerce, Udyog Bhawan, New Delhi.

11. Secretary, Department of Financial Services, Jeevan Deep Building, Sansad Marg, New Delhi.
12. Secretary, Department of Science and Technology, Technology Bhavan, New Mehrauli Road, New Delhi.
13. Secretary, Ministry of Health & Family Welfare, Nirman Bhavan, New Delhi.
14. Secretary, Department of Rural Development, Krishi Bhawan, New Delhi.
15. Secretary, Ministry of Skill Development and Entrepreneurship, Shram Shakti Bhawan, Rafi Marg, New Delhi.
16. Secretary, Department of Promotion of Industry and Internal Trade, Ministry of Commerce, Udyog Bhawan, New Delhi
17. The Joint Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
18. The Joint Secretary, Prime Minister's Office, South Block, Raisina Hill, New Delhi

Copy to:

1. The Vice Chancellor, National Institute of Food Technology Entrepreneurship and Management (NIFTEM), Plot No. 97, Sector 56, HSIIDC Industrial Estate, Kundli, Sonipat, Haryana 131028
2. The Director, Indian Institute of Food Processing Technology (IIFPT), Pudukkottai Road, Thanjavur, Tamil Nadu 613005

Copy to:

3. PS to Hon'ble Minister, FPI
4. PS to Hon'ble MOS, FPI
5. PSO to Secretary, FPI
6. PPS to AS&FA
7. PPS to AS
8. All Officers of MoFPI

Annexure-I

Eligibility of Applicants Under PLIS (Food Processing Industry)

Segment	Minimum Sales (₹ crore)	Minimum Investment (₹ crore)
RTE/ RTC	500	100
Processed Fruits & Vegetables	250	50
Marine	600	75
Mozzarella Cheese	150	10 MTPD plant-₹ 23 cr
Innovative/ Organic products of SME including FR Eggs, Egg products, Poultry Meat	Based on the proposal submitted by the Applicant	

Annexure-II

Rates of Incentives on Sales over Years

Year	RTC/ RTE	Processed F & V	Marine Products *	Mozzarella Cheese
2021-22	10%	10%	6%	10%
2022-23	10%	10%	6%	10%
2023-24	10%	10%	6%	10%
2024-25	10%	10%	6%	8%
2025-26	9%	9%	5%	6%
2026-27	8%	8%	4%	4%
<p>* 10% Incentive Rate for Value Added Marine products for all 6 years. **Base Year for calculation of Incremental sales would be 2019-20 for the first 4 years. For 5th & 6th years, the Base year would shift to 2021-22 & 2022-23 respectively.</p>				

Annexure-III

Segment-wise indicative outlay under Productivity Linked Incentive Scheme								(₹ Crore)
	RTC/ RTE Food s	Process ed F & V	Marine Product s	Mozzare la Cheese	Incentiv e on Sales	Brandin g & Marketi ng Abroad	Adm n Cost	Total
Total	4181	3582	993	283	9040	1500	110	10,900*
*This includes ₹ 250 crore (Approx 2% outlay) which has been earmarked for Innovative/ Organic products in the SME Sector, including Free range Eggs, Poultry Meat , Egg Products, which may come from any/ all of the Segments.								

F. No. 11-18/3/2021-PLIS Division
भारत सरकार/ Government of India
खाद्य प्रसंस्करण उद्योग मंत्रालय
Ministry of Food Processing Industries
पंचशील भवन, अगस्त क्रांति मार्ग
Panchasheel Bhavan, August Kranti Marg
नई दिल्ली/New Delhi - 110049

दिनांक: 02.05.2021

Subject: Operational Guidelines of the New Central Sector Scheme "Production Linked Incentives Scheme for Food Processing Industry" (PLISFPI)

Government of India (GOI) has approved a new Central Sector Scheme - "Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)" for implementation during 2021-22 to 2026-27 with an outlay of Rs. 10,900 crore. The scheme is being implemented by Ministry of Food Processing Industries (MoFPI).

2. Based on the consultations/ meetings with industry players, various comments received from industry associations and other stakeholders including the line ministries and NITI Aayog, the operational guidelines of the "Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)" have been finalized.
3. The operational guidelines for the "Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)" are hereby notified for the information of all the stakeholders and general public.



(S.K. Verma)

Director

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Guidelines on Production Linked Incentive (PLI) Scheme for Food Processing Industry

PLISFPI



MAY 2, 2021

MINISTRY OF FOOD PROCESSING INDUSTRIES
Government of India

F. No.11-18/3/2021-PLIS
Government of India
Ministry of Food Processing Industries

Dated: 2nd May, 2021

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Guidelines on Production Linked Incentive (PLI) Scheme for Food Processing Industry

1. Objective

1.1 The objective of the scheme is to support the creation of global food manufacturing champions; promote Indian brands of food products; increase employment opportunities for off-farm jobs, ensure remunerative prices of farm produce and higher income to farmers.

2. Components

2.1 The objectives are sought to be achieved through the introduction of a Production Linked Incentive (PLI) Scheme. The scheme has three broad components.

2.2 The first component relates to incentivising manufacturing of four major food product segments viz. Ready to Cook/ Ready to Eat (RTC/ RTE) including millet-based foods, Processed Fruits & Vegetables, Marine Products & Mozzarella Cheese.

2.3 The Second component is for incentivising Innovative/ Organic products of SMEs across all the above four food product segments including Free Range - Eggs, Poultry Meat & Egg Products.

2.4 The third component relates to support for branding and marketing abroad to incentivise the emergence of strong Indian brands

3. Definitions

3.1 Guidelines: Guidelines on Production Linked Incentive (PLI) Scheme for the food processing industry.

3.2 Product Segment: Food products are categorised as a segment which are eligible to be covered under PLI Scheme. There are four segments viz. Ready to Cook/ Ready to Eat (RTC/ RTE) foods including Millet products, Processed Fruits & Vegetables, Marine Products and Mozzarella Cheese. Innovative/ Organic products of SMEs in these segments, including Free Range - Eggs, Poultry Meat, Egg Products, are also covered.

3.3 Product Groups: Group of products covered under each Product Segments and manufactured in India. Product Groups under each Product Segments are listed in Col. 2 of **Appendix B** of this Guidelines.

- 3.4 SME: As defined through notification under Micro, Small and Medium Enterprises Development Act, 2006.
- 3.5 Applicant: Applicant for the purpose of the Scheme shall be (i) Proprietary Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India (ii) Co-operatives; and (iii) SME and making an Application for seeking approval for coverage under the Scheme. Applicant may include
- 3.5.1 A Company applying on its own behalf and its subsidiary/ies provided the Applicant company holds more than 50% of the stock of its subsidiary/ies and that none of such subsidiary company/ies is included in any other Applicant company under the Scheme; or
- 3.5.2 Marketing Federation or Apex level co-operatives applying on behalf of Member Unions or Member co-operatives in the case of co-operatives.
- 3.6 Subsidiary: As defined under Section 2(87) of the Companies Act, 2013.
- 3.7 Application: Application submitted under the scheme by an Applicant to the PMA as per the Application Format prescribed under the Scheme Guidelines containing requisite information along with required supporting documents and Application fee.
- 3.8 Application Acknowledgement Date: The date on which an Application is acknowledged by the PMA after carrying out initial scrutiny. PMA shall issue an online acknowledgement of receipt of the Application within 15 working days of receipt of Application after scrutiny of Application (as per checklist at **Annexure-2**). This acknowledgement shall not be construed as approval under the Scheme. In case, where on examination it is found that an original or a revised Application does not prima facie meet the eligibility criteria as prescribed, the PMA shall inform the Applicant accordingly within 15 working days of receipt of Application and the Application shall be closed.
- 3.9 Application Approval Date: The date on which approval letter under the Scheme is issued by the MoFPI or PMA under authorization by MoFPI.
- 3.10 Application Window: Time allowed for filing of Applications. Application Window shall be specified in the EoI. MoFPI reserves the right to modify the Application Window.
- 3.11 Contract Manufacturer: Manufacturer obliged under a legal contract with the Applicant to manufacture food products and supply to that Applicant.
- 3.12 Category-I, II & III Applicants:

- 3.12.1 **Category-I:** Applicants are large entities who apply for Incentive based on Sales and Investment Criteria. Applicants under this category could undertake Branding & Marketing activities abroad also and apply for Incentives under the scheme.
- 3.12.2 **Category-II:** SMEs Applicants manufacturing innovative/ organic products who apply for PLI Incentive based on Sales.
- 3.12.3 **Category-III:** Applicants applying solely for Incentive for undertaking Branding & Marketing activities abroad.
- 3.13 **Financial Year:** Financial Year (FY) begins on the 1st of April of a year and ends on 31st March of the following year.
- 3.14 **Implementation Years:** Refers to FY 2021-22, FY 2022-23, FY 2023-24, FY 2024-25, FY 2025-26 and FY 2026-27 indicated respectively as Y1, Y2, Y3, Y4, Y5 and Y6.
- 3.15 **Date of Commercial Production:** The date on which the Applicant raises the first GST invoice for the Sale of eligible products manufactured from the operation of P&M for which investment commitments were made in the Application.
- 3.16 **Force Majeure:** Extraordinary events or circumstances beyond human control such as events described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable/ seasonal rain and any other events specifically excluded).
- 3.17 **Greenfield Project:** Project(s) wherein investment is proposed to be made by the Applicant under this Scheme in a new production facility.
- 3.18 **Expansion of Project:** Project (s) wherein investment is proposed to be made in a new plant in the premises of an existing production facility. Separate records, for the purpose of the Scheme, shall however be maintained for the existing and new plant(s) in the premises of an existing production facility.
- 3.19 **Incentive:** Incentive is the financial benefit to be provided to each selected Applicant based on the increase in Sales of the eligible products in the selected segment.
- 3.20 **Manufacturing:** In accordance with Central Goods and Services Tax (CGST) Act, 2017, manufacturing shall mean processing of raw material or inputs in any manner that results in the emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly.

- 3.21 Sales: Sales shall mean the Gross Sales of food products, either in bulk or consumer package, net of GST, credit notes (raised for any purpose) and discounts (including but not limited to cash, volume, turnover, target or for any other purpose) as per GST Invoice.
- 3.22 Incremental Sales: Incremental Sales for a particular Year means Sales in that Year less the Sales of the corresponding period in the Base year.
- 3.23 Base Year: Base Year for calculation of Incremental Sales and Incentive payable would be the value of Sales of the Applicant in FY 2019-20 for the first 4 years. For 5th & 6th years, the base year would shift to FY 2021-22 & FY 2022-23 respectively ie. the first and second year of the coverage of the Applicant under the scheme.
- 3.24 Project Management Agency (PMA): Refers to any Agency (ies) appointed by the MoFPI to act on its behalf for receipt and appraisal of Applications, verification of eligibility and examination of disbursement claims through any method/ document deemed appropriate and for managing the above-mentioned in accordance with these Guidelines.
- 3.25 Empowered Group of Secretaries (EGoS): The Committee, constituted by the Department for Promotion of Industry and Internal Trade vide Gazette Notification Order No. P 36017/144/2020-Investment Promotion dated 10.6.2020.

4. Tenure of the Scheme

- 4.1 The tenure of the Scheme is six years from Financial Year 2021-22 to Financial Year 2026-27.
- 4.2 The Incentive payable for a particular year will be due for payment in the following year. The Incentive payable for 2026-27 will be due for payment in 2027-28.

5. Eligibility

- 5.1 Support under the scheme shall be provided only to the Applicants engaged in manufacturing of food products in India & sales of such products covered under the target Segments. SME Applicants should engage in such activities for innovative/ organic food products.
- 5.2 Eligibility criteria, in terms of total Sales of food products and Minimum Investment for different Categories of Applicants, are given in the **Appendix-A**. An applicant shall have total sale of food products above minimum sales given in **Appendix A** in the Base Year. For the purpose of minimum sales here the food products mean any food product sold in

consumer packs including the food products included in four segments given in **Appendix-B**. An applicant shall agree to undertake minimum investment as given in **Appendix-A**. However, if more applicants are there than the number to be selected finally in a segment, then the selection criteria includes committed investment that the selected company proposes to make by the end of year 2022-23. The committed investment shall be greater than the Minimum investment given in **Appendix-A**.

- 5.3 Product Groups/ Products covered under different Segments for selection of Applicants are given in the **Appendix-B**.
- 5.4 The Applicants shall indicate the Segment and the Product Groups in that Segment in the Application for coverage under the Scheme.
- 5.5 The Applicant may also include those products which the Applicant is not manufacturing currently but intends to manufacture during the project period. If a selected entity starts manufacturing a new product, covered in the Segment approved for the Applicant, the same could be added later after notifying the same to MOFPI/ PMA.
- 5.6 The entire chain of manufacturing processes, including primary processing, of the food products of the relevant segment applied for coverage under the scheme shall take place in India. However, for additives, flavours and edible oils this condition would not apply
- 5.7 The entire chain of manufacturing process of food products, starting for raw materials, shall be specified in the Application in respect of food products included in the Application and having sales above Rs 50 crore per annum.
- 5.8 Applicants are eligible to apply for one or more Segments under **Category-I**. However, such Applicants will be required to make separate Applications for each of the product segments and meet minimum Sales and investment criteria for each of the Segments applied for.
- 5.9 The Applicant should not have been declared as bankrupt or wilful defaulter or defaulter or reported as fraud by any bank or financial institution or non-banking financial company. The Applicant/ Promoters should not appear in the SEBI Debarred List.

6. Investment:

- 6.1 Investment: Investment shall mean expenditure incurred on the installation of new plant & machinery, technical civil work and associated infrastructure

- by the Applicant and its contract manufacturers. All Non creditable Taxes & duties included in expenditure.
- 6.2 Technical Civil work: This shall include expenditure on construction of building where new plant and machinery are installed
 - 6.3 Associated Infrastructure: This shall include expenditure on infrastructure including internal roads, storage, testing laboratory and compound wall. However, the expenditure on the associated infrastructure shall be limited to 20% of the investment in new plant & machinery.
 - 6.4 Minimum Investment: The minimum amount of fresh investment which the Applicant shall be required to make under the scheme provision. Minimum investment as indicated in **Appendix-A** shall only be on Plant & machinery, Technical civil works and Associated infrastructure.
 - 6.5 Committed Investment: The Committed Investment of an Applicant is the investment which the Applicant commits to invest for coverage under the scheme while applying. Committed Investment would include minimum investment, investment over and above Minimum Investment (if any) and investment in Branding & marketing abroad (for the first two years of the scheme).
 - 6.6 If the Applicant proposes to set up a new plant in premises of an existing production facility, the Applicant may utilise existing ancillary facilities viz. ETP, quality control lab, warehousing area and other facilities of the existing production facility, for the manufacture of eligible product. However, the investment already made in the ancillary facilities shall not qualify for the purpose of the Committed Investment to be made under the Scheme.
 - 6.7 Committed and Minimum Investment shall be made for manufacture of food products that the Applicant chooses for PLIS at the Application stage.
 - 6.8 Committed Investment requirement should be met by selected Applicant either directly and/ or in combination with contract manufacturers. Investment by contract manufacturer could only be counted towards committed investment if 100% of the manufactured output of that contract manufacturer would be supplied to the Applicant.
 - 6.9 Investments are required to be made in two years ie. in 2021-22 and 2022-23. However, investments in plant & machinery already made in the year 2020-21 would also be counted for calculations of Minimum and Committed Investment.

- 6.10 The Applicant shall indicate the investment made in 2020-21 and the amount of investment to be made in 2021-22 and 2022-23 in the Application Form.
- 6.11 The investment shall be a Greenfield project or expansion of the existing manufacturing unit.
- 6.12 Plant & Machinery and Equipment should be purchased/ leased in the name of the Applicant and its contract manufacturers. In cases where these are being leased, the lease should be in the nature of a financial lease within the meaning of Accounting Standard 19 – Leases or Indian Accounting Standard (Ind-AS) – 116 Leases, as may be applicable to the Applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time. Finance lease should lead to the Applicant and its contract manufacturers owning the plant after payment of the lease amount.
- 6.13 For compliance of Minimum/ Committed Investment, the installation of Plant & machinery, construction of technical civil work and commencement of commercial production should be between 1.4.2020 and 31.3.2023.
- 6.14 The PMA will rely on certificates of Chartered Engineers (CE) [CE (Civil) for technical civil work and CE (Mechanical) for plant & machinery and equipment] registered with the Institute of Engineers India (IEI) for the assessment of the compliance of Committed Investment by the Applicant.
- 6.15 The Chartered Engineer/s shall, *inter_alia*, verify the documents from the Applicants as may be necessary to establish the value of P&M, date of installation of P&M, commencement/ completion of Technical civil work, measurement and estimated value.
- 6.16 PMA shall evaluate the assessment made by the Chartered Engineer and may carryout physical inspection of the plant/ sites, check date of commercial production, and make recommendation to MoFPI on the compliance of Committed Investment by the Applicant.
- 6.17 Expenditure incurred on Land: The expenditure incurred on land required for the project/ unit shall not be considered for determining minimum/ Committed Investment.
- 6.18 No second hand/ used/ refurbished plant, machinery, equipment, utilities, or research and development equipment shall be considered for inclusion under Committed Investment.
- 6.19 Expenditure on guest house building, recreational facilities, office building, residential colonies, and similar structures shall not be considered for determining the Committed Investment.

6.20 Expenditure on consumables and raw material used for manufacturing shall not be considered as Investment.

7. Branding & Marketing:

- 7.1 Under the scheme, Incentive is extended for the promotion of only Indian Brands abroad.
- 7.2 Support for Branding is intended for developing market for all Indian food products in branded consumer packs including those covered in the four product segments given in **Appendix-B**.
- 7.3 If a **Category-I** Applicant wants to avail of the grant for Branding & Marketing abroad, it has two options. Applicant could apply for Branding & Marketing under both **Categories I & III**. If such an Applicant is selected in **Category-I**, the application in **Category- III** would become infructuous. If that applicant is not selected in **Category-I**, the application under **Category-III** would be considered. For applying for Branding and Marketing abroad grant, the applicant shall submit a five-year proposal for Branding. The expenditure on Branding proposed for Y1 and Y2 in the proposal under **Category-I** will be included as a part of Committed Investment for the Application. However, incentive on Branding & Marketing for Application under **Category-I** would be payable for the entire five years based on the proposal of the Applicant.
- 7.4 An indicative list of activities covered under Branding & Marketing are In-store Branding, Shelf Space Renting, Listing Fee, Electronic/ Social Media and Print Media, outdoor publicity, billboard, commercial advertisement on channels etc.
- 7.5 The Expenditure will not cover trade discounts, expenditure incurred on distribution, and overseas logistics expenditure.
- 7.6 The entities shall submit a five-year plan or for balance period of the tenure of the scheme (also indicating the activity-wise current level of expenditure on in store Branding & marketing) in the target markets for availing such assistance
- 7.7 The proposals shall indicate the Brand/ food products proposed to be promoted. The Applicant may later also include products that the Applicant has not covered at the Application stage after notifying the same to MoFPI/ PMA.

- 7.8 Expenditure made in 2020-21 on Branding abroad shall not be taken into account for Committed Investment and selection of Applicants.
- 7.9 Delay or non-achievement of the expenditure on Branding and Marketing if included in the Committed expenditure for selection would be subject to a reduction in an incentive as applicable to Committed Investment for payment of sales-based Incentive. Ineligibility for sales-based Incentive due to lower than minimum growth rate in sales, however, would not make the Applicant ineligible for a grant on incentive for branding abroad.
- 7.10 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 Rs 50 crore per year, whichever is less. The minimum expenditure for Incentive shall be Rs. 5 crore over a period of five years. In such case, an admissible grant would be Rs 2.5 crore.
- 7.11 GOI share in Branding Expenditure, of an Applicant, for a Year will be reimbursed in the following year.

8. Selection Process

- 8.1 All eligible Applicants shall be ranked on the basis of marks obtained in the evaluation criteria as given in **Appendix-E**. The Applicant securing the highest marks for a segment applied for shall be ranked first, followed by Applicant securing second highest marks and so on. The selection of the Applicants shall be in the order of their ranks.
- 8.2 Two or more waitlisted Applicants, if available, would be maintained along with selected Applicants for each eligible product segment
- 8.3 The number of selected Applicants shall be limited by the budget availability and allocation for the Segment.
- 8.4 No company selected for a segment would get, as an incentive, more than 25% of the total budget for that segment and no company would get less than 5% of the segment outlay. In the case of Fruits & Vegetables segment, the requirement of minimum incentive at 5% of outlay may be relaxed.
- 8.5 Inter-segment allocation of funds would be permitted on the condition that allocation for Fruits and Vegetables Segment and for Branding & Marketing abroad would not be reduced but may be increased.

9. Computation and Payment of Incentive

9.1 The Incentive payable for a selected Applicant for a particular year shall be computed as follows:

Incentive= Incremental Sales in Approved Product Segment x
corresponding Rate of Incentive as in **Appendix-C**.

- 9.2 Incentive is payable from the year of selection up to the end of the Scheme period.
- 9.3 Selected Applicants are required to achieve minimum CAGR in Sales over the base year, as given in **Appendix-D** and illustration thereon, to claim Incentive.
- 9.4 Minimum growth in terms of CAGR over base year to be eligible to receive Incentive would be calculated for all the Products Group of the Segment selected by the Applicant for inclusion in PLIS.
- 9.5 In the event industry in any segment faces lower growth due to Force Majeure or for any other reasons, the EGoS may review the prescribed minimum growth rate for the segment.
- 9.6 Applicant shall complete the Committed Investment, year-wise, as proposed in the Application. 10% of the Incentive due for Y1 and Y2 will be deducted- if they fail to complete the investment as Committed. However, if at the end of Y2, the Committed Investment is completed, then the amount deducted for Y1 would be paid to the company. By the end of Y3, if the Committed Investment is not completed, the selected Applicant will be taken out from PLIS for Sales-based Incentive by MoFPI.
- 9.7 The bank guarantee shall be invoked in such case following which the offer letter issued would stand cancelled.
- 9.8 Applicant entities selected for multiple product segments would be required to meet minimum growth in Sales and investment segment-wise.
- 9.9 The assessment of incremental Sales shall be based on statutory filings with Government Departments/ Agencies and audit reports and other documents as required by the PMA from time to time, for processing the claims.
- 9.10 Incentives under the scheme for a particular year will be disbursed in the following year.
- 9.11 Eligibility under the Scheme shall not affect eligibility for Incentive or any other benefits under any other scheme and vice versa.

10. Application

- 10.1 Application will be invited through Expression of Interest (EOI).
- 10.2 EOI will be released for Category-I Applicants in 2021-22 for coverage under Sales-based Incentive and Branding/ Marketing. The selection will be for the entire programme period.
- 10.3 EOI will be released for Category-II SME Applicants for innovative/ Organic products for Sales-based Incentive and Category – III for Branding & Marketing during each of the first 3 years viz. 2021-22, 2022-23, and 2023-24, depending up on the availability of fund. The coverage of such Applicants will be for the balance of programme period ie. from the date of selection till 31.3.2027.
- 10.4 MoFPI will consider the further release of EOI depending upon the response of different Categories of Applicants and availability of funds.
- 10.5 Application Window will be specified in the EOI. No Application shall be accepted after the end of the Application window.
- 10.6 Applicant is required to submit the Application as per Application Form prescribed in **Annexure-1**.
- 10.7 An Applicant shall specify his / her own and contract manufacturers' manufacturing sites which are proposed to be used for sourcing of eligible manufactured products for Sale.
- 10.8 An Applicant shall submit an undertaking in the format as per **Annexure-7** consenting audit of their manufacturing sites/ offices for verification of information/ data submitted along with the Application.
- 10.9 On receipt of an Application in the prescribed format, PMA will conduct an examination as per checklist in **Annexure-2**. The aforesaid prima facie examination shall be completed within 15 working days from the date of receipt of the original Application window or any subsequent submission of the revised Application, if the original filling was returned as incomplete earlier. No original Application will be accepted after the end of the Application window.
- 10.10 In case, on the above-mentioned examination, an Application is found to be incomplete, PMA shall inform the Applicant accordingly within 15 working days of receipt of the Application. An Applicant must complete an incomplete Application within 10 working days of such communication

from PMA, failing which the Application would be rejected under intimation to the Applicant.

- 10.11 A non-refundable Application fee would be payable for each Application. Such fee is Rs 1,00,000 (Rupees One Lakh) for Category-I Applicants and Rs 10,000 (Rupees ten thousands) for Category-II Applicants. Under Category-III applicant, Rs 10,000 (Rupees ten thousand) and Rs 50,000 (Rupees fifty thousand) would be payable by SME and other Applicants respectively.

11. Online Portal

- 11.1 All Applications will be submitted through an online portal maintained by the PMA.
- 11.2 Upon successful submission of an Application, PMA will issue a unique Application ID to the Applicant for all future references pertaining to the Scheme.
- 11.3 Application can be made on the online portal, URL of which is <https://plimofpi.ifcilttd.com>
- 11.4 A web based MIS should be commissioned by PMA for online monitoring of the progress in implementation of the projects, enable it in taking interim corrective measures, if required.

12. Project Management Agency (PMA)

- 12.1 The Scheme will be implemented through a Project Management Agency (PMA) which will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MoFPI from time to time.
- 12.2 The PMA shall be responsible, inter alia, for:
- (i) Receipt of Application, examination, and processing of Applications and issuing acknowledgements.
 - (ii) Weekly submission to MoFPI, the status of Applications received and processed under the Scheme.
 - (iii) Assist Committees constituted under the scheme to facilitate their recommendations.
 - (iv) Making appropriate recommendations to MoFPI in line with **Annexure-3** for approval of Applications under the Scheme.

- (v) Verification of Committed Investment for determining eligibility for disbursement of Incentive.
- (vi) Examination of claims for disbursement of Incentives and making appropriate recommendations to MoFPI.
- (vii) Verification of the disbursement claims with the relevant documents.
- (viii) Compilation of data regarding progress and performance of the Scheme through Quarterly Review Reports as per **Annexure-6** and other information / documents.
- (ix) Providing secretarial and other support to MoFPI for carrying out its responsibilities.
- (x) The PMA may request for additional information, details and documents from the Applicant as deemed necessary
- (xi) The PMA will have the right to carry out physical inspection of an Applicant's manufacturing units and offices through site visit.

13. Empowered Group of Secretaries (EGOS)

The Empowered Group of Secretaries (EGOS) chaired by the Cabinet Secretary will monitor the implementation of the Scheme and undertake periodic review of the outgo to ensure that the expenditure is within the prescribed outlay. The EGoS, will also carry out changes in the modalities of the scheme to address issues arising during the course of its implementation, within the contours of Cabinet approval and overall financial outlay of Rs 10,900 crore

14. Committees

- 14.1 A Committee will be constituted by MoFPI, under the Chairmanship of Minister, FPI or as decided subsequently, for taking necessary decisions within the mandate of the Ministry viz approval of scheme Guidelines and their amendments including eligibility criteria, selection criteria, composition of products in different Segments, inter-component/ segment allocation of outlay, minimum required growth rate to become eligible for incentive, fix/ relax norms on number of companies, selection of Applicants, sanction & release of funds as incentives provided that the expenditure shall be restricted to the approved outlay. MoFPI shall not change the approved rate of incentives for different segments of food products.
- 14.2 MoFPI will also constitute Technical Committee/s, as required, to render advice on issues related to product classification, the inclusion products with

different levels of Millets, manufacturing processes, Innovative / Organic Products, Branding & Marketing etc.

15. Approval

15.1 Approval Process:

15.1.1 On receipt of Applications, the PMA should share relevant information with the concerned Committees for their advice as decided by MOFPI.

15.1.2 The PMA would process the Applications and make appropriate recommendations to the MoFPI for approvals under the Scheme.

15.1.3 The MoFPI would consider Applications, as recommended by PMA for approval under the Scheme.

15.1.4 All the Applications should be finalized within 90 days from the date of closure of Application window, subject to completeness of documents from the Applicants, as required, for evaluation.

15.1.5 After receiving approval from MoFPI, the PMA should issue a letters to the selected Applicants within 5 working days, communicating approval under the Scheme.

15.1.6 The approval letter shall clearly state the following:

- (i) Name of Applicant
- (ii) Eligible Product Segment & Food products to be manufactured
- (iii) Specification on the chain of manufacturing processes of the food products, if any
- (iv) Base Years for calculation of Incentives
- (v) Base Year 2019-20 Sales as informed by the Applicant in its Application form
- (vi) Projected Incremental Sales for Y1-Y6
- (vii) Year-wise Rate of Incentives
- (viii) Committed Investment and expenditure in B&M, as applicable, Year-wise
- (ix) Scheduled date of commencement of commercial Production
- (x) Other specification, if any.

15.1.7 In case, an Applicant is selected for multiple eligible product segments, separate approval letters would be issued and all the

requirements shall be complied separately for each case by the Applicant.

- 15.1.8 The aforesaid approval letter(s) shall not be construed as a guarantee for disbursement of Incentive as the same would be dependent upon verification of eligibility for Incentive after submission of disbursement claim and other criteria defined in these Guidelines.
- 15.1.9 The selected Applicants shall submit, within two weeks of date of issuance of approval letter by the PMA, a performance bank guarantee of an amount equivalent to 3% of the Committed Investment, in favour of MoFPI, valid for three years or till MoFPI releases such Guarantee, whichever is later.
- 15.1.10 If a selected Applicant is found to be ineligible at any stage, or if it has not complied with notifications, orders, Guidelines etc. issued under the Scheme, or declines the offer of the approval under the scheme at any stage, for any reason, the Incentive claim of such selected Applicant shall be forfeited. The bank guarantee shall be invoked following which the offer letter issued shall stand cancelled.
- 15.1.11 In such case, the offer may be extended to the waitlisted Applicant provided a minimum of 3 years' residual period under the scheme is available.

15.2 Post Approval

- 15.2.1 PMA should monitor the progress of the project made by the selected Applicants, as and when required with respect to investment Committed.
- 15.2.2 PMA should monitor the rollover of the bank guarantees and shall take timely action for releasing / invoking the bank guarantees as per these Guidelines.

16. Disbursement of Incentive

- 16.1 For claiming Incentive under the Scheme, Applicants shall submit claims for disbursement of Incentive to the PMA. Applicants shall ensure that the claims are complete in all respects and are accompanied by all the documents required as per format prescribed in **Annexure-4** of these Guidelines.

- 16.2 An Applicant shall submit claim for disbursement of Incentive on annual basis that is for the Sales made in the period of April to March of the previous Financial Year. Claims for any period shall be made only once, unless withdrawn, and no subsequent part claims shall be allowed for the said period.
- 16.3 In case an Applicant makes a claim for Incentive for multiple products segments, separate Applications shall be submitted for each of such segment.
- 16.4 Claims for disbursement of Incentive shall be filed by the Applicants within 9 months from the end of the financial year to which the claim pertains to.
- 16.5 On receipt of Claim for disbursement, the PMA should share relevant information with the concerned Technical Committee for their advice as required in the mandate of the Committee or on any other issue referred by MOFPI to the concerned Committee. The Committees should provide their advice on the matters referred to them.
- 16.6 The PMA should assist the Committees to facilitate their recommendation in a time-bound manner. The recommendations of the Committee should be taken into account by the PMA in scrutinising the claims of the Applicants.
- 16.7 The PMA would examine the disbursement claims as submitted by an Applicant. The PMA should verify eligibility and assess Incentive payable to an Applicant based on the method laid down in these Guidelines and the approval letter issued to the Applicant.
- 16.8 The Applicant is required to submit the calculation of Sales with every claim, along with a certificate from Statutory Auditor in the case of a company and Independent Chartered Accountant in the case of Proprietorship, Partnership firm & LLP.
- 16.9 The PMA shall have the right to verify any document(s) in relation to the claim for Incentives including but not limited to Statutory Auditor or Independent Chartered Accountant certificates, whichever is applicable, and returns furnished to various Ministries / Departments / Agencies. The PMA shall also have the right to examine the end realization and settlement/ payments corresponding to Sales and investment respectively by way of Statutory Auditor or Independent Chartered Accountant certificates, bank statements etc. to the extent deemed necessary.
- 16.10 In case of any doubt with respect to determining eligibility and Incentive amount due, or any other matter in discharge of its duties and

responsibilities, the PMA should refer such matters to MoFPI for clarification and the decision of MoFPI shall be final in this regard.

- 16.11 The PMA would process claim for disbursement of Incentive within 60 days from the date of receipt of such claim and all the supporting documents and make appropriate recommendations to MoFPI.
- 16.12 MoFPI would consider and approve claims for disbursement, as examined and recommended by the PMA, for disbursement of Incentive.
- 16.13 MoFPI would disburse funds after completion of all pre-disbursal formalities by PMA.
- 16.14 The disbursement of Incentive would be through Direct Bank Transfer through PFMS or through any other mechanism of adjustment in the name of Applicant only.
- 16.15 Applicants shall be required to reconcile Sales of eligible products, based on which claims for disbursement of Incentive have already been filed, with documents as prescribed by the PMA, by 31st of December of the financial year subsequent to which the claim pertains.
- 16.16 The PMA shall verify the aforesaid reconciliation. In case of excess claims disbursed, the Applicant shall reimburse MoFPI for any Incentive amount refundable along with interest calculated at 3 years' SBI MCLR prevailing on date of disbursement, compounded annually (for the period between excess payment and date of refund by the Applicant).
- 16.17 If the PMA or MoFPI is satisfied that eligibility under the Scheme and / or disbursement of Incentives have been obtained by misrepresentation of facts or falsification of information, MoFPI may ask the Applicant to refund the Incentives along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, after giving an opportunity to the Applicant of being heard and appropriate criminal/ civil legal proceedings will be initiated.
- 16.18 The PMA should submit budgetary requirements to MoFPI as a consolidated amount on a quarterly basis.
- 16.19 The PMA shall furnish information to MoFPI with details of disbursement claims received for Incentives, amount disbursed, reasons for rejection / delay in disbursement of the Incentives on a quarterly basis.
- 16.20 In case an Applicant does not meet threshold growth criteria for any given year, the Applicant shall not be eligible for Incentive in that particular year. However, the Applicant will not be restricted from claiming Incentive in

subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years.

17. Review

- 17.1 Periodic reviews will be undertaken by the MoFPI/ EGoS with respect to progress and performance of the Scheme.
- 17.2 All approved Applicants shall furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter in the format provided in **Annexure-6** of these Guidelines.

18. Residual

- 18.1 In case of change in control of the selected Applicant due to change in equity ownership or change in promoter entities, MOFPI should be informed immediately.
- 18.2 All transactions by the selected Applicant with Related Parties will be subject to provisions of relevant statutes and Accounting Standards – 18 and corresponding Ind-AS, as amended from time to time. In case of any proceedings under any Act leading to adjustment of pricing in the transactions between related parties, effect shall be given in calculation of Incentive and/ or eligible Committed Investment.
- 18.3 To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from Applicants under the Scheme.
- 18.4 Two formats of undertakings are enclosed as Format A and Format B of **Annexure-8**. These undertakings are to be furnished by Applicants, duly signed by CEO / MD / Director of the company / partner / proprietor of the firm and depicting the designation along with authorization to do so.
- 18.5 The undertaking in **Format A** shall be provided by all Applicants whose Applications or claims are under consideration for approval or disbursement of Incentives. The Applications or claims of those Applicants who do not submit the undertaking shall not be processed and considered.

- 18.6 The undertaking in **Format B** for confirming the compliance of integrity will be provided by Applicants after the submission of claims for disbursement of Incentive and in any case before release of funds. The release of Incentives shall be withheld until the above-mentioned undertaking is provided.
- 18.7 If the Applicant is other than Company, then the applicable/ equivalent documents / certificates shall be submitted.
- 18.8 These guidelines shall be amended/ modified at any time during continuance of the Scheme and such amendment/ modifications shall be binding to all the Applicants, including the Selected Applicants, during the tenure of the Scheme.

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New Delhi,

Dated: 2nd May, 2021

Appendix-A: Eligibility Criteria for different Categories of Applicants

Category-I:

Segments	Minimum Sales of All Food Products in 2019-20 (Rs Crore)	Minimum Investment (Rs Crore)
RTE/ RTC	500	100
Processed Fruits & Vegetables	250	50
Marine	600	75
Mozzarella Cheese	150	10 MTPD Plant-Rs 23 cr

Category-II:

- (i) Udyog Aadhar/ Udyami Registered;
- (ii) Achieved Minimum Sales of Rs 1 crore during 2019-20 for each of the innovative/ organic products proposed to be incentivised;
- (iii) Applicant for Organic Product shall be registered with APEDA for the organic product proposed to be incentivised.

Category-III:

- (i) Only Indian Brands are covered for selling food products completely manufactured in India;
- (ii) Branding & Marketing shall be undertaken either by the Applicant directly or through its subsidiary or any other Agency.

Appendix-B: Coverage of Food Products under Different Food Segment

Under the Scheme, the following four Segments of food products are covered:

1. Ready to Eat/ Ready to Cook (RTE/RTC)
2. Fruits and Vegetable Products
3. Marine Products
4. Mozzarella Cheese

Product Groups which would be covered under above 4 Segments are indicated in column 2 of the table below. Details of Food Products under each Product Groups are given in Column 3. Products which are not covered in column 3 are excluded from the scheme in addition to those which are indicated in column 4.

RTE/RTC Category covers various processed packaged products ranging from Ready Meals, Soups and Ready Mixes, Indian Savoury Snacks, Packaged Indian Sweets, Ice Cream desserts, Snack bars, Bakery products, Ready to drink products etc. Products with specified % of millet, except flour/atta are included irrespective of their status for inclusion/exclusion.

RTE/RTC category excludes agri products/ food commodities like rice, Aata, sugar, pulses, edible oil etc. It also excludes categories like Pizza, Pasta, Noodles, Spaghetti (HSN 1902); Breakfast Cereals (HSN 1904); Confectionary (HSN 1704,1806); Malt based Drinks/powder (HSN 1901); Packaged Shelled/ roasted/ processed nuts /Mixtures predominantly made of nuts (0802).

Some of the RTE/RTC products appears in Fruit & Vegetable and Marine product Segments list such as - RTC Potato Products- fries, tikki etc.(HSN 2004 & 2005) except potato chips (20052000); Packaged Sauces- Table sauces, pasta sauces, cooking sauces, dry sauces, ketchup, mustard, oyster sauces, salad dressings, dips, and other sauces (HSN 2002, 2103); All fruit based Jam/Jellies(HSN 2007); Packaged Mixed Spices/ Dry Sauces (Dry/ Dehydrated Sauces, Dry Recipe Powder mixes, dry powder marinades) (HSN 2103); Marine Segment: Canned, Battered & breaded, Pickles, Sausages (HSN 1604 & 1605). A selected applicant only for RTE/RTC segment would be eligible to receive incentive for such RTE/RTC products from F&V and Marine segments.

Fruits & Vegetable category to include packaged processed products which are Steamed/ Boiled/ Frozen/ Dried/ Pickled/ Provisionally Preserved/ processed or preserved through additive and preservatives. However, potato chips are excluded from the scheme. Fruit Juice having > 10% fruit juice content would be incentivized under the scheme. Spices (both mixed and single spices) packaged in consumer size packs would be included under the scheme. Fruits & vegetable category would exclude unprocessed/fresh fruits and vegetables.

Marine products to include fish products (Chilled/ Frozen/ dried/ salted/ brined/ smoked) and Crustacean & Molluscs (Chilled /Frozen /Steamed / Boiled) at normal rate of incentives. Value-added processed products covered under 1604 and 1605 and IQF Value added marine products and freeze-dried value-added marine products (0302, 0304, 0306, 0307) would be incentivized at a higher rate.

Mozzarella Cheese category to include mozzarella cheese packed in consumer pack/ bulk pack.

Column1	Column 2	Column 3	Column 4
RTE/RTC Segment			
S.No.	Product Group	Products Covered	Exclusion
1	Packaged Ready Meals, Soups and Ready Mixes, Other RTE/RTC Products	<p>1. Ready Meals (Shelf stable, frozen, dried, chilled ready meals which do not require any cooking preparation other than heating) & Dinner mixes (in Ready-to-cook/prepare format); Diabetic Foods; Sausages, salamis, nuggets and other such preparation under heading 1601 & 1602</p> <p>2. Soups & broth (shelf stable, dehydrated, instant, chilled and frozen soup)</p> <p>3. Ready Mixes (Dessert Mixes, Batter Mixes, Thandai Mix)</p> <ul style="list-style-type: none"> - All products under HSN 1601, 1602, 2104 are included - All products under HSN 2106* are included except Protein Concentrates, Soft Drinks, Pan masala, Betel nuts, Churna for Pan as given in column 4 <p>*Applicable on Sl. No 1,2,3 of RTE/RTC Segment</p>	Protein Concentrates, Soft Drinks, Pan masala, Betel nuts, Churna for Pan (21061000-40; 21069070)
2	Mixtures (Namkin, Bhujia), Puffed Snacks, Snack bars	<p>1. Indian Savoury snacks -Mixtures (Namkin, Bhujia) including extruded snacks</p> <p>2. Puffed Snacks: Processed/ reconstituted/ shaped cereals-based snacks</p> <p>3. Snack Bars: Cereals and Non-Cereals Bar, Granola/muesli bars, breakfast bars, energy and nutrition bars, fruit bars and other snack bars (HSN 2106)</p>	
3	Sweets	Packaged Traditional Indian Sweets	

		(HSN 2106)	
4	Ice cream desserts, Ready to Drink Products	<ol style="list-style-type: none"> 1. Ice Cream: Impulse Ice Cream, Take Home Ice-Cream, Frozen Dessert: Includes cakes, pies/tarts etc 2. Milk Based Beverages- Yoghurt, Buttermilk, Lassi etc. 3. Soya Milk <ul style="list-style-type: none"> - All products under HSN 2105 & 0403 are included - All products under HSN 2202 are included except Aerated Water, Lemonade, Non-Alcoholic beer. Part of inclusion is covered under Fruits & Vegetables categories (as mentioned at Sl.No. 3 of fruits & vegetable segment) 	Aerated Water, Lemonade, Non-Alcoholic beer (HSN 22021010-9100; 22029990)
5	Bakery products - Biscuits, Packaged cakes	<ol style="list-style-type: none"> 1. Sweet Biscuits: chocolate coated biscuits, cookies, filled biscuits, plain biscuits, and wafers 2. Savoury Biscuits: Non-sweet biscuits and crackers often consumed with cheese and other savoury foods 3. Packaged Cakes: Chocolate cake, strawberry and other fruit flavoured cakes, fruit cake, carrot cake, cheesecake, muffins etc <ul style="list-style-type: none"> - All products under HSN 1905 are included except fresh/leavened bread 	1. Fresh/Leavened Bread (HSN 19051000)
6	Millet Based Products with millet content above specified %	Any food product having minimum millet % as prescribed by MOFPI- irrespective of products mentioned in exclusion in case of millet-based products, except flour/atta	Millet Flour

Fruits & Vegetables Segment

1	Processed/ Preserved Fruits and Vegetables products	<ol style="list-style-type: none"> 1. Processed/ Preserved Fruits and Vegetables products - Steamed, Boiled, Frozen, Dried, Pickled, Provisionally Preserved 2. RTC Potato/Vegetable Products 3. Potato- Flour, meal, powder, flakes, granules and pellets 4. Fruit Squash <ul style="list-style-type: none"> - All products under HSN 0710, 0711, 0712, 0811, 0812, 0813, 0814, 1105, 1106, 1903, 2001, 2003, 2004, 2006, 2007 are included - All products under HSN 0804, 2005, 2008 are included except fresh fruits and vegetables, potato chips and products predominantly made of nuts, dates & figs 	<ol style="list-style-type: none"> 1. Fresh fruits and vegetables 2. Potato chips (HSN 20052000) 3. Products predominantly made of nuts, dates, figs (HSN 8041010-90, 8042010-90, 8043000, 8044000, 8045010-20, 8045090, 20052000, 20081100-1930, 20081990)
2	Packaged Mixed Spices, Mixed Condiments & Seasonings	<ol style="list-style-type: none"> 1. Packaged crushed or grounded dehydrated herbs and spices- (Spices notified by spice board) 2. Mixed Condiments & Seasoning (Dry/ Dehydrated Sauces, Dry Recipe Powder mixes, dry powder marinades) 3. Oleoresins: All processed form of oleoresins <ul style="list-style-type: none"> - All products under HSN 0904, 0905, 0906, 0907, 0908, 0909, 0910, 1301, 2103, 2906, 3003, 3301 are included except raw/ unprocessed forms of herbs and spices, different gums, lacs and other vegetables saps and extracts 	All raw/ Unprocessed forms of herbs and spices, different gums, lacs and other vegetables saps and extracts ¹

¹ HSN 09041110-40; 09041160; 09041190; 09042110-20; 09042229; 09051000; 09061110-90; 09061910-90; 09071010-90; 09081110; 09082100; 09083120 - 90; 09083220- 30; 09092110-90; 09093111-29; 09096111- 149; 09101110- 90 09102010- 90; 09103010- 20; 09109911- 19; 09109939- 90; 13012000-9039; 29061200-2990; 30031000-9015; 30039022-9090; 33101200-1990; 331029-12,13,16,24,27,31, 33,34,36,37,38,41,42,43,44,90; 33013010-99; 33019031; 33019033-90

3	<input type="checkbox"/> Fruit Juice and Fruit based drinks <input type="checkbox"/> Jam/ Jelly <input type="checkbox"/> Tomato Ketchup, pastes, purees and all Sauces <input type="checkbox"/> Coconut and other plant waters	<ol style="list-style-type: none"> 1. 100% Fruit juice/pulp/paste- Not from concentrate 100% juice, reconstituted 100% juice and frozen 100% juice 2. Fruit based drink having fruit content => 10% Juice drinks made up of fresh juice or concentrate, having more than 10% fruit juice content; Packaged Coconut Water & other plant water 3. All fruits-based Jams/Jellies 4. Tomato- Ketchup, paste and puree 5. Packaged Sauces: Table sauces, pasta sauces, cooking sauces, dry sauces, ketchup, mustard, oyster sauces, salad dressings, dips, and other sauces <ul style="list-style-type: none"> - All products under HSN 2002, 2007, 2009, 2103 are included. - All products under HSN 2202 are included except Aerated Water, Lemonade, Non-Alcoholic beer. 	Aerated Water, Lemonade, Non Alcoholic beer (HSN 22021010-9100; 22029990)
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Marine Segment

Marine Products with Normal Incentives

1	<input type="checkbox"/> Fish <input type="checkbox"/> Crustacean/ Molluscs	<ol style="list-style-type: none">1. Fish Chilled/ Frozen/ dried/ salted/ brined/ smoked2. Fish Fillets & Meat -Fresh, Chilled & Frozen3. Crustacean- Chilled, Frozen, Steamed, Boiled4. Molluscs - Chilled, Frozen, Steamed, Boiled <p>- All products under HSN 0302, 0303, 0304, 0305, 0306, 0307 are included. Some of the products of IQF & AFD are included for higher incentive and appear in Sl.No 3 & 4 below.</p>	-
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Marine Products with higher Value-Added Incentive

2	Value added marine products	Value added marine products: Canned, Battered & breaded, Pickles, Sausages - All products under HSN 1604 & 1605 are included	
3	IQF Value added Marine Products	<ol style="list-style-type: none">1. IQF Shrimps: Stretched shrimp (Nobashi), butterfly/marinated shrimp, IQF Skewered shrimp, IQF Sushi shrimp2. Blanched Squid pineapple cut, Cuttlefish Sushi, Tuna loins, Shashimi grade Tuna	
4	Freeze-Dried Value-Added Products	Accelerated Freeze Dried shrimp/ shrimp powder, Freeze dried Cephalopods	

Mozzarella Cheese Segment

1	Mozzarella Cheese	Mozzarella Cheese in Bulk Packaging Mozzarella Cheese in Consumer Packaging - Only Mozzarella Cheese under 0406 is covered	All other cheese except mozzarella (HSN 04061000-4000)
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Appendix-C: Rates of Incentives on Incremental Sales

Year	RTC/ RTE	Processed F & V	Marine Products *	Mozzarella Cheese
2021-22	10%	10%	6%	10%
2022-23	10%	10%	6%	10%
2023-24	10%	10%	6%	10%
2024-25	10%	10%	6%	8%
2025-26	9%	9%	5%	6%
2026-27	8%	8%	4%	4%

*** 10% Incentive Rate for Value Added Marine products, as specified at Appendix-B for all 6 years.**

****Base Year for calculation of Incremental Sales would be 2019-20 for the first 4 years. For 5th & 6th years, the Base year would shift to 2021 -22 & 2022-23 respectively.**

Appendix-D: Minimum Eligible CAGR in Sales of Products for Incentive

	Segments	CAGR (%)
1.	RTC/ RTE Foods	10%
2.	Processed F & V	10%
3.	Marine Products	5%
4.	Mozzarella Cheese	15%

Illustration for Appendix-D

	Year	Base Years	No. of years for computing CAGR over Base Year Sales
1.	2021-22	2019-20	1
2.	2022-23	2019-20	2
3.	2023-24	2019-20	3
4.	2024-25	2019-20	4
5.	2025-26	2021-22	4
6.	2026-27	2022-23	4

Appendix-E: Evaluation Criteria

Category-I Applicants:

Selection of Applicants on Sales & Investment Criteria will be based on Combined score as given below

	Criteria	Weightage (%)
1.	Total Sales (Domestic & Exports) in 2019-20 of food products listed in the Application for coverage under the scheme	33.3
2.	Export Sales (of items covered at Sl No 1 above)	33.3
3.	Committed Investment	33.3
		100

The Applicant with highest Sales, exports and Committed Investment will receive 100 marks for each criterion. Other Applicants will be awarded marks in proportion to their Sales and Committed Investment vis a vis the Applicant with highest score.

Category-II Applicants: Selection of Applicants of Innovative Products will be based on Combined score as given below:

Selection Criteria: Innovative Products

	Criteria	Weightage (%)
1.	Sale of Product sought to be promoted in 2019-20	25
2.	CAGR in Sale of Product/s sought to be promoted for 3 years (2016-17 to 2019-20)	15
3.	Investment made in the last 3 years (2017-18 to 2019-20)	10
4.	Availability of funds for investment in Production & Marketing (Own fund, Loan, tied up from Private equity, Venture Capital, Angel Investors)	10
5.	Assessment of Innovativeness/ novelty of products, patent on the product, USP, Recognition if any, Special Characteristics, Business plan, export potential, scalability, share of own manufacturing in total Sales	40
	Total	100

Selection Criteria: Organic Products

Criteria		Weightage (%)
1.	Sale of Product sought to be promoted in 2019-20	25
2.	CAGR in Sale Products to be promoted for 3 years (2016-17 to 2019-20)	15
3.	Investment made in the last 3 years (2017-18 to 2019-20)	15
4.	Availability of funds (tied up from Private equity, Venture Capital, Angel Investors) for investment in Production & Marketing.	15
5.	Assessment of the USP, level of product development, Business plan, export potential, scalability, share of own manufacturing of product in total Sales	30
Total		100

The Applicants will be ranked based on aggregate score and number of Applicant selected will be based on allocation of outlay for the component.

Category-III Applicants: Selection of Applicants will be based on Combined score as given below:

Bid Criteria: Branding			
	Criteria	Markets	Weightage (%)
1.	Sale* of Food Products of Brand/s sought to be promoted in 2019-20	Total	10
		Exports	10
2.	CAGR in Sale* of Products of Brand/s sought to be promoted for 3 years (2016-17 to 2019-20)	Total	5
		Exports	10
3.	Branding Expenditure 3 years (2017-18 to 2019-20)	Domestic + Export	20
4.	Level of recognition of the Brand in India, level of value addition, Strategy and plan for production, Sales, exports and branding of products in domestic and export markets		45
Total			100

* Sale of own brand “branded food products” to the exclusion of unbranded food products.

The Applicants will be ranked based on aggregate score and number of Applicant selected will be based on allocation of outlay for the component.

Appendix-F: Bank Guarantee

(From any scheduled commercial bank)

This Deed of Guarantee executed on this _____ day of _____, 20-
at _____ by _____ (from any scheduled commercial bank), having its Head
Office / Registered Office at _____ and inter-alia a Branch Office
at _____ (hereinafter referred to as the Bank or 'the Guarantor',
which expression shall unless it be repugnant to the subject or context hereof be
deemed to include its successors and assigns).

In favour of

Ministry of Food Processing Industries, Government of India, Panchsheel
Bhawan, New Delhi-110049 (hereinafter referred as "MoFPI") represented by
<PMA Name>, having its registered office at
_____, acting as the Project Management
Agency (PMA) for Production Linked Incentive (PLI) Scheme for food processing in
India.

WHEREAS

- A. [.....], Proprietary Firm or Partnership Firm or Limited Liability
Partnership (LLP) or a Company within the meaning of the Companies Act, 2013
OR meaning under-----and having its Registered Office at [----
-----] (herein after referred to as 'the Applicant" which expression unless
repugnant to the subject or context includes its successors. Legal
representatives and permitted assigns) and has been awarded approval
under the above scheme vide Letter Reference -----
----- dated ----- .
- B. In terms of the undertaking dated ----- and Clause ----- of the
Guidelines Reference No. ----- dated-----,
the Applicant has to provide a Bank Guarantee for an amount
equivalent to INR -----which is calculated in line with the undertaking.
- C. At the request of the Applicant, the Guarantor has agreed to provide this
guarantee, being these presents, guaranteeing the due and punctual
performance/discharge by the Applicant of its obligations.

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS

- A. The Guarantor hereby irrevocably guarantees the due and compliance of terms by the Applicant of all its obligation under the said undertaking and approval letter, as amended from time to time.
- B. The Guarantor shall, without demur, pay to MoFPI / <PMA Name> sums not exceeding in aggregate ----- (INR -----) within five (5) bank working days (as per the Reserve Bank of India) of receipt of a written demand thereof from MoFPI / <PMA Name> stating that the Applicant has failed to meet its obligations under the said undertaking. The Guarantor shall have not to go into the veracity of any breach or failure on the part of the Applicant or validity of the demand so made by MoFPI / <PMA Name> and shall pay the amount specified in the demand notwithstanding any direction to the contrary given or any dispute whatsoever raised by the Applicant or any other person. The Guarantor's obligations hereunder shall subsist until all such demands are duly met and discharged in accordance with the provisions hereof;
- C. The Guarantor agrees that its liability under this guarantee shall in no manner be affected by any such variation, alteration, modification, waiver dispensation and that no further consent of the Guarantor is required for giving effect to any such variation, alteration, modification, waiver dispensation with or release of security;
- D. This Guarantee shall be irrevocable and shall remain in full force and effect till-----.
- E. Until and unless discharged / released earlier by MoFPI / <PMA Name> in accordance with the provisions of the said undertaking, the Guarantor's liability in aggregate shall be limited to a sum of INR ----- (INR-----);
- F. This Guarantee shall not be affected by any change in the constitution or winding up of the Applicant / Guarantor or and absorption, merger or amalgamation of the Applicant / Guarantor with any other person;
- G. The Guarantor has power to issue this Guarantee and discharge the obligations contemplated herein, and the undersigned is duly authorized to execute this Guarantee pursuant to the power granted under.

All future correspondence with reference to this Guarantee shall be made to.
 (Bank Name and Address).

The jurisdiction in relation to this Guarantee shall be the Courts at New Delhi and Indian Law shall be applicable.

IN WITNESS WHEREOF THE GUARANTOR HAS SET ITS HANDS HEREUNTO ON THE: DAY, MONTH AND YEAR FIRST HEREINABOVE WRITTEN

SIGNED AND DELIVERED by-----
-----Bank by the hand of----- its-----
-----and authorized official.

Appendix-G: Format for Providing Bank Guarantee

(Undertaking from the Applicant on the letterhead)

1. We,....., hereby, acknowledge that the Incentive that would / may be provided to us under the Production Linked Incentive (PLI) Scheme for food processing industry in India, as per the Guidelines, communications, will be provided to us based on, and after relying upon, the information provided by us to avail the said Incentive.
2. We hereby confirm that the information provided by us for availing the said Incentive is true, correct and complete in all respects and that no material fact / information that may have an adverse impact on the information provided by us for availing the said Incentive has been concealed.
3. We hereby confirm that the Committed Investment in the project, as per the approval letter, is to be made by us within a specified period from the date of approval letter.
4. With regard to the aforesaid transactions, we hereby undertake the following:

- A. We undertake to provide Bank Guarantee/s from a schedule commercial Bank for the amount which is mentioned below:

Sr. No	Particulars	Details
1.	Date of issuance of Approval Letter	
2.	Validity period of BG *	
3.	Amount of BG	

* Valid for three years or renewed till the date MoFPI release such Guarantee whichever is later.

- B. We understand and agree that, we are legally bound to renew the BG / issue fresh BG, failing which MoFPI / PMA may invoke the BG.
- C. In case of loss, mutilation, force majeure or any other eventualities, with respect to Original BG (favouring MoFPI / PMA, held at PMA), MoFPI / PMA will not be liable for the same and the onus would be with us to arrange for alternate / duplicate BG in place of the original BG.

D. We also understand that the BG will be invoked or released as per the provision in the guidelines.

Date

Signature

(Name & designation with address) Director / CEO / MD

Annexure-1A: Application Form for Category I Applicants

1. Instructions:

- 1.1. Applicants may go through the Guidelines carefully before filling up the details in the Application.
- 1.2. The Application shall be signed by duly authorized signatory of Applicant.
- 1.3. Applicants are advised to follow the format provided in this Application form for submitting their Applications. Applicants are required to provide information and enclose all supporting documents as detailed.
- 1.4. All Applications will be submitted online to the Project Management Agency (PMA) selected under the Scheme.
- 1.5. The applicant shall submit unconditional Application without any restriction, limitation or rider.
- 1.6. The Application submitted by the applicant shall be subject to the provision of Scheme Guidelines and the related notifications.
- 1.7. Application has been divided into the following sections
 - i. Applicant Details
 - ii. Proposal
 - iii. Application Fee Details

2. Section I – Applicant Details

- 2.1. Name of Applicant
- 2.2. Constitution of business – Proprietorship Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India or co-operative
- 2.3. Business Details: Address, phone, email, PAN, nature of current business, turnover, net worth, experience etc.
- 2.4. Brief profile of Promoter, Chairman, Chief Executive Officer and other CXO level officers, as the case maybe.
- 2.5. *Documents to be furnished:*
 - i. Copy of the memorandum and articles of association or equivalent registration document, Partnership Deed and any equivalent document. Shareholding pattern, share of the partners as the case may be.
 - ii. Self-certified copies of Annual Reports including Annual Financial Reports along with schedules, audited and complete Balance Sheet, as the case may be for 3 years. Most recent reports are to be provided.

- iii. Profit before Tax (PBT) and Profit after Tax (PAT) – (last 3 years)
- iv. Self-certified copies of PAN, GST Certificate for applicant,
- v. Self-certified copies of brief profile of Chairman, CEO, CXOs, Promoter and Key Managerial Persons along with their PAN / DIN
- vi. Key Personnel Details: Contact details of three senior employees of Applicant. Details would include Name, Designation, Address, phone, email.

2.6. Credit History:

- i. Provide details of presence in RBI's Defaulter and Wilful Defaulter Lists, SEBI Debarred List and CIBIL Score.
- ii. External Credit Ratings (year, agency, rating assigned) (if applicable)

3. Section II – Proposal

3.1. Project Details

3.2. Sales of all food products:

- i. Total Sales (Domestic + Exports) (INR Cr)
- ii. Exports (INR Cr)

3.3. Eligible Product Segment Applied for:

3.4. Products Groups proposed to be covered out of the Product Segment as in 3.3. (Products Groups, segment-wise, given in **Appendix-B**)

3.5. Sales (Domestic + Exports) Product Group-wise (**Appendix-B**) for 2014-15 to 2018-19:

	Product Group	2014-15	2015-16	2016-17	2017-18	2018-19
1.						
2.						
3.						
4.						
...						
	Total					

3.6. Domestic and Export Sales of Food Products (**Appendix-B**) for 2019-20 (actual), 2020-21 (Est), 2021-22 to 2026-27 (Projection):

Domestic Sales (Rs Crore)									
	Product Group	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
1.									
2.									
3.									
4.									
...									
	Total								
Export Sales (Rs Crore)									
1.									
2.									
3.									
4.									
....									
	Total								

3.7. Certificate from Statutory Auditor or Independent Chartered Accountant, whichever is applicable, on the Sales/ Export of Food Products (given in 3.5 & 3.6).

3.8. Manufacturing facility/ies of the Applicant separately:

Address:

Products:

Annual Capacity:

3.9. Manufacturing facility of the Contract Manufacturer/s separately

Address:

Products

Annual Capacity:

3.10. Committed Investment (Manufacturing) Factory-wise (in INR Crore)

I. Applicant	P&M	Technical Civil Works	Associated Infrastructure	Total (Res Crore)
Factory 1/ 2/3....				
2020-21				

2021-22				
2022-23				
Sub Total (Applicant)				
II. Contract Manufacturers ²				
2020-21				
2021-22				
2022-23				
Sub Total (CM)				
Total (I+II)				

3.11. Committed Investment (Branding & Marketing³):

3.11.1. Branding & Marketing Expenditure for All Food Products: 2014-15 to 2018-19

I. Domestic Market					In Rs Crore
	2014-15	2015-16	2016-17	2017-18	2018-19
1.					
2.					
3.					
4.					
...					
II. Export Market					In Rs Crore
1.					
2.					
3.					
4.					
...					

² Include Investment (Factory-wise) for those Contract Manufacturers who supply 100% of output to the Applicant.

³ Relates to In-store Branding, Shelvespace Renting and Others (specify)

3.11.2. Expenditure on Branding & Marketing abroad for 2019-20, 2020-21 and proposed for 2021-22 to 2025-26. Break up of expenditure, in terms of broad categories, are indicative.

(In Rs Crore)				
	In Store Branding	Shelf Space Renting	Others (specify)	Total
2019-20				
2020-21				
2021-22				
2022-23				
2023-24				
2024-25				
2025-26				
Total (2021-22 to 2026-27)				

3.12. Projection of Employment created:

Cumulative Employment Generated (Attributable to products covered Appendix-B)	
Year	Numbers
2020-21 (Estimated)	
2021-22	
2022-23	
2023-24	
2024-25	
2025-26	
2026-27	

3.13. Programme Implementation Plan (PIP) for eligible product: The Applicant is required to submit a plan indicating the following:

- i. Broad plan to achieve the Sales projected in the Application and additional investment that would be required to achieve that Sales and plan for that.
- ii. Manufacturing Capacity: Utilization of the existing Capacity, creation of new Capacity location-wise & output of products

- iii. New technology to be used in Manufacturing
- iv. Arrangement with the Subsidiaries/ Contract Manufacturers/ Member Unions

3.14. Regulatory Treatment: Provide information on licenses, permits and third-party approvals necessary to execute the project

4. Section III –Application Fee Details

4.1. Proof of the Application Fee submission.

Date

Signature

(Name & designation with address) Director / CEO / MD

Annexure-1B: Application Form for Category II Applicants

1. Instructions:

- 1.1. Applicants may go through the Guidelines carefully before filling up the details in the Application.
- 1.2. The Application shall be signed by duly authorized signatory of Applicant.
- 1.3. Applicants are advised to follow the format provided in this Application form for submitting their Applications. Applicants are required to provide information and enclose all supporting documents as detailed.
- 1.4. All Applications will be submitted online to the Project Management Agency (PMA) selected under the Scheme.
- 1.5. The Applicant shall submit unconditional Application without any restriction, limitation or rider.
- 1.6. The Application submitted by the Applicant shall be subject to the provision of Scheme Guidelines and the related notifications.
- 1.7. Application has been divided into the following sections
 - i. Applicant Details
 - ii. Proposal
 - iii. Application Fee Details

2. Section I – Applicant Details

- 2.1. Name of Applicant
- 2.2. Constitution of business – Udyam Registered SME, Proprietorship Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India or co-operative
- 2.3. Business Details: Address, phone, email, PAN, nature of current business, turnover, net worth, experience etc.
- 2.4. Brief profile of Promoter, Chairman, Chief Executive Officer and other CXO level officers, as the case maybe.
- 2.5. *Documents to be furnished:*
 - i. Copy of the memorandum and articles of association or equivalent registration document, Partnership Deed and any equivalent document. Shareholding pattern, share of the partners as the case may be.
 - ii. Self-certified copies of Udyami Registration, Annual Reports including Annual Financial Reports along with schedules, audited and complete

Balance Sheet, as the case may be for 3 years. Most recent reports are to be provided.

- iii. Profit before Tax (PBT) and Profit after Tax (PAT) – (last 3 years)
- iv. Self-certified copies of PAN, GST Certificate for Applicant,
- v. Self-certified copies of brief profile of Chairman, CEO, CXOs, Promoter and Key Managerial Persons along with their PAN / DIN
- vi. Key Personnel Details: Contact details of three senior employees of Applicant. Details would include Name, Designation, Address, phone, email.

2.6. Credit History:

- i. Provide details of presence in RBI's Defaulter and Wilful Defaulter Lists, SEBI Debarred List and CIBIL Score.
- ii. External Credit Ratings (year, agency, rating assigned) (if applicable)

3. Section II – Proposal

3.1. Product Details: Indicate

- (i) Innovative Product: Name/s of the Products. How it is innovative product, uniqueness of the product, patents obtained and manufacturing process
- (ii) Organic Product: Name/s of the Products. Type of certification for organic products and particulars (certification for organic product should be either from APEDA or similar recognised certification agency, not peer group certification)

4.2. Sales of Products sought to be promoted, product-wise (as given in 3.1) for 2014-15 to 2018-19:

(In Rs Crore)						
	Name of the Products	2014-15	2015-16	2016-17	2017-18	2018-19
1.						
2.						
3.						
4.						
...						

	Total					
--	-------	--	--	--	--	--

4.3. Sales and Export of Food Products (given in 3.4) for 2019-20 (actual), 2020-21 (Est), 2021-22 to 2026-27 (Projection):

Domestic Sales										(Rs Crore)										
	Product Group	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27											
1.																				
2.																				
3.																				
4.																				
...																				
	Total																			
Export Sales										(Rs Crore)										
1.																				
2.																				
3.																				
4.																				
....																				
	Total																			

3.2. Certificate from Statutory Auditor or Independent Chartered Accountant, whichever is applicable, on the Sales/ Exports of Food Products for 2019-20.

3.3. Investment made in 2017-18, 2018-19 and 2019-20

	P&M	Technical Civil Works	Associated Infrastructure	Total (Res Crore)
Factory 1/ 2/3....				
2017-18				
2018-19				
2019-20				
Total				

3.4. Manufacturing facility of the Applicant:

Address:

Products:

Annual Capacity:

3.5. Proposed Investment for manufacturing Factory-wise (in Rs Crore):

	P&M	Technical Civil Works	Associated Infrastructure	Total (Res Crore)
Factory 1/ 2/3....				
2020-21				
2021-22				
2022-23				
Sub Total (Applicant)				

3.6. Availability of Funds for investment indicated at 3.4 for Investment category-wise (Own fund, Loan, tied up from Private Equity, Venture Capital, Angel investors, other etc)

3.7. Certificate from Statutory Auditor or Independent Chartered Accountant, whichever is applicable, on Investment made and funds tied up referred to at paragraphs 3.3 and 3.6.

3.8. Projections (self-certified) of Sales, Exports and Employment Generation:

Domestic and Exports Sales (Innovative/ Organic products)		
Year	Domestic Sales (INR Crore)	Exports (INR Crore)
2019-20 (Base Year)		
2021-22		
2022-23		
2023-24		
2024-25		
2025-26		
2026-27		
Total		
Cumulative Employment Generated		
Year	Numbers	
2021-22		

2022-23	
2023-24	
2024-25	
2025-26	
2026-27	

3.9. Detailed Project Report/ Programme Implementation Plan (PIP) for eligible product: The Applicant is required to submit a DPR/ PIP containing the information as indicated in the attached **Table-Annexure 1B**.

4. Section 3: Application Fee Details

4.1. Proof of the Application Fee submission.

Date

Signature

(Name & designation with address) Director / CEO / MD

Table-Annexure 1B

Programme Implementation Plan (PIP)

1. Profile of the Proposed Innovative/ Organic Food Product (as the case may be)
 - 1.1. Nature of Products: Uniqueness
 - 1.2. Stage of Product Development: Patent if any
 - 1.3. Organic Products: Certification particulars and the Year
 - 1.4. Market Development
 - 1.5. Global Scenario
 - 1.6. Indian Scenario
2. Current Status:
 - 2.1. Investment
 - 2.2. Manufacturing,
 - 2.3. Branding/ Marketing
 - 2.4. Sales
 - 2.5. Exports
 - 2.6. Profitability
 - 2.7. Potential for Scalability
 - 2.8. Business Plan & tie-ups
 - 2.9. Assistance from sources other than MoFPI
3. The Project
 - 3.1. Project Components
 - 3.2. Land and Location
 - 3.3. Locational Advantage
 - 3.4. Backward & Forward Linkages
4. Plant and Machinery
 - 4.1. Production Process
 - 4.2. Business Model & Marketing
 - 4.3. Revenue assumptions basis
 - 4.4. Revenue Streams
 - 4.5. Marketing

5. Operation Management
 - 5.1. Organizational Structure
6. Implementation schedule
 - 6.1. Site Development and basic Enabling
 - 6.2. Technical Building and Civil Work
 - 6.3. Means of Finance
7. Profitability Projection
8. Regulatory Treatment
 - 8.1. Information on licenses, permits and third-party approvals necessary to execute the project
 - 8.2. Timelines for obtaining clearances.
9. Scope for becoming Champion with Government Support

Annexure-1C: Application Form for Category III Applicants

1. Instructions:

- 1.1. Applicants may go through the Guidelines carefully before filling up the details in the Application.
- 1.2. The Application shall be signed by duly authorized signatory of Applicant.
- 1.3. Applicants are advised to follow the format provided in this Application form for submitting their Applications. Applicants are required to provide information and enclose all supporting documents as detailed.
- 1.4. All Applications will be submitted online to the Project Management Agency (PMA) selected under the Scheme.
- 1.5. The Applicant shall submit unconditional Application without any restriction, limitation or rider.
- 1.6. The Application submitted by the Applicant shall be subject to the provision of Scheme Guidelines and the related notifications.
- 1.7. Application has been divided into the following sections
 - i. Applicant Details
 - ii. Proposal
 - iii. Application Fee Details

2. Section I – Applicant Details

- 2.1. Name of Applicant
- 2.2. Constitution of business – Proprietorship Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India or co-operative, or SME
- 2.3. Business Details: Address, phone, email, PAN, nature of current business, turnover, net worth, experience etc.
- 2.4. Brief profile of Promoter, Chairman, Chief Executive Officer and other CXO level officers, as the case maybe.
- 2.5. *Documents to be furnished:*
 - i. Copy of the memorandum and articles of association or equivalent registration document, Partnership Deed and any equivalent document. Shareholding pattern, share of the partners as the case may be.
 - ii. Self-certified copies of Annual Reports including Annual Financial Reports along with schedules, audited and complete Balance Sheet, as the case may be for 3 years. Most recent reports are to be provided.
 - iii. Profit before Tax (PBT) and Profit after Tax (PAT) – (last 3 years)

- iv. Self-certified copies of PAN, GST Certificate for Applicant, Udyami Registration
- v. Self-certified copies of brief profile of Chairman, CEO, CXOs, Promoter and Key Managerial Persons along with their PAN / DIN
- vi. Key Personnel Details: Contact details of three senior employees of Applicant. Details would include Name, Designation, Address, phone, email.

2.6. Credit History:

- i. Provide details of presence in RBI's Defaulter and Wilful Defaulter Lists, SEBI Debarred List and CIBIL Score.
- ii. External Credit Ratings (year, agency, rating assigned) (if applicable)

3. Section II – Proposal

3.1. Project Details:

3.2. Brands to be promoted: Give Details

3.3. Sales of All Food Products of the Applicant for 2014-15 to 2021-22:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (Est)
Domestic sales (Rs Crore)							
Export Sales (Rs Crore)							

3.4 Expenditure on Branding for 2017-18 to 2019-20 (Actual), 2020-21 (Est) in Domestic Market and Abroad:

Year	Domestic (Rs Crore)	Abroad (Rs Crore)
2016-17		
2017-18		
2018-19		
2019-20		
2020-21		

3.5 Expenditure on Branding for 2021-22 to 2025-26 (Proposed) with indicative break up (In store Branding, Shelf space Renting and Others):

Year	Domestic (Rs Crore)	Abroad (Rs Crore)
2021-22		
In Store Branding		
Shelf Space Renting		
Others (Specify)		
2022-23		
In Store Branding		
Shelf Space Renting		
Others (Specify)		
2023-24		
In Store Branding		
Shelf Space Renting		
Others (Specify)		
2024-25		
In Store Branding		
Shelf Space Renting		
Others (Specify)		
2025-26		
In Store Branding		
Shelf Space Renting		
Others (Specify)		
Total (2021-22 to 2025-26)		

3.6 Sale of Products of Brand sought to be Promoted 2014-15 to 2021-22:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2021-22 (Est)
Domestic sales (Rs Crore)							
Export Sales (Rs Crore)							

3.4. Programme Implementation Plan (PIP) for Branding and Marketing: The Applicant is required to submit a plan indicating the following:

- i. Brands owned by the Applicant and level of recognition in India
- ii. SWOT Analysis of performance in export markets
- iii. Gap analysis and the broad plan to undertake Branding in Export Market: Strengthening of market presence and penetration
- iv. Strategy and Plan production, sales, exports of products sought to be promoted through Branding
- v. Strategy & Plan to strengthen the Brand
- vi. Revenue, brand-wise, from different export markets
- vii. Subsidiary company or associated company and their support in Global Market for Brand Promotion
- viii. Different Components of Branding & Marketing
- ix. Strategy to achieve the Sales proposed in the Application
- x. Manufacturing Capacity: Utilization of the existing Capacity, creation of new Capacity in different location
- xi. Arrangement with the Subsidiary (ies)/ Contract Manufacturer(s)
- xii. Proposed Expenditure for Brand Promotion and Marketing to be furnished

4. Section III –Application Fee Details

4.1. Proof of the Application Fee submission.

Date

Signature

(Name & designation with address) Director / CEO / MD

Annexure-2: Checklist for preliminary assessment of Application by PMA

S. No.	Parameter	Data as per Applicant	Comments from PMA
1.	Name of Applicant		
2.	Application submission date		
3.	Due date for submission		
4.	Submission of prescribed Application Fee		
5.	Eligibility in terms of overall Sales of food products		
6.	Coverage of product segment/ food products to be manufactured.		
7.	Innovative/ Organic Products for SME		
8.	Sales of Food Products in Eligible Product Segment (i) Domestic Market (ii) Exports Markets		
9.	Committed Investment (Rs Crore) (i) Manufacturing (ii) Branding & Marketing		
10.	Expenditure on Branding (i) Domestic Market (ii) Exports Markets		

Date

Signature

(Name & designation of the Official of PMA)

Annexure-3: Checklist for assessment of Application by the PMA

(Fill separate checklist for each product segment applied)

S. No.	Parameter	Comments from PMA
1.	Name of Applicant	
2.	Details of key person (First) Name of person Designation of person Complete address of Applicant Contact details of Applicant Ph. No. Mobile Email	
	Details of key person (Second) Name of person Designation of person Complete address of Applicant Contact details of Applicant Ph. No. Mobile Email	
	Details of key person (Third) Name of person Designation of person Complete address of Applicant Contact details of Applicant Ph. No. Mobile Email	
3.	Type of organisation (Ltd., Pvt. Ltd., LLP, listed, etc.)	
4.	Registration details of organisation	
5.	Details of promoters, if any	
6.	Any information of legal or financial cases pending against the Applicant/promoters	

S. No.	Parameter	Comments from PMA
7.	Application submission date	
8.	Due date for submission	
9.	Application acknowledgement date	
10.	Eligibility in terms of Sales of Food Products	
11.	Base Year Sales of Food Products in the Segment Applied for (Rs Crore)	
12.	Base Year Export of Food Products in the Segment Applied for (Rs Crore)	
13.	Committed Investment (Rs Crore) (i) Manufacturing (ii) Branding & Marketing	
14.	Proposed plant production capacity (per annum)	
15.	Proposed date of commercial production	
16.	Proposed Incentive claim (annually and for total Scheme)	
17.	Total no. of Applications received for the eligible product	
18.	Investment Details (in Crore) (Provide complete breakup)	
19.	I. By Applicant i. Technical & Civil Work ii. New Plant and machinery iii. Expansion & Modernisation	
20.	II. By the Contract Manufacturers ⁴ (i) Technical & Civil Work (ii) New Plant and machinery (iii) Expansion & Modernisation	
21.	Time schedule of the project	
22.	Submission of all Undertakings in appropriate format	

⁴ Information relevant to the Applicant to be furnished for different Contract Manufacturer(s) separately and in aggregate.

S. No.	Parameter	Comments from PMA
	(a) Consent for audit of their manufacturing site/offices for verification of information/ data submitted along with the Application in the format as per Annexure-7	

PMA should give detailed description on the following areas

S. No.	Area of consideration
1.	Eligible product segment considered
2.	Number of total Application received for eligible product
3.	Justification for consideration
4.	Reasons for rejection of the Application, if any

Date

Signature

Name & designation of Official of PMA

Annexure-4: Disbursement Claim Form

Production Linked Incentive Scheme (PLI) for domestic manufacturing of food products

1. Applicant Name
2. Application Acknowledgement Date
3. Ref. No. and Date of Approval Letter
4. Progress in Committed Investment Plant-wise
5. Sales of Approved Products (Products as per the Approval Letter)
6. Period for which Incentives are being sought
7. **Information on Sales, Investment and Branding & Marketing Abroad:** Claim of Incentives for a particular year will also contain information for all previous years and Base Year/s as applicable)

Sales			
Sl No	Name of the Food Product (Ref. Letter of Letter)	HS Code*	Sales (INR Cr)
Domestic Sales			
1.			
2.			
.....			
Total Domestic Sales			
Export Sales			
1.			
2.			

.....			
Export Sales			
Furnish details in separate Sheet, if required, as an Attachment to Application Form			
*As per the information furnished in GST Invoices or Shipping Bills			

Committed Investment:			
Year	Description (P&M, Technical & Civil Works, Associated Infrastructure separately) Amount (INR Crore)		
	By the Applicant	By Contract Manufacturer(s)	Total
2020-21			
2021-22			
2022-23			
Total			

Investment in Branding & Marketing abroad		
Year	Description (Major Markets with break-up for in store Branding, shelf space renting and Others (specify)	Amount (INR Crore)
2019-20 (Base Year)		
2021-22		
2022-23		
2023-24		
2024-25		
2025-26		
Total		

8. Certificates / undertakings stating / covering the following: No deviation in eligible Product Segment and expenditure on B&M.
9. Certificate from Statutory Auditor or Independent Chartered Accountant, whichever is applicable, stating / covering:

- i) Committed Investment applicable has been achieved before commercial production
- ii) Capitalization of Investment in the books of accounts of the Applicant is in line with the relevant accounting standards issued by ICAI
- iii) Investment has been made in accordance with Scheme Guidelines.

10. Documents / certificates from Chartered Engineer:

- i) Certificate stating that the plant, machinery & equipment have been installed, the price is reasonable as per the market value and the same are being used for manufacturing of approved eligible product(s)
- ii) Certificate on capacity installed

11. List of documents to be submitted post approval of claim

- i) An undertaking from the Applicant as per format given in **Annexure 7**.
- ii) An agreement / indemnity bond on prescribed formats as per **Annexure 5** from the Applicant that if at a later stage its claim is found to be false or excessive it would be liable to return the amount disbursed with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually.
- iii) Board resolution to the effect that the Applicant agrees by the terms and conditions as laid down in the PLI Scheme and Guidelines while securing the Incentive amount.

Date

Signature

(Name & designation with address) Director / CEO / MD

Annexure-5: Format of Undertaking

(Undertaking from the Applicant on letterhead)

1. We,, hereby, acknowledge that the Incentives that would / may be provided to us under the Production Linked Incentive Scheme (PLI) for domestic manufacturing of approved food products will be provided to us based on, and after relying upon, the information provided by us to avail the said Incentives.
2. We hereby confirm that the information provided by us for availing the said Incentives is true, correct and complete in all respects and that no material fact / information that may have an adverse impact on the information provided by us for availing the said Incentives has been concealed. We acknowledge and confirm that the foregoing averment is on an on-going basis and further undertake to immediately apprise the Ministry of Food Processing Industries about any change in the status of the information provided by us to avail the said Incentives.
3. We further undertake that in the event of (i) any of the information provided by us to avail the said Incentives being found false, incorrect or incomplete, or (ii) in the event of the undertakings and confirmations stated at Clause 2 above being found false, incorrect, incomplete or breached; we will refund the entire amount of Incentives availed by us along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually for the period between excess payment and date of refund.
4. We acknowledge that the remedy provided in Clause 3 above is not the exclusive remedy available with the Ministry of Food Processing Industries and is without prejudice to any legal remedy available with Ministry of Food Processing Industries for events mentioned in Clause 3 (i) and (ii) above.

Date

Signature

(Name & designation with address) Director / CEO / MD

Annexure-6: Quarterly Review Report

An Applicant shall be required to provide the following information (self-certified) for quarterly review within 30 days from the end of each quarter:

Year:..... Quarter ending: I/II/III/IV (Tick as applicable)
1. Name of Applicant
2. Eligible Products
3. Application Acknowledgement Date
4. Application Approval Date
5. Manufacturing Location(s)
6. Investment made by the Applicant for Manufacturing of approved products (amount in INR) (i) During the Quarter (ii) Up to the Quarter ending
7. Investment made by the Contract Manufacturer(s) for Manufacturing of Approved products (amount in INR) (i) During the Quarter (ii) Up to the Quarter ending
8. Sales of Approved Products: (i) During the Quarter (ii) Up to the Quarter ending [net of credit notes, discounts and taxes applicable]
9. Export of Approved Products: (i) During the Quarter (ii) Up to the Quarter ending [net of credit notes, discounts and taxes applicable]
10. Expenditure for Branding in Export Markets (i) During the Quarter (ii) Up to the Quarter ending
11. Employment as on Quarter ending (in numbers) attributable to products indicated in the Approval Letter for both the Applicant and the Contract Manufacturer(s):

	As on 31.3.2021	Cumulative for the Reported Quarter
Direct		
<i>On-roll labour/employees</i>		
<i>Contractual</i>		
<i>Apprentice</i>		
Installed Production Capacity for Eligible Product (in MT)		
I. Applicant		
II. Contract Manufacturer(s)		

Date

Signature

(Name & designation with address) Director / CEO / MD

Annexure-7: Consent for audit of manufacturing site/ offices

(To be signed by full time Director / CEO / MD of the company / firm duly depicting the designation and submitted on official stationery of the Applicant along- with the authorization to do so)

1. Whereas, the Applicant namely (*name of manufacturer with address*) has submitted an Application under Production Linked Incentive Scheme (PLI) for domestic manufacturing of eligible food products to Ministry of Food Processing Industries(MoFPI), Government of India seeking Incentives for the Application pertaining to manufacturing of(Eligible Products) at.....(location(s)).
2. Now, therefore, the Applicant or its agencies or its consultants engaged with the process of manufacturing of eligible products shall allow the PMA or any other authority as designated by MoFPI for verification of facility and documents submitted for the approval of Application and disbursement of Incentives under PLI Scheme.

Date

(Name & designation with address) Director / CEO / MD

Signature

Annexure-8: Performa for integrity compliance

(To be signed by full time Director / CEO / MD of the company/ Partner/ Proprietor of the firm duly depicting the designation and submitted on official stationery of the Applicant along- with the authorization to do so)

Format- A: Initial Undertaking

1. Whereas, the Applicant namely _____ has submitted an Application under Production Linked Incentive Scheme (PLI) for domestic manufacturing of eligible food products to Ministry of Food Processing Industries (MoFPI), Government of India, seeking Incentives for the Application pertaining to manufacturing of (Product Segment) at.....(location(s)).
2. Now, therefore, the Applicant including its officers / representatives commits and undertakes that he / she will take all measures necessary to prevent corruption. He / She commits to observe the following principles during his / her association / engagement with MoFPI or its agencies or its consultants engaged with the process of appraisal and verification of Application for the approval of Application and disbursement of Incentives under PLI Scheme.
 - 2.1. The PLI Applicant will not directly or through any other person or firm, offer, promise or give to any of the MoFPI's officer(s) or consultant or agency representative (appraisal or/and PMA appointed by MoFPI to handle the Application) involved in the process of dealing with Application or to any third person any material or other benefit which he/she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the Application for grant of approval or disbursement of Incentives under PLI.
 - 2.2. The PLI Applicant will not commit any offence under the relevant Indian Penal Code, 1860/Prevention of Corruption Act, 1988. Further, the Applicant will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the MoFPI.
 - 2.3. The PLI Applicant shall disclose the name and address of the duly authorized Agents/ Representatives who will be dealing with MoFPI or its agencies and the remuneration of these agents or representatives shall not include any hidden amount or component to get the work done in undue manner or

causing inducement of whatsoever nature whether in cash or kind to influence the normal process or practice of work.

2.4. The PLI Applicant will disclose any and all payments he/she has made, is Committed to or intends to make to agents, brokers or any other intermediaries, other than regular employees or officials of the Applicant, in connection with the grant of approval or/and disbursement of Incentives.

2.5. The Applicant will not offer any illicit gratification to obtain unfair advantage.

2.6. The Applicant will not collude with other parties to impair transparency and fairness.

2.7. The Applicant will not give any advantage to anyone in exchange for unprofessional behaviour.

3. The Applicant declares that no pervious transgressions occurred in the last 3 years with any other Company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises/ Central or State Government or its any instrumentality in India.

4. The Applicant agrees that if it is found that the Applicant has made any incorrect statement on this subject, the Application will be closed or rejected and MoFPI reserve the right to initiate legal action of whatsoever nature. In case if MoFPI has disbursed the Incentives under PLI, the amount disbursed to Applicant be recoverable along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, besides blacklisting of the Applicant and initiation of legal action of whatsoever nature at the discretion of MoFPI.

5. The contents of the above undertaking have been gone through and after understanding the same is being executed / given on.....day of (month / year)

Date

Signature

(Name & designation with address)

Full time Director / CEO / MD of the company/ Partner/ Proprietor of the firm

Format B: Undertaking before release of Incentive

(To be signed by full time Director / CEO / MD of the company/ Partner/ Proprietor of the firm/ firm duly depicting the designation and submitted on official stationery of the Applicant along- with the authorization to do so)

1. Whereas, the Applicant namely _____ has submitted an Application under Production Linked Incentive Scheme (PLI) for domestic manufacturing of eligible food products to Ministry of Food Processing Industries(MoFPI), Government of India seeking Incentives for the Application pertaining to manufacturing.....(Eligible Product) at.....(location(s)).
2. And Whereas, the Applicant has submitted an undertaking for observance and commitment for Integrity vide Undertaking dated.....given under the signatures / authority of Applicants (name and designation) to MoFPI in respect of aforesaid Application.

And whereas, the Applicant including its officers / representatives gives commitment and undertake that he / she will take all measures necessary to prevent corruption and that he / she will not directly or through any other person or firm, offer, promise or give to any of the MoFPI's officer(s) or consultant or agency representative (appraisal or / and PMA appointed by MoFPI to handle the Application) involved in the process of dealing with Application or to any third person any material or other benefit which he / she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the Application for grant of approval or disbursement of Incentives under PLI Scheme.

3. And whereas, the Application submitted by the Applicant has been given the approval by PMA vide its communication no.....dated.....
4. And whereas, the Applicant has submitted a claim for disbursement of Incentive dated to the PMA for claiming Incentives of INR.....
5. And whereas, the PMA has considered the claim for disbursement of Incentive and is in the process of disbursement / release of Incentives on the claim dated.....
6. Now, therefore, I/We hereby confirm the compliance thereof with the Integrity Undertaking submitted to MoFPI/ PMA duly certifying that there is no breach to the same and requests that eligible Incentives under PLI Scheme be released

to Applicant and the amount of Incentives be credited in the bank account of Applicant.

7. The contents of the above Undertaking have been gone through and after duly understanding the same, is being executed / given on..... day of..... (month / year).

Date

Signature

Full time Director / CEO / MD of the company/ Partner/ Proprietor of the firm

F.No. 11-18/3/2021-PLIS
भारत सरकार/Govt.of India
खाद्य प्रसंस्करण उद्योग मंत्रालय
Ministry of Food Processing Industries
पंचशील भवन, अगस्त क्रान्ति मार्ग
Panchsheel Bhawan, August Kranti Marg
नईदिल्ली / New Delhi 110049

Dated 26th November, 2021

AMENDMENT

This is in reference to para 14, sub-para 14.1 of the Operational Guidelines of the new Central sector scheme "Production Linked Incentives Scheme for Food Processing Industry" (PLISFPI) dated 02.05.2021 of the Ministry regarding responsibilities/ mandate of committee constituted by MoFPI.

2. Consequent to the decision in this regard, the following provisions have been amended as under:

Revised guidelines for PLISFPI scheme w.e.f. 26.11.2021		
Para No.	Existing provision of the scheme guidelines dated 02.05.2021	Amended provisions of scheme guidelines applicable hence forth.
14	Committees	
14.1	A Committee will be constituted by MoFPI, under the Chairmanship of Minister, FPI or as decided subsequently, for taking necessary decisions within the mandate of the Ministry viz. approval of scheme guidelines and their amendments including eligibility criteria, selection criteria, composition of products in different Segments, inter-component/ segment allocation of outlay, minimum required growth rate to become	A Committee will be constituted by MoFPI, under the Chairmanship of Minister, FPI or as decided subsequently, for : (a) Taking necessary decisions within the mandate of the Ministry viz approval of scheme guidelines and their amendments including eligibility criteria, selection criteria, composition of products in different segments, inter-component/ segment allocation of outlay, minimum required growth rate to become eligible for incentive; to reduce the approved rate of

<p>eligible for incentive, fix/ relax norms on number of companies, selection of Applicants, sanction & release of funds as incentives provided that the expenditure shall be restricted to the approved outlay. MoFPI shall not change the approved rate of incentives for different segments of food products.</p>	<p>incentives for different segments of food products; Fix/relax norms on number of companies; based on the recommendations of the Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary.</p> <p>(b) Selection of Applicants, sanction & release of funds as incentives within the approved outlay.</p>
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3. The above amended provisions will also be applicable to the Categories I, II and III applications received in response to the EoI published on 02.05.2021 by the Ministry.

4. This issues with the approval of Competent Authority.

S. K. Verma

(S. K. Verma)
Director

Tele (011) 26406567

Email: sk.verma@nic.in

Copy to :

1. Technical Director, NIC, MoFPI with a request to upload the same on the MoFPI's website and PLIS portal.
2. All concerned

PLI Scheme for ‘National Programme on Advanced Chemistry Cell (ACC) Battery Storage’

Ministry of Heavy Industries (MHI)



भारत का राजपत्र The Gazette of India

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असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

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भारी उद्योग एवं लोक उद्यम मंत्रालय

(भारी उद्योग विभाग)

अधिसूचना

नई दिल्ली, 9 जून, 2021

का.आ. 2208(अ).—भारत में गीगा स्केल एसीसी विनिर्माण सुविधाओं के कार्यान्वयन हेतु उत्पादन संबद्ध प्रोत्साहन (पीएलआई) स्कीम, राष्ट्रीय उन्नत रसायन सेल (एसीसी) बैटरी भंडारण कार्यक्रम

1. पृष्ठभूमि

1.1 उन्नत रसायन सेल नई पीढी की उन्नत ऊर्जा भंडारण प्रौद्योगिकियां हैं जो विद्युत ऊर्जा को विद्युत-रासायनिक अथवा रासायनिक ऊर्जा में और आवश्यक होन पर पुनः विद्युत ऊर्जा में रूपांतरित कर सकती हैं।

1.2 एकीकृत बैटरी मूल्य को मोटे तौर पर बैटरी पैक और एसीसी के रूप में विभक्त (बिक्री छोर पर) किया जा सकता है। कई कंपनियों ने बैटरी पैक असेम्बली के लिए भारत में पहले ही निवेश प्रारम्भ कर दिया है, किंतु वैश्विक औसत की तुलना में इन केंद्रों की क्षमताएं बहुत कम हैं। भारत में एसीसी के लिए विनिर्माण में निवेश और समग्र मूल्य संबर्द्धन अब भी नगण्य है। इसीलिए अब भी एसीसी की लगभग समग्र घरेलू मांग आयात से पूरी की जा रही है।

1.3 इस स्कीम के माध्यम से, भारत सरकार का आशय संभावित निवेशकों (घरेलू और विदेशी- दोनों) को ईष्टतम प्रोत्साहन देना है ताकि ऐसे गीगा स्केल एसीसी विनिर्माण केंद्र स्थापित किए जा सकें जिनमें अधिकतम मूल्य संबर्द्धन हो और गुणवत्तापरक उत्पाद मिल सकें तथा पूर्व-निर्धारित समयावधि के भीतर ही प्रतिबद्ध क्षमता स्तर को प्राप्त किया जा सके।

इकाई द्वारा निर्मित एसीसी बैटरी के बिक्री मूल्य की तुलना में घरेलू निर्माता द्वारा वर्धित वास्तविक मूल्य के प्रतिशत के रूप में परिगणित) अथवा 2,00,000 रुपए (भारतीय) (सकल राशि) हो, जो भी कम हो।

घ. वित्तीय विवरणों और जीएसटी रिटर्न में रिपोर्ट की गई राशि की तुलना में विनिर्मित एसीसी, कारोबार, स्क्रेप के रूप में बिक्री, स्थानांतरित स्टॉक और प्रदत्त जीएसटी की मूल्य और गुणवत्ता की रिकॉंसिलिएशन को प्रमाणित करने के लिए सांविधिक लेखा परीक्षक का प्रमाण-पत्र।

(ङ) संबंधित वित्तीय वर्ष के लिए लेखापरीक्षित खाता ।

(छ) कम्पनी के लिए संगत वित्त वर्ष हेतु जीएसटी लेखापरीक्षा रिपोर्ट ।

(ज) एसीसी की बिक्री के आशयित अंतिम उपयोग (श्रेणी मोबाइल और स्टेशनरी) का दावा करने के लिए लाभार्थी प्रतिष्ठान के प्राधिकृत हस्ताक्षरकर्ता द्वारा स्व-प्रमाणन।

[फा.सं. 1(05)/2019-एईआई (19587)]

अमित मेहता, संयुक्त सचिव

MINISTRY OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES

(Department of Heavy Industry)

NOTIFICATION

New Delhi, the 9th June, 2021

S.O. 2208(E).—Production Linked Incentive (PLI) scheme, ‘**NATIONAL PROGRAMME ON ADVANCED CHEMISTRY CELL (ACC) BATTERY STORAGE**’ for implementation of giga-scale ACC manufacturing facilities in India.

1. Background:

- 1.1 Advance Chemistry Cells (ACCs) are the new generation advance energy 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.
- 1.2 Integrated battery value can be broadly divided (at the sales end) into the battery pack and the ACCs. While several companies in India have already started investing in battery packs assembly, the capacities of these facilities are too small when compared to global averages. Investments in manufacturing and overall value addition for ACCs are still negligible in India. Hence almost entire domestic demand of ACCs is still being met through imports.
- 1.3 Through this Scheme, the Government of India intends to optimally incentivize potential investors, both domestic and overseas, to set-up Giga-scale ACC manufacturing facilities with emphasis on maximum value addition and quality output and achieving pre committed capacity level within a pre-defined time-period.
- 1.4 Incentive will not be offered to the conventional battery pack segment of the industry as it is already happening in India.
- 1.5 The Production Linked Incentive scheme, ‘**National Programme on Advanced Chemistry Cell (ACC) Battery Storage**’ has been formulated with the approval of Union Cabinet as per the parameters given in the subsequent paragraphs.

2 Scheme Parameter: ACC Technology

- 2.1 The scheme covers ACCs and integrated advanced batteries (Single Units) that suffice the minimum performance specifications as provided hereunder (Shaded):

ACCs		Energy Density (Wh/Kg) ~ (Specific Density)				
		≥ 50	≥ 125	≥ 200	≥ 275	≥ 350
Cycle Life	<1000	N.A	N.A	N.A	N.A	ACC (1/5)
	≥ 1000				ACC (2/4)	ACC (2/5)
	≥ 2000		ACC (3/3)	ACC (3/4)	ACC (3/5)	
	≥ 4000		ACC (4/2)	ACC (4/3)	ACC (4/4)	ACC (4/5)
	≥ 10000	ACC (5/1)	ACC (5/2)	ACC (5/3)	ACC (5/4)	ACC (5/5)

**Not Applicable (“N.A”)*

The scheme will be technologically agnostic.

3. Salient features of the Scheme:

- 3.1 The scheme envisages setting up of a cumulative ACC manufacturing capacity of fifty (50) GWh for ACCs and an additional cumulative capacity of (5) GWh for Niche ACC Technologies.
- 3.2 Incentives will be offered only to those firms (hereinafter called the “Beneficiary Firm”) that have been allocated ACC production capacity (with cumulative capacity for all beneficiary firms combined together 50 GWh) under the said Programme through a transparent mechanism by inviting the Request for Proposal (RFP). The beneficiary firm will have to commit to set up minimum of five (5) GWh of ACCs manufacturing facility. The total annual cash subsidy to be disbursed by the Government will be capped at 20GWh per beneficiary firm.
- 3.3 In addition to 50 GWh of cumulative ACC capacity, 5GWh of cumulative capacity would be offered to “Niche” ACC technologies of higher performance with a minimum threshold capacity of 500 MWh. This initiative would also be technologically agnostic. Only the higher performance parameters would be the pre requisite for being eligible.
- 3.4 The manufacturing facility as proposed by the beneficiary firm under the RFP would have to be commissioned within a period of 2 years. The subsidy will be disbursed thereafter over a period of 5 years.
- 3.5 The beneficiary has to ensure achieving a domestic value addition of at-least 25% and incur the mandatory investment (₹ 225 crore /GWh) within 2 Years (at the Mother Unit Level) and raise it to 60% domestic value addition within 5 Years, either at Mother Unit, in-case of an Integrated Unit, or at the Project Level, in-case of “Hub & Spoke” structure (the “Project”), as will be specified in the Request for Proposal (RFP).
- 3.6 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.

4. Scheme Parameter: Selection of beneficiaries

- 4.1 The Eligibility Criteria will be specified in the RFP.
- 4.2 The allocation to beneficiary firms shall be carried out through a transparent Quality and Cost Based Selection (“QCBS”) process which shall comprise of “two- envelop” system comprising a technical bid and a financial bid. Respective weights shall be allocated for technical criteria including total capacity and value addition targets, and amount of base cash-subsidy sought (per KWh ACC sold) under the financial criteria as shall be specified in the RFP.

5. Scheme Parameters: Incentive to the beneficiary Firms

- 5.1 The amount of subsidy to be disbursed would be calculated as following: Applicable subsidy amount per kilowatt hour **X (multiplied)** Percentage of value addition achieved during the period **X (multiplied)** Actual sale of Advanced Chemistry Cells (in KWh), as shall be specified in the RFP.
- 5.2 Incentive disbursement shall commence once the committed domestic value addition and actual sale of the ACCs begins.

- 5.3 The amount of cash subsidy to be distributed to the beneficiary firm shall be disbursed quarterly.
- 5.4 The actual subsidy disbursement to the Beneficiary Firm shall be Capped at 20% of the ACC Sale Price (Net of GST) i.e of the effective total turnover (Net of GST) on account of sale of ACC's manufactured and sold by the beneficiary firm during the subsidy disbursement period as per the provisions to be specified in the RFP.
- 5.5 The incentive claimed under this scheme will in no way debar/restrict for any incentive to be claimed under Faster Adoption and Manufacturing of (Hybrid&) Electric Vehicles in India (FAME-II) or PLI scheme for Automobile and Auto components (of Department of Heavy Industry) where ACC may be used as a part of the end product.
- 5.6 In-case of any breach of the commitments as submitted in the RFP, suitable penalty provisions will be specified in the RFP to ensure sincerity in the commitment of manufacturers.

6. Scheme Parameter: Fund allocation

6.1 The total incentive pay out over the period of 5 years of the Scheme will be Rs. 18,100 crore.

6.2 The breakup of fund allocation year wise, for the scheme's duration is tabulated below –

(All amounts are in Rs. Crore)

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

7. Empowered Group of Secretaries (EGoS)

7.1 EGoS chaired by Cabinet Secretary will monitor the PLI scheme, undertake periodic review of the outgo under the scheme, and take appropriate action to ensure that the expenditure is within the prescribed outlay. In addition, EGoS shall be fully empowered to make any changes required in the modalities of the scheme subject to the condition that the overall financial outlay remain within ₹ 18,100 crore.

8. Monitoring Mechanism:

Following parameters would be construed as the basis to monitor the disbursement of the incentive to the beneficiary firm:

- 8.1 Minimum Advanced Chemistry Cells ("ACC") manufacturing capacity by the beneficiary firm: The beneficiary firm shall setup a manufacturing unit (hereinafter referred to as the "Mother Unit") ensuring mandatory investment per ACC GWh committed capacity under single-roof structure within 2 Years.
- 8.2 The beneficiary firm shall implement the committed ACC capacity and overall value addition as per the proposal submitted by the beneficiary firm in its bid and awarded thereof with at-least 5 GWh of ACC manufacturing facility with minimum value addition as defined hereunder within 5 Years.
- 8.3 Value addition shall be construed as the percentage of manufacturing activity (manufacture ACC) being undertaken in India, by the beneficiary firm either on its own or through ancillary units or via domestic manufacturers. The manufacturers will be asked to give a Statutory Auditor's certificate to validate the same in support of claims. The following parameters may be considered to calculate the value addition in India:

(i) Minimum value addition by the beneficiary firm: To be eligible for disbursement of subsidy, the beneficiary firm shall ensure an overall value addition of at-least 60% of the ACC being sold within 5 Years. While the beneficiary firm would at-least have to set-up the ACC assembly facility with a minimum value addition of 25% at the Mother Unit, under single-roof structure within 2 Years. The cash-subsidy disbursement to the beneficiary firm would begin once the beneficiary firm has set-up ACC assembly facility and the value addition by the Mother Unit exceeds the aforesaid minimum threshold of 25%. The beneficiary firm shall not be eligible for availing any incentives on undertaking mere trading of finished ACCs from the Mother Unit or on not adhering to the aforementioned criteria subject to other conditions prescribed under the Programme.

(ii) Change in HSN at 6-digit level: The minimum value addition should be achieved as a result of change in a HSN (as per the Customs Tariff Act, 1975) at the six-digit level (of the final product manufactured vis-à-vis the goods procured for the manufacturing activity) on account of manufacturing activity undertaken by the eligible unit, ancillary unit or by the domestic manufacturer, respectively.

(iii) The final process of manufacture is performed in India. Reference to the term "manufacture" may be drawn from section 2(72) of the Central Goods and Services Tax Act, 2017. In terms of said section,

“manufacture” means “processing of raw-material or inputs in any manner that results in emergence of new product having a distinct name, character and use”.

(iv) In other words, to meet the criteria for the value addition, the goods should be manufactured in terms of the above definition, along with the change in HSN at 6-digit level as per Customs Tariff Act by the Mother units, the ancillary units or by the domestic manufacturer respectively.

(v) Value addition (Similar procedure has been prescribed by the Central Government in the Notification No. 01/2010 – Central Excise, dated 06 February 2010) in respect of the goods (i.e. ACC) may be denominated as the ratio of “actual value added” to the sale value (net of returns, price adjustments, discounts, etc.) of the said goods (ACCs), excluding indirect taxes, if any paid on the goods. It may be expressed as the percentage of manufacturing activity being undertaken in India, either on its own or ancillary units or through domestic manufacturers. The “actual value added” may be calculated on the basis of financial records (including turnover reported in GST returns) as per the following formulae:

- a. Sale value (net of returns, price adjustments, discounts, etc.) of the said goods, excluding indirect taxes, if any, paid on the goods
- b. Less: Cost of raw materials and/or packing materials consumed in the said goods (i.e in the final sale price of the goods sold) to be calculated in terms of generally accepted costing principles
- c. Less: Cost of Material whose source of origin cannot be ascertained (beyond the prescribed threshold)
- d. Less: Cost of fuel consumed, if eligible for GST input credit
- e. Less: Expenses incurred in foreign currency for royalty or technical know-how as debited in the Income statement
- f. Add: “Actual value added by the ancillary units or domestic manufacturers” attributable to sale value (net of returns, price adjustments, discounts, etc.) of said goods

(vi) Actual value added by the ancillary units or domestic manufacturers’ is ‘actual value added’ (as per the above formulae) by such units in relation to sale (net of returns, price adjustments, discounts, etc.) considered by the mother unit (for computation of the ‘actual cumulative value added’ by the mother unit). The value (in absolute terms) of ‘Actual value added by the ancillary units or domestic manufacturers’ may be validated basis the statutory auditor’s certificate received from the respective ancillary unit or domestic manufacturer.

(vii) The certificate from the Statutory Auditor is not required where value addition by the ancillary unit or the domestic manufacturer is less than 2% (viz. calculated as percentage of actual value added by domestic manufacturers to the sale value (net of returns, price adjustments, discounts, etc.) of ACCs manufactured by Mother unit) or INR 200,000 (Gross amount), whichever is lower, in the corresponding period.

(viii) The ultimate onus to validate the value addition by ancillary units or domestic manufacturers would remain on the beneficiary firm.

(ix) The required value addition if achieved in one single integrated unit will also be acceptable.

(x) Additionally, where the eligible unit is also engaged in manufacture of battery packs and a value addition till the cell stage could not be determined with the abovementioned approach, the percentage of value added calculated (as above) should be reduced as would be enumerated in the RFP/bid documents. The beneficiary firms shall be submitting to the Government, the information pertaining to the fraction of battery pack in the total battery value produced in India.

9.1 The selected beneficiary firm will be required to provide documents as under and any other documents required in support of the claims:

- a. Document issued by the concerned Director of Industries evidencing the commencement of commercial production
- b. Certificate by a Statutory Auditor certifying the quantity and value of finished goods procured
- c. Certificate by a Statutory Auditor certifying the breakup of the major components in the final value of finished goods sold (i.e ACC Batteries). The major components shall constitute all those components that account for more than 2% (viz. calculated as percentage of actual value added by domestic manufacturer to the sale value of ACC batteries manufactured by Mother Unit) or INR 200,000 (Gross amount), whichever is lower, in the corresponding period.
- d. Certificate by Statutory Auditor certifying the reconciliation of value and quantity of ACCs manufactured, traded, sold as scrap, stock transferred and GST paid vis a vis the amount of reported in financial statements and GST returns.

- e. Audited account for the relevant financial year
- f. GST Audit Report for the relevant financial year for the company
- g. Self-Certification by the Authorized Signatory of the beneficiary firm, claiming the intended end-use (Category Mobile & Stationary) of the ACCs sold under the Programme.

[F. No. 1 (05)/2019-AEI (19587)]

AMIT MEHTA, Jt. Secy.

PROGRAMME AGREEMENT

For

**Implementation of National Programme on
ACC Battery Storage under the Production
Linked Incentive (PLI) Scheme**

PROGRAMME AGREEMENT

THIS PROGRAMME AGREEMENT is made on [•] at [•] by and between:

1. The Ministry of Heavy Industries, Government of India, having its principal offices at [•] (hereinafter referred to as the “**Government**” which expression shall, unless repugnant to the context or meaning thereof, include its successors and permitted assigns) of **One Part**.

AND

2. [*insert name*], a company incorporated and registered under the (Indian) Companies Act 2013, with its corporate identity number [•] and having its registered office at [• *insert address*] (hereinafter referred to as the “**Beneficiary Firm**”, which expression shall, unless repugnant to the subject, context or meaning thereof, include its successors and permitted assigns) of **Other Part**.

“**Government**” and “**Beneficiary Firm**” hereinafter jointly referred to as the “**Parties**” and individually as the “**Party**”.

WHEREAS:

- A. The Government of India has launched and intends to implement the National Programme on Advance Chemistry Cell Battery Storage (“**Programme**”) in accordance with the terms and conditions to be set forth in this programme agreement along with such other announcements or notifications as may be initiated by the Government from time to time (the “**Agreement**”).
- B. The Government of India (“**GoI**”), pursuant to the Programme, seeks to obtain self-reliance in production of Advance Chemistry Cells and support indigenous manufacturing of Advance Chemistry Cells. To achieve this, GoI intends to develop greenfield giga-scale Advance Chemistry Cell manufacturing unit to ensure overall energy security for India in the long run.
- C. An enabling ecosystem is hereby facilitated for the bidders to make investments into setting-up of greenfield giga-scale Advance Chemistry Cell manufacturing facilities located in India (“**Project**”). The Project is aimed at assisting ongoing concerns of the indigenous manufacturing facilities.
- D. The Government had invited proposals by its request for proposal number [•] dated [•] (“**RFP**”) for short listing and selection of bidders to receive a Subsidy. A bidder selected through the RFP, to be eligible for this Subsidy, would have to commit to set-up an Advance Chemistry Cell manufacturing facility of a minimum of 5 (five) GWh capacity with Value-Addition of at least 25% (twenty-five per cent) within 2 (two) years from the Appointed Date at the Mother Unit level and at least 60% (sixty per cent) within 5 (five) years from the Appointed Date, at the Mother Unit level in case of an integrated unit, or at the Project level, in case of Hub and Spoke Structure, in conformity with the technical bid submitted in the RFP.
- E. The Government had shortlisted certain bidders including, *inter alia*, the {selected bidder/consortium comprising,, and (collectively the “**Consortium**”) with

as its lead member (“**Lead Member**”)¹. After evaluation of the Bids received, the Government has issued its letter of award number [●] dated (hereinafter called the “**LOA**”) to [selected bidder/ Consortium] requiring, *inter alia*, the execution of this Agreement within 120 (one hundred and twenty) days of the date of issue thereof.

- F.** The selected bidder/Consortium has since promoted and incorporated the Beneficiary Firm as a limited liability company under the Companies Act 2013 and has requested the Government to accept the Beneficiary Firm as the entity which shall undertake and perform the obligations and exercise the rights of the {selected bidder/Consortium under the LOA} including the obligation to enter into this Agreement pursuant to the LOA for undertaking the Project.
- G.** {By its letter dated, the Beneficiary Firm has also joined in the said requirement of the selected bidder/ Consortium to the Government to accept it as the entity which shall undertake and perform the obligations and exercise the rights of the selected bidder/Consortium including the obligation to enter into this Agreement pursuant to the LOA. The Beneficiary Firm has further represented to the effect that it has been promoted by the selected bidder/Consortium for the purposes thereof}.
- H.** The Government has {agreed to the said request of the selected bidder/Consortium and the Beneficiary Firm and has} accordingly agreed to enter into this Agreement with the Beneficiary Firm for implementation of the Project, subject to and on the terms and conditions set forth hereinafter.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth in this Agreement, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

[Remainder of this page left intentionally blank]

¹ To be incorporated in case of a consortium.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1. Definitions

The words and expressions beginning with capital letters and defined in this Agreement shall, unless the context otherwise requires, have the meaning ascribed thereto herein, and the words and expressions defined in the Schedules and used therein shall have the meaning ascribed thereto in the Schedules.

“**Advance Chemistry Cell/ACC**” shall have the meaning prescribed to it under Schedule – G.

“**Affected Party**” shall have the meaning as set forth in Clause 14.1.

“**Applicable Law**” shall mean all laws, brought into force and effect by the Government of India or the relevant state government including rules, regulations, and notifications made there under, and judgements, decrees, injunctions, writs, and order of any court of record, applicable to this Agreement and the exercise, performance and discharge of the respective rights and obligations of the Parties hereunder, as may be in force and effect during the subsistence of this Agreement.

“**Applicable Permits**” means all clearances, licenses, permits, authorisations, no objection certificates, consents, approvals, and exemptions required to be obtained or maintained under Applicable Laws in connection with the construction, operation, and maintenance of the Project or in connection with discharge of obligations, during the subsistence of this Agreement.

“**Appointed Date**” shall have the meaning as set forth in Clause 2.1.

“**Associate**” shall mean, in relation to either Party {and/or the Lead Member}, a person who controls, is controlled by or is under the common control with such Party {or the Lead Member} (as used in this definition, the expression “control” means, with respect to a person which is a company or corporation, the ownership, directly or indirectly, of more than 50% (fifty per cent) of the voting shares of such person, and with respect to a person which is not a company or corporation, the power to direct the management and policies of such person, whether by operation of law or by contract or otherwise.).

“**Beneficiary Firm Default Notice**” shall have the meaning as set forth in Clause 16.2.1.

“**Beneficiary Firm Event of Default**” shall have the meaning as set forth in Clause 16.1.1.

“**Beneficiary Firm Termination Notice**” shall have the meaning as set forth in Clause 16.2.2.

“**Bid**” means the documents in their entirety comprised in the bid submitted by the bidder in response to the RFP in accordance with the provisions thereof.

“**Bid Security**” means the security provided by the bidder to the Government along with the Bid for a sum of INR 10,00,00,000 (Rupees ten crore) for the overall Committed Capacity, in

accordance with the RFP, which shall remain in force until substituted by the Performance Security.

“Change in Law” means the occurrence of any of the following events after the Bid Due Date:

- (a) the enactment of any new Indian law as applicable to the state;
- (b) the repeal, modification, or re-enactment of any existing Indian law as applicable to the state;
- (c) the commencement of any Indian law, as applicable to the state, which has not entered into effect until the date of the Bid;
- (d) a change in the interpretation or application of any Indian law by judgement of a court of record which has become final, conclusive and binding, as compared to such interpretation or application by a court of record prior to the date of the Bid; or
- (e) any change in the rates of any of the Taxes that have a direct effect on the Project.

“Change in Ownership” means a transfer of the direct and/or indirect legal or beneficial ownership of any shares, or securities convertible into shares or a fresh issue of any of the foregoing, that causes the aggregate holding of the {selected bidder/ Lead Member}, in the total equity to decline below 26% (twenty-six per cent) thereof.

“Committed Capacity” shall mean the production capacity allocated to the Beneficiary Firm by the Government, subject to selection under the RFP.

“Committed Value Addition” shall mean the percentage of Value Addition allocated to the Beneficiary Firm by the Government, subject to selection under the RFP.

“Conditions Precedent” shall have the meaning as set forth in Article 4.

“Consortium” shall have the meaning as set forth in Recital E.

“Construction Plan” shall mean a schematic overview of key activities to be carried out by the Beneficiary Firm for the development of the Project and shall include details including without limitation, timelines for completion of the Project (as detailed in Schedule – K).

“Contractor” means the person or persons, as the case may be, with whom the Beneficiary Firm has entered into any of the construction contracts, the operation and maintenance contract any other material contract for construction, operation and/or maintenance of the Project, as the case may be, or matters incidental thereto, but does not include a person who has entered into an agreement for providing financial assistance to the Beneficiary Firm.

“Damages” shall mean any, and all deduction in Subsidy to be disbursed by the Government to the Beneficiary Firm.

“**Dispute**” shall have the meaning as set forth in Clause 17.1.

“**Dispute Resolution Procedure**” shall mean the dispute resolution process set out in Article 17.

“**Execution Date**” shall mean the date of signing of this Agreement.

“**Financial Year**” shall mean the year commencing from the first day of April and ending on thirty first day of March of the next calendar year.

“**Force Majeure**” or “**Force Majeure Event**” shall have the meaning as set forth in Clause 14.1.

“**Force Majeure Costs**” shall have the meaning as set forth in Clause 14.5.2.

“**Good Industry Practice**” means the practices, methods, techniques, designs, standards, skills, diligence, efficiency, reliability and prudence which are generally and reasonably expected from a reasonably skilled and experienced operator engaged in the same type of undertaking as envisaged under this Agreement and which would be expected to result in the performance of its obligations by the Beneficiary Firm in accordance with this Agreement, Applicable Laws and Applicable Permits in reliable, safe, economical and efficient manner.

“**Government Instrumentality**” means any department, division or sub-division of the Government of India or the relevant state government and includes any commission, board, authority, agency or municipal and other local authority or statutory body, including Panchayat, under the control of the Government of India or the relevant state government, as the case may be, and having jurisdiction over all or any part of the Project, or the performance of all or any of the obligations of the Beneficiary Firm under or pursuant to this Agreement.

“**GST**” means Goods and Services Tax, as notified by the Department of Revenue, Ministry of Finance and the relevant state government.

“**Hub and Spoke Structure**” shall mean an arrangement wherein new and/or existing indigenous manufacturers provide raw material or intermediate goods to the Mother Unit.

“**Independent Engineer**” shall have the meaning set forth in Article 9.

“**Insolvency Event**” in respect of a Party means:

- (a) such Party has (A) applied for or consented to the appointment of, or the taking of possession by, a receiver, custodian, trustee, administrator, liquidator or the like of itself or of all or a substantial part of its assets or business; (B) been unable to pay its debts as such debts become due; (C) enters into a compromise arrangement with its creditors; (D) an attachment or restraint has been levied on the assets of such entity Party which materially affects such Party’s ability to perform its obligations under this Agreement; (E) commenced proceedings under the (Indian) Insolvency and Bankruptcy Code 2016 (“**Code**”); (F) filed a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or readjustment of

debts; or (G) taken any corporate or other action for the purpose of effecting any of the foregoing; or

- (b) a proceeding or case has been commenced without the application or consent of such Party in any court of competent jurisdiction seeking (A) its liquidation, reorganization, dissolution or winding-up or the composition or readjustment of debts or, (B) the appointment of an insolvency resolution professional, a trustee, receiver, custodian, administrator, liquidator or the like of such Party under the Code and an order admitting the insolvency petition has been passed in such proceeding and such order has not been stayed or dismissed within a period of 90 (ninety) days or (C) directions with the same or similar effect happen under the provisions of the Companies Act 2013 or the Code in relation to the winding up of the company.

“Inspection Report” shall have the meaning as set forth in Clause 12.1.

“Investment” shall mean:

Expenditure incurred on Plant, Machinery, Equipment and Associated Utilities: This shall include expenditure on 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 Advance Chemistry Cell). It shall also include expenditure on packaging, freight / transport, insurance, and erection and commissioning of the plant, machinery, equipment, and associated utilities. For the avoidance of doubt, associated utilities would include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water and power supply, and control systems. Associated utilities further include IT and ITES infrastructure. It is clarified that all non-creditable taxes and duties would be included in such expenditure.

Expenditure incurred on Research and Development (R&D): Capital expenditure on R&D and product development related to Advance Chemistry Cell. The term “related” shall refer to all stages in the entire value chain of the goods proposed to be manufactured including the Advance Chemistry Cell and their functioning. Such expenditure shall include expenditure on in-house and captive R&D, including all stages in the entire value chain of the goods proposed to be manufactured including hardware integral to the functioning of the same. Such expenditure shall include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D/ all non-creditable taxes and duties would be included in such expenditure.

Expenditure related to Transfer of Technology (ToT) Agreements: This shall include cost of technology and initial technology purchase related to goods required for the Advance Chemistry Cell manufacturing. All non-creditable taxes and duties would be included in such expenditure.

It is expressly clarified that Investment shall, for the purpose of the Programme Agreement, be limited to expenditure incurred by the Beneficiary Firm in respect of the Mother Unit on and from the Appointed Date.

“**Lead Member**” shall have the meaning as set forth in Recital E.

“**Material Adverse Effect**” means a material adverse effect of any act or event on the ability of either Party to perform any of its obligations under and in accordance with the provisions of this Agreement and which act or event causes a material financial burden or loss to either Party.

“**Milestones**” shall mean Milestone 1 and Milestone 2.

“**Milestone 1**” shall mean the achievement by the Beneficiary Firm of: (a) Investment of INR 225,00,00,000 (Rupees two hundred and twenty-five crore) per GWh (excluding the cost of land) for the Committed Capacity specified by the bidder at the end of 2 (two) years from the Appointed Date; and (b) 25% (twenty-five per cent) Value Addition of the Advance Chemistry Cell, within 2 (two) years from the Appointed Date.

“**Milestone 2**” shall mean the completion of 60% (sixty per cent) of the overall Value Addition, within 5 (five) years from the Appointed Date.

“**Milestone Completion Certificate**” shall have the meaning as set forth in Clause 12.3.

“**Milestone 1 Completion Certificate**” shall mean the certificate issued by the Independent Engineer on the achievement of Milestone 1.

“**Milestone 2 Completion Certificate**” shall mean the certificate issued by the Independent Engineer on the achievement of Milestone 2.

“**Mother Unit**” shall mean the single-roof establishment with respect to which the Beneficiary Firm shall be required to meet all its obligations under this Agreement, including, but not limited to, the Investment of at least INR 225,00,00,000 (Rupees two hundred and twenty five crore) per GWh, (excluding the cost of land) and at least 25% (twenty five per cent) Value Addition of the Advance Chemistry Cell within 2 (two) years from the Appointed Date, and achievement of the entire Committed Capacity within 5 (five) years from the Appointed Date.

“**Performance Security**” shall have the meaning as set forth in Clause 7.1.1.

“**Project**” shall have the meaning as set forth in Recital C, in accordance with the Committed Capacity submitted by the bidder in the Bid.

“**RFP**” shall mean the Request of Proposal issued by the Government, dated [●].

“**Subsidy**” shall mean financial aid or support granted by the Government to the Beneficiary Firm in accordance with terms of this Agreement.

“**Taxes**” means any Indian taxes including GST, excise duties, customs duties, value added tax, local taxes, any indirect tax, cess, and any impost or surcharge of like nature (whether Central, state or local) on the goods, materials, equipment and services incorporated in and forming part of the Project, which are charged, levied or imposed by any Government Instrumentality, but excluding any interest, penalties and other sums in relation thereto imposed on any account whatsoever. For the avoidance of doubt, Taxes shall not include taxes on corporate income.

“**Term**” shall have the meaning as set forth in Clause 2.1.

“**Testing Standards**” shall mean a standardized framework for the desired performance output set forth in Schedule – D.

“**Tripartite Agreement**” shall mean the agreement to extend support and provide additional incentives for implementation of the Project, through executing a tripartite agreement between the Government, relevant state government, and the Beneficiary Firm.

“**Value Addition**” shall mean the manufacturing activity (to manufacture Advance Chemistry Cell) being undertaken in India, by the Beneficiary Firm either on its own or through indigenous manufacturers, as described in Schedule -M.

1.2. Interpretation

1.2.1 In this Agreement, unless the context otherwise requires,

- (a) references to any legislation or any provision thereof shall include amendment or re-enactment or consolidation of such legislation or any provision thereof so far as such amendment or re-enactment or consolidation applies or is capable of applying to any transaction entered into hereunder;
- (b) references to laws of the state, laws of India or Indian law or regulation having the force of law shall include the laws, acts, ordinances, rules, regulations, bye laws or notifications which have the force of law in the territory of India and as from time to time may be amended, modified, supplemented, extended or re-enacted;
- (c) references to a “**person**” and words denoting a natural person shall be construed as a reference to any individual, firm, company, corporation, society, trust, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of 2 (two) or more of the above and shall include successors and assigns;
- (d) the table of contents, headings or sub-headings in this Agreement are for convenience of reference only and shall not be used in, and shall not affect, the construction or interpretation of this Agreement;
- (e) the words “**include**” and “**including**” are to be construed without limitation and shall be deemed to be followed by “**without limitation**” or “**but not limited to**” whether or not they are followed by such phrases;
- (f) references to “**construction**” or “**building**” include unless the context otherwise requires, investigation, design, developing, engineering, procurement, delivery, transportation, installation, processing, fabrication, testing, commissioning and other activities incidental to the construction, and “**construct**” or “**build**” shall be construed accordingly;

- (g) any reference to any period of time shall mean a reference to that according to Indian Standard Time;
- (h) any reference to “**hour**” shall mean a period of 60 (sixty) minutes commencing either on the hour or on the half hour of the clock, which by way of illustration means 5.00 (five), 6.00 (six), 7.00 (seven) and so on being hours on the hour of the clock and 5.30 (five thirty), 6.30 (six thirty), 7.30 (seven thirty) and so on being hours on the half hour of the clock;
- (i) any reference today shall mean a reference to a calendar day;
- (j) reference to a “**business day**” shall be construed as reference to a day (other than a Sunday and public holiday) on which banks in Delhi are generally open for business;
- (k) any reference to month shall mean a reference to a calendar month as per the Gregorian calendar;
- (l) any reference to “**quarter**” shall mean a reference to the period of 3 (three) months commencing from April 1, July 1, October 1, and January 1, as the case may be;
- (m) any reference to any period commencing “**from**” a specified day or date and “**till**” or “**until**” a specified day or date shall include both such days or dates, provided that if the last day of any period computed under this Agreement is not a business day, then the period shall run until the end of the next business day;
- (n) the words importing singular shall include plural and vice versa;
- (o) “**lakh**” means a hundred thousand (1,00,000) and “**crore**” means ten million (10,000,000);
- (p) save and except as otherwise provided in this Agreement, any reference, at any time, to any agreement, deed, instrument, license or document of any description shall be construed as reference to that agreement, deed, instrument, license or other documents as amended, varied, supplemented, modified or suspended at the time of such reference, provided that this sub-clause (q) shall not operate so as to increase liabilities or obligations of the Government hereunder or pursuant hereto in any manner whatsoever;
- (q) any agreement, consent, approval, authorisation, notice, communication, information or report required under or pursuant to this Agreement from or by any Party shall be valid and effective only if it is in writing under the hand of a duly authorised representative of such Party in this behalf and not otherwise;
- (r) the Schedules, Annexures and Recitals to this Agreement form an integral part of this Agreement and will be in full force and effect as though they were expressly set out in the body of this Agreement;
- (s) references to Recitals, Articles, Clauses, Sub-clauses, Provisos or Schedules in this Agreement shall, except where the context otherwise requires, mean references to Recitals, Articles, Clauses, Sub-clauses, Provisos and Schedules of or to this Agreement; reference to an Annex shall, subject to anything to the contrary specified

therein, be construed as a reference to an Annex to the Schedule in which such reference occurs; and reference to a Paragraph shall, subject to anything to the contrary specified therein, be construed as a reference to a Paragraph of the Schedule or Annex, as the case may be, in which such reference appears; and

- (t) time shall be of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence.

1.2.2 Unless expressly provided otherwise in this Agreement, any documentation required to be provided or furnished by the Beneficiary Firm to the Government shall be provided free of cost and in 3 (three) copies, and if the Government is required to return any such documentation with their comments and/or approval, they shall be entitled to retain 2 (two) copies thereof.

1.2.3 The rule of construction, if any, that a contract should be interpreted against the parties responsible for the drafting and preparation thereof, shall not apply.

1.2.4 Any word or expression used in this Agreement shall, unless otherwise defined or construed in this Agreement, bear its ordinary English meaning and, for these purposes, the General Clauses Act 1897 shall not apply.

1.3 Measurements and arithmetic conventions

All measurements and calculations shall be in the metric system and calculations done to 2 (two) decimal places, with the third digit of 5 (five) or above being rounded up and below 5 (five) being rounded down, provided that the drawings, engineering dimensions, and tolerances may exceed 2 (two) decimal places as required.

1.4 Priority of agreements, clauses, and schedules

1.4.1 This Agreement, and all other agreements and documents forming part of or referred to in this Agreement are to be taken as mutually explanatory and, unless otherwise expressly provided elsewhere in this Agreement, the priority of this Agreement and other documents and agreements forming part hereof or referred to herein shall, in the event of any conflict between them, be in the following order:

- (a) this Agreement;
- (b) Tripartite Agreement; and
- (c) all other agreements and documents forming part hereof or referred to herein, i.e., the Agreement at (a) above shall prevail over the agreements and documents at (b).

1.4.2 Subject to the provisions of Clause 1.4.1, in case of ambiguities or discrepancies within this Agreement, the following shall apply:

- (a) between 2 (two) or more Clauses of this Agreement, the provisions of a specific Clause relevant to the issue under consideration shall prevail over those in other Clauses;

- (b) between the Clauses of this Agreement and the Schedules, the Clauses shall prevail and between Schedules and Annexes, the Schedules shall prevail;
- (c) between any 2 (two) Schedules, the Schedule relevant to the issue shall prevail; and
- (d) between any value written in numerals and that in words, the latter shall prevail.

ARTICLE 2

TERM

- 2.1** This Agreement shall come into force and effect from the date on which the Conditions Precedent listed in Article 4 of this Agreement have been satisfied or waived (“**Appointed Date**”). This Agreement shall, unless terminated earlier in accordance with its terms, remain valid for a period of 7 (seven) years from the Appointed Date (“**Term**”).

ARTICLE 3
SCOPE OF WORK

3.1 The Beneficiary Firm shall be responsible to:

- (a) establish a Project to manufacture Advance Chemistry Cell as quoted by the selected bidder in its technical bid (as provided in Schedule-M) and make an Investment of minimum INR 225,00,00,000 (Rupees two hundred and twenty five crore) per GWh (excluding the cost of land) for the Committed Capacity specified by the bidder in relation to the Project;
- (b) ensure Value Addition to be at least 25% (twenty-five per cent) at the Mother Unit level within 2 (two) years from the Appointed Date and minimum 60% (sixty per cent) of the overall Value Addition, within 5 (five) years from the Appointed Date; and
- (c) perform and fulfil all other obligations of the Beneficiary Firm in accordance with the provisions of this Agreement and matters incidental thereto or necessary for the performance of any or all of the obligations of the Beneficiary Firm under this Agreement.

ARTICLE 4

CONDITIONS PRECEDENT

- 4.1** The respective rights and obligations of the Parties under this Agreement shall be subject to the satisfaction of the conditions precedent specified in this Article 4 (“**Conditions Precedent**”). Provided, however, that a Party may grant waiver from satisfaction of any Condition Precedent by the other Party in accordance with the provisions of Clauses 4.2 and 4.3, as the case may be, and to the extent of such waiver, that Condition Precedent shall be deemed to be fulfilled for the purpose of this Article 4.
- 4.2** The Beneficiary Firm may, upon providing the Performance Security to the Government in accordance with this Agreement, by notice require the Government to satisfy the Condition Precedent set forth in this Clause 4.2 within 120 (one hundred twenty) days of the notice, and the Condition Precedent required to be satisfied by the Government prior to the Appointed Date shall be deemed to have been fulfilled when the Government shall have executed the Tripartite Agreement with the Beneficiary Firm and the relevant state government.
- 4.3** The Conditions Precedent to be fulfilled by the Beneficiary Firm within the time specified below or where no time period is specified, within 120 (one hundred twenty) days from the Execution Date shall be deemed to have been fulfilled when Beneficiary Firm shall have:
- (a) executed the Tripartite Agreement with the Government and the relevant state government;
 - (b) provided the Performance Security within 30 (thirty) days; and
 - (c) provided a Construction Plan within 90 (ninety) days.
- 4.4** Each Party shall make all reasonable endeavours to satisfy the Conditions Precedent within the time stipulated and shall provide the other Party with such reasonable cooperation as may be required to assist the Party in satisfying the Conditions Precedent for which that Party is responsible.
- 4.5** Subject to the terms and conditions specified herein above, if either Party fails to achieve the Conditions Precedent within the prescribed period under Clause 4.2 and 4.3, and such failure is not on account of the default of other Party or Force Majeure Event, then such Party shall be entitled to extension of the time period by 60 (sixty) days or such additional time period as agreed by the other Party, for fulfilment of respective Condition Precedent. The Beneficiary Firm shall be entitled to an extension of the time stipulated for executing of the Tripartite Agreement if such execution has been delayed solely on account of an act or omission on the part of the Government and/ or the relevant state government, as the case may be.
- 4.6** The Parties agree that the date on which all the Conditions Precedent are satisfied or waived, as the case may be, shall be the Appointed Date. If the Parties are not able to fulfil the Conditions Precedent or if the Conditions Precedent are not waived as per the timelines stated above, this Agreement shall cease to be effective and binding on the Parties and the Parties shall have no further liabilities or obligations towards each other.

4.7 Damages for delay by the Government

In the event that (i) the Government does not procure fulfilment or waiver of the Conditions Precedent set forth in Clause 4.2 within the period specified in respect thereof, and (ii) the delay has not occurred as a result of breach of this Agreement by the Beneficiary Firm or due to Force Majeure, the Term of this Agreement shall be extended for a day-to-day basis till the Government satisfies such Condition Precedent. It is expressly clarified and agreed that the Government shall not be liable for payment of any liquidated damages for delay in fulfilling its Conditions Precedent set forth in Clause 4.2.

4.8 Damages for delay by the Beneficiary Firm

In the event that (i) the Beneficiary Firm does not procure fulfilment or waiver of any or all of the Conditions Precedent set forth in Clause 4.3 within the period specified in that Clause, and (ii) the delay has not occurred as a result of breach of this Agreement by the Government or due to Force Majeure, the Beneficiary Firm shall pay to the Government, liquidated damages in an amount calculated at the rate of 0.1% (zero point one per cent) of the Performance Security for each day's delay until the fulfilment or waiver of such Conditions Precedent, subject to a maximum amount equal to the Bid Security, and upon reaching such maximum amount, the Government, in its sole discretion and subject to the provisions of Clause 7.2, shall additionally have the right to terminate the Agreement. Provided that in the event of delay by the Government in procuring fulfilment or waiver of the Conditions Precedent specified in Clause 4.2, no liquidated damages shall be due or payable by the Beneficiary Firm under this Clause 4.8 until the date on which the Government shall have procured fulfilment or waiver of the Conditions Precedent specified in Clause 4.2.

4.9 Deemed termination upon delay

Without prejudice to the provisions of Clauses 4.7 and 4.8, and subject to the provisions of Clause 7.2, the Parties expressly agree that in the event the Appointed Date does not occur, for any reason whatsoever, before the 1st (first) anniversary of the date of this Agreement or the extended period provided in accordance with this Agreement, all rights, privileges, claims and entitlements of the Beneficiary Firm under or arising out of this Agreement shall be deemed to have been waived by, and to have ceased with the concurrence of the Beneficiary Firm, and the Agreement shall stand automatically terminated, and will be deemed to have been terminated by mutual agreement of the Parties. Provided, however, that in the event the delay in occurrence of the Appointed Date is for reasons attributable to the Beneficiary Firm, the Performance Security of the Beneficiary Firm shall be encashed and appropriated by the Government as liquidated damages thereof.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties of Beneficiary Firm

The Beneficiary Firm represents and warrants to the Government that:

- (a) it is duly organised and validly existing under the laws of India, and has full power and authority to execute and perform its obligations under this Agreement and to carry out the transactions contemplated hereby;
- (b) it has taken all necessary corporate and other actions under Applicable Laws to authorise the execution and delivery of this Agreement and to validly exercise its rights and perform its obligations under this Agreement;
- (c) it has the financial standing and capacity to undertake the Project in accordance with the terms of this Agreement, including requisite technological know-how;
- (d) this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, and its obligations under this Agreement will be legally valid, binding and enforceable obligations against it in accordance with the terms hereof;
- (e) it is subject to the laws of India, and hereby expressly and irrevocably waives any immunity in any jurisdiction in respect of this Agreement or matters arising there under including any obligation, liability, or responsibility hereunder;
- (f) the information furnished in the Bid and as updated on or before the date of this Agreement is true and accurate in all respects as on the date of this Agreement;
- (g) the execution, delivery and performance of this Agreement will not conflict with, result in the breach of, constitute a default under, or accelerate performance required by any of the terms of its memorandum and articles of association {or those of the selected bidder / any member of the Consortium} or any Applicable Laws or any covenant, contract, agreement, arrangement, understanding, decree or order to which it is a party or by which it or any of its properties or assets is bound or affected;
- (h) there are no actions, suits, proceedings, or investigations pending or, to its knowledge, threatened against it at law or in equity before any court or before any other judicial, quasi-judicial or other authority, the outcome of which may result in the breach of this Agreement or which individually or in the aggregate may result in any material impairment of its ability to perform any of its obligations under this Agreement;
- (i) it has no knowledge of any violation or default with respect to any order, writ, injunction or decree of any court or any legally binding order of any Government Instrumentality which may result in any Material Adverse Effect on its ability to perform its obligations under this Agreement and no fact or circumstance exists which may give rise to such proceedings that would adversely affect the performance of its obligations under this Agreement;

- (j) it has complied with Applicable Laws in all material respects and has not been subject to any fines, penalties, injunctive relief or any other civil or criminal liabilities which in the aggregate have or may have a Material Adverse Effect on its ability to perform its obligations under this Agreement;
- (k) it shall at no time undertake or permit any Change in Ownership; and that the {selected bidder/ Lead Member}, shall hold not less than 26% (twenty-six per cent) of its issued and paid up equity from the date hereof until the Appointed Date and on a continuing basis for a period of 5 (five) years from the Appointed Date of this Agreement;
- (l) {the selected bidder/ members of the Consortium or Lead Member} have the financial standing and resources to fund the required equity and to raise the debt necessary for undertaking and implementing the Project in accordance with this Agreement;
- (m) {the selected bidder/ each member of the Consortium} is duly organised and validly existing under the laws of the jurisdiction of its incorporation, and has requested the Government to enter into this Agreement with the Beneficiary Firm pursuant to the LOA, and has agreed to and unconditionally accepted the terms and conditions set forth in this Agreement;
- (n) no representation or warranty by it contained herein or in any other document furnished by it to the Government or to any Government Instrumentality in relation to Applicable Permits contains or will contain any untrue or misleading statement of material fact or omits or will omit to state a material fact necessary to make such representation or warranty not misleading;
- (o) no sums, in cash or in kind, have been paid or will be paid, by it or on its behalf, to any person by way of fees, commission or otherwise for securing the Agreement or entering into this Agreement or for influencing or attempting to influence any officer or employee of the Government in connection therewith; and
- (p) all information provided by the {selected bidder/ members of the Consortium} in response to the RFP is to the best of its knowledge and belief, true and accurate in all material respects.

5.2 Representations and warranties of the Government

The Government represents and warrants to the Beneficiary Firm that:

- (a) it has full power and authority to execute, deliver and perform its obligations under this Agreement and to carry out the transactions contemplated herein and that it has taken all actions necessary to execute this Agreement, exercise its rights and perform its obligations, under this Agreement;
- (b) it has taken all necessary actions under Applicable Laws to authorise the execution, delivery, and performance of this Agreement;
- (c) it has the financial standing and capacity to perform its obligations under this Agreement;

- (d) this Agreement constitutes a legal, valid, and binding obligation enforceable against it in accordance with the terms hereof;
- (e) it has no knowledge of any violation or default with respect to any order, writ, injunction or any decree of any court or any legally binding order of any Government Instrumentality which may result in any Material Adverse Effect on the Government's ability to perform its obligations under this Agreement; and
- (f) it has complied with Applicable Laws in all material respects.

5.3 Disclosure

In the event that any occurrence or circumstance comes to the attention of either Party that renders any of its aforesaid representations or warranties untrue or incorrect, such Party shall immediately notify the other Party of the same. Such notification shall not have the effect of remedying any breach of the representation or warranty that has been found to be untrue or incorrect nor shall it adversely affect or waive any right, remedy, or obligation of either Party under this Agreement.

ARTICLE 6
OBLIGATIONS OF THE PARTIES

6.1 Obligations of the Government

- 6.1.1 The Government shall, at its own cost and expense undertake, comply with, and perform all its obligations set out in this Agreement or arising hereunder:
- 6.1.2 The Government agrees to provide assistance and support to the Beneficiary Firm on the following, subject to and in accordance with the provisions of this Agreement and Applicable Laws:
- (a) upon written request from the Beneficiary Firm, and subject to the Beneficiary Firm complying with Applicable Laws, provide reasonable support and assistance in procuring the Applicable Permits required from any Government Instrumentality for setting up and operation of the Project;
 - (b) upon written request from the Beneficiary Firm, provide reasonable support and assistance to the Beneficiary Firm in obtaining access to all necessary infrastructure facilities and utilities; and
 - (c) support, cooperate with and facilitate the Beneficiary Firm in the implementation and operation of the Project in accordance with the provisions of this Agreement and Applicable Laws.
- 6.1.3 The Government agrees to disburse Subsidy, as specified in Schedule - B, to the Beneficiary Firm, in accordance with Clause 11.2.
- 6.1.4 The Government shall authorize representatives to inspect the certificates provided by the Beneficiary Firm validating the Value Addition and Committed Capacity.

6.2 Obligations of the Beneficiary Firm

- 6.2.1 The Beneficiary Firm shall establish a Project to manufacture Advance Chemistry Cell as per the technical bid submitted by the selected bidder in its Bid and as provided in Schedule - M, and requirements under the RFP.
- 6.2.2 Subject to and on the terms and conditions of this Agreement, the Beneficiary Firm shall, at its own cost and expense, procure finance, operate and maintain the Project and observe, fulfill, comply with and perform all its obligations set out in this Agreement or arising hereunder.
- 6.2.3 The Beneficiary Firm shall comply with all Applicable Laws and Applicable Permits requirements (including renewals as required) including but not limited to those specified in Schedule – A (which includes an indicative list of approvals required to be obtained by the Beneficiary Firm), in the performance of its obligations under this Agreement.
- 6.2.4 The Beneficiary Firm shall achieve completion of the Committed Capacity within 2 (two) years from the Appointed Date. The Beneficiary Firm further agrees that it shall achieve the target

Value Addition, as specified in the Bid, which shall in no case be below 60% (sixty per cent) within 5 (five) years from the Appointed Date.

- 6.2.5 The Beneficiary Firm shall furnish to the Government, a certificate by its statutory auditor certifying that it has met its Investment requirements in accordance with this Agreement.
- 6.2.6 The Beneficiary Firm shall ensure that it shall achieve not less than 25% (twenty-five) per cent Value Addition of the Advance Chemistry Cell and a minimum of INR 225,00,00,000 (Rupees two hundred and twenty-five crore) per GWh of Investment at the Mother Unit, within 2 (two) years from the Appointed Date. In the event that the Beneficiary Firm does not achieve the Value Addition and / or minimum Investment or Milestone 1 Completion Certificate within the stipulated period, and the delay has not occurred as a result of breach of this Agreement by the Government or due to Force Majeure, the Beneficiary Firm shall pay to the Government, liquidated damages in an amount calculated at the rate of 0.1% (zero point one per cent) of the Performance Security for each day's delay until the achievement of the above obligations.
- 6.2.7 The Beneficiary Firm agrees that it shall achieve the Committed Capacity and overall Value Addition at the Mother Unit level within 5 (five) years from the Appointed Date. In the event that the Beneficiary Firm does not achieve the Committed Capacity and overall Value Addition at the Mother Unit level within the stipulated time period, and the delay has not occurred as a result of breach of this Agreement by the Government or due to Force Majeure, the Beneficiary Firm shall pay to the Government, liquidated damages in an amount calculated at the rate of 0.1% (zero point one per cent) of the Performance Security for each day's delay until the achievement of the aforementioned obligations. The Parties agree that the Government shall have the right to terminate this Agreement if the Beneficiary Firm fails to achieve any of the conditions specified in this Clause 6.2.7, for a period exceeding 18 (eighteen) months from the dates specified hereinabove.
- 6.2.8 The Beneficiary Firm acknowledges that notwithstanding anything to the contrary in this Agreement, payment of Subsidy shall commence once the Beneficiary Firm achieves the Milestone 1 Completion Certificate, in accordance with the provisions of this Agreement.
- 6.3 The Parties agree that failure of Beneficiary Firm to achieve the Milestones in accordance with the provisions of this Agreement will entitle the Government to levy Damages, and the Government shall have the right including but not limited to: (a) forfeiture of the entire incentive, in which case the Beneficiary Firm shall not be entitled to receive any further amounts in the form of Subsidy; and (b) appropriation of the Performance Security.
- 6.4 The Beneficiary Firm shall, after the Appointed Date, submit a quarterly progress report to the Government, in accordance with Schedule - K and shall include information on the progress in construction of the Project and the reasons for delay in construction of the Project, if any.

ARTICLE 7
PERFORMANCE SECURITY

7.1 Performance Security

- 7.1.1 The Beneficiary Firm shall, for the performance of its obligations hereunder, till the expiry or early termination of this Agreement, provide to the Government no later than 30 (thirty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a bank for a sum equivalent to INR [●]² in the form set forth in Schedule - F (the “**Performance Security**”). Until such time the Performance Security is provided by the Beneficiary Firm pursuant hereto and the same comes into effect, the Bid Security shall remain in force and effect, and upon such provision of the Performance Security pursuant hereto, the Government shall release the Bid Security to the Beneficiary Firm.
- 7.1.2 The Parties agree that the Performance Security for 5 GWh of the Committed Capacity shall be INR 50,00,00,000 (Rupees fifty crore), the Performance Security for up to 10 GWh of the Committed Capacity shall not exceed INR 75,00,00,000 (Rupees seventy five crore), the Performance Security for up to 15 GWh of the Committed Capacity shall not exceed INR 100,00,00,000 (Rupees one hundred crore), and the Performance Security for up to 20 GWh of the Committed Capacity shall not exceed INR 125,00,00,000 (Rupees one hundred and twenty five crore).
- 7.1.3 Notwithstanding anything to the contrary contained in this Agreement, in the event Performance Security is not provided by the Beneficiary Firm in accordance with the provisions of this Agreement, the Government may encash the Bid Security and appropriate the proceeds thereof as Damages, and thereupon all rights, privileges, claims and entitlements of the Beneficiary Firm or under or arising out of this Agreement shall be deemed to have been waived by, and to have ceased with the concurrence of the Beneficiary Firm, and this Agreement shall be deemed to have been terminated by mutual agreement of the Parties.

7.2 Appropriation of Performance Security

- 7.2.1 Upon occurrence of Beneficiary Firm Event of Default, the Government shall, without prejudice to its other rights and remedies hereunder or under Applicable Law, be entitled to encash and appropriate from the Performance Security the amounts due to it for and in respect of such Beneficiary Firm Event of Default.
- 7.2.2 Upon such encashment and appropriation from the Performance Security, the Beneficiary Firm shall, within 15 (fifteen) days thereof, replenish, in case of partial appropriation, to its original level the Performance Security, and in case of appropriation of the entire Performance Security provide a fresh Performance Security, as the case may be, and the Beneficiary Firm shall, within the time so granted, replenish or furnish fresh Performance Security as aforesaid, failing which the Government shall be entitled to terminate this Agreement. Upon such replenishment or

² **Note:** Performance Security of the applicant company shall be 5% * INR 900 crore/GWh * overall ACC Value Addition * Number of GWh (Committed Capacity), subject to the following ceiling: INR 50 Crore for 5 GWh; INR 75 Crore up to 10 GWh and INR 100 Crore up to 15 GWh and INR 125 Crore up to 20 GWh of annual ACC committed production capacity.

furnishing of a fresh Performance Security, as the case may be, the Beneficiary Firm shall be entitled to an additional cure period of 90 (ninety) days for remedying the Beneficiary Firm Event of Default or for satisfying any Conditions Precedent, and in the event of the Beneficiary Firm not curing its default within such cure period, the Government shall be entitled to encash and appropriate such Performance Security as damages, and terminate this Agreement.

7.3 Release of Performance Security

The Performance Security shall remain in force and effect till the Term of this Agreement and shall be returned to the Beneficiary Firm thereafter.

ARTICLE 8
CONSTRUCTION OF THE PROJECT AND MANUFACTURE OF ADVANCE
CHEMISTRY CELL

8.1 The Beneficiary Firm shall establish the Project to manufacture Advance Chemistry Cell as per the Committed Capacity submitted by the selected bidder in its Bid, as detailed in Schedule - M. The Beneficiary Firm shall also achieve the Milestones in accordance with the terms of this Agreement.

8.2 Committed Capacity

If the Beneficiary Firm fails to achieve the Committed Capacity as specified in Schedule - M, the Government shall have the right to deduct from the Subsidy payable under Clause 11.1, 2 (two) times the Subsidy due and payable corresponding to the shortfall in the Committed Capacity.

By way of illustration and for the avoidance of doubt, the deduction in the Subsidy shall be computed as follows:

If the Committed Capacity is 10 GWh, and the Beneficiary Firm achieves production / sale of 8 GWh, the Government shall deduct Subsidy payable for $2 * (10 - 8) = 4$ GWh. The Beneficiary Firm would, under such circumstance, be paid Subsidy for $(10 - 4) = 6$ GWh of capacity, notwithstanding commissioning of 8 GWh.

8.3 Committed Value Addition

If the Beneficiary Firm fails to achieve the Committed Value Addition as specified in Schedule - M, the Damages shall be estimated by determining the deficit in the Committed Value Addition and the actual Value Addition achieved. This deficit shall be deducted from the Subsidy for the quarter where any such shortfall has been determined. If the deficit is not fulfilled within the immediately subsequent quarter, such Damages may be carried forward to subsequent quarters, until the deficit is adjusted.

By way of illustration and for the avoidance of doubt, the deduction in the Subsidy shall be computed as follows:

If the Beneficiary Firm commits 80% (eighty per cent) Value Addition in its Bid but only meets 70% (seventy per cent) at the end of the quarter, then there will be a retrenchment in the Subsidy paid by the Government. The retrenchment amount shall be Subsidy of 80% (eighty per cent) Value Addition (i.e., the Committed Value Addition) subtracted from Subsidy of 70% (seventy per cent) Value Addition (i.e., the actual Value Addition met by the Beneficiary Firm). This amount will be deducted from the Subsidy to be disbursed in the same quarter as way of Damages.

8.4 The Parties agree that in case the Beneficiary Firm fails to achieve the Milestone as mentioned under Clause 8.1 and/or the Value Addition as submitted by the selected bidder in the Bid; and the Government deducts Damages pursuant to this Article 8 for 6 (six) consecutive quarters, the

Government shall have the right to discontinue payment of any Subsidy and appropriate the Performance Security and the same shall amount to Beneficiary Firm Event of Default.

ARTICLE 9 INDEPENDENT ENGINEER

9.1 Appointment of Independent Engineer

The Government shall appoint a consulting firm from a panel of firms or bodies corporate, constituted by the Government substantially in accordance with the selection criteria set forth in Schedule - L, to be the independent consultant under this Agreement (the “**Independent Engineer**”). The appointment shall be made within 90 (ninety) days from the Appointed Date or any other date as notified by the Government and shall be for the Term of this Agreement. The Government may in its discretion appoint another firm from a fresh panel constituted pursuant to Schedule-L to be the Independent Engineer.

9.2 Role and functions

The role and functions of the Independent Engineer shall include the following:

- (a) review and certify that the Beneficiary Firm has met its Committed Capacity;
- (b) inspection of the Advance Chemistry Cells manufactured at the Project site; and
- (c) undertaking all other duties and functions, as required by the Government, in accordance with the terms of the Agreement.

The Independent Engineer shall discharge its duties in a fair, impartial, and efficient manner, consistent with the highest standards of professional integrity and Good Industry Practice. The Government shall share the detailed roles and responsibilities of the Independent Engineer with the Beneficiary Firm, subsequent to the appointment of the Independent Engineer.

9.3 Remuneration

The remuneration, cost and expenses of the Independent Engineer shall be paid by the Government.

9.4 Termination of appointment

9.4.1 The Government may, in its discretion, terminate the appointment of the Independent Engineer at any time, but only after appointment of another Independent Engineer in accordance with Clause 9.1.

9.4.2 If the Beneficiary Firm has reason to believe that the Independent Engineer is not discharging its duties and functions in a fair, efficient, and diligent manner, it may make a written representation to the Government and seek termination of the appointment of the Independent Engineer. Upon receipt of such representation, the Government shall hold a tripartite meeting with the Beneficiary Firm and Independent Engineer for an amicable resolution of the Dispute, and if any difference or disagreement between the Government and the Beneficiary Firm remains unresolved, the Dispute shall be settled in accordance with the Dispute Resolution Procedure. In the event that the appointment of the Independent Engineer is terminated hereunder, the Government shall appoint forthwith another Independent Engineer in accordance with Clause 9.1.

9.5 Authorised signatories

The Government shall require the Independent Engineer to designate and notify to the Government and the Beneficiary Firm up to 2 (two) persons employed in its firm to sign for and on behalf of the Independent Engineer, and any communication or document required to be signed by the Independent Engineer shall be valid and effective only if signed by any of the designated persons, provided that the Independent Engineer may, by notice in writing, substitute any of the designated persons by any of its employees.

9.6 Dispute resolution

If either Party disputes any advice, instruction, decision, direction, or award, as the case may be, of the Independent Engineer, the Dispute shall be resolved in accordance with the Dispute Resolution Procedure.

ARTICLE 10
DISBURSEMENT OF SUBSIDY BY THE GOVERNMENT

- 10.1** The Government shall disburse Subsidy to the Beneficiary Firm, in accordance with the terms of this Agreement. Upon the Beneficiary Firm fulfilling its obligations under this Agreement, for each Subsidy disbursement, the Government shall issue a Subsidy disbursement order (an indicative format of the aforesaid order is set out in Schedule – C).
- 10.2** The Government shall commence Subsidy disbursement upon the Beneficiary Firm exceeding the Value Addition at the Mother Unit level of 25% (twenty five per cent) within 2 (two) years of the Appointed Date and issuance of Milestone 1 Completion Certificate, with total Subsidy disbursement capped at INR 362,00,00,000 (Rupees three hundred and sixty two crore) per GWh, for a cumulative capacity of 50 (fifty) GWh of Advance Chemistry Cell manufacturing capacity. It is clarified that Subsidy disbursement to the Beneficiary Firm shall be subject to achievement of the respective Milestone Completion Certificates, in accordance with the terms of this Agreement.
- 10.3** The Subsidy disbursement shall be provided for a period not exceeding 5 (five) years from the date of the issuance of Milestone 1 Completion Certificate and shall be disbursed on a quarterly basis. It is clarified that no Subsidy shall be disbursed beyond the 7th (seventh) anniversary of the Appointed Date.

ARTICLE 11
SUBSIDY AND DISBURSEMENT

11.1 Entitlement to Subsidy

- 11.1.1 The Beneficiary Firm shall ensure that the Advance Chemistry Cells manufactured by it in the Project shall be as per the applicable performance parameters set forth in Schedule - G and tested and certified as per the Testing Standards set forth in Schedule – D. The Parties agree that the Government shall disburse the Subsidy under and in accordance with Clause 11.2.
- 11.1.2 Subject to Clauses 11.5, 11.6, 11.7, and 11.8, the Beneficiary Firm shall be entitled to avail the Subsidy in accordance with this Agreement for a period of 5 (five) years from the issuance of the Milestone 1 Completion Certificate. Notwithstanding anything to the foregoing, it is expressly clarified and agreed that no Subsidy shall be payable beyond the 7th (seventh) anniversary of the Appointed Date.
- 11.1.3 The Beneficiary Firm further agrees that the Subsidy shall be as quoted by the selected bidder in the Bid, subject to any adjustment in accordance with this Agreement.

11.2 Disbursement Mechanism

- 11.2.1 The Subsidy to be paid to the Beneficiary Firm shall be disbursed quarterly upon the Beneficiary Firm fulfilling the requirements set forth in Schedule – E.
- 11.2.2 The Beneficiary Firm shall, in addition to the documents specified in Clause 11.3, furnish a letter requesting the Government to disburse the Subsidy in the format as prescribed in Schedule – H, a Subsidy determination form in the format as set forth in Schedule – B, an undertaking certifying the parameters for disbursement of the Subsidy have been met in the format as prescribed in Schedule – I, the commensurate Milestone Completion Certificates (in the format as prescribed in Schedule – O) issued by the Independent Engineer and an undertaking certifying the Value Addition in the format as prescribed in Schedule – J.
- 11.3 The Beneficiary Firm agrees and undertakes that it shall, in addition to self-certification mentioned in the Clause 11.2, furnish all documents specified in Clause 13.3 for availing the Subsidy and shall provide documentary evidence for the commencement of commercial production from the Directorate of Industries of the relevant state government in accordance with the Applicable Laws.
- 11.4 The Government shall have the right to inspect the Project either by itself or through the Independent Engineer to ensure that the Beneficiary Firm has met its Committed Capacity and Value Addition and is eligible for availing the Subsidy.
- 11.5 The Beneficiary Firm agrees that the Subsidy extended by the Government shall be phased down. The Government shall phase the Subsidy by way of a year-on-year reduction for the Term of the Project. Year wise fixed phasing of base Subsidy (benchmark amount) as quoted by the Beneficiary Firm shall be as follows:

Financial Year	1 year 2022-23	2 year 2023-24	3 year 2024-25	4 year 2025-26	5 year 2026-27	6 year 2027-28	7 year 2028-29
Reduction	0%	0%	0%	0%	10%	20%	40%
Year on year effective phasing of base Subsidy (benchmark amount)	100%	100%	100%	100%	90%	72%	43%

11.6 All Taxes (including without limitation direct taxes) applicable on the Project, in respect of Advance Chemistry Cell, shall be borne by the Beneficiary Firm, under and in accordance with Applicable Laws.

11.7 Notwithstanding anything contained herein, the Subsidy payable by the Government shall in no event exceed 20% (twenty per cent) of the sale price of the Advance Chemistry Cell i.e., the effective total turnover on account of sale of Advance Chemistry Cells manufactured and sold by the Beneficiary Firm during the Term of this Agreement. For the avoidance of doubt, it is clarified that for the purpose of calculation of such 20% (twenty per cent), Taxes shall be excluded from the sale price of the Advance Chemistry Cell.

11.8 Notwithstanding anything contained herein, the cumulative Subsidy payable by the Government to the Beneficiary Firm during the Term of this Agreement, shall not exceed INR 362,00,00,000 (Rupees three hundred and sixty-two crore) per GWh.

11.9 Partial cycle life testing

11.9.1 The Beneficiary Firm shall through a laboratory accredited by the National Accreditation Board for Testing and Calibration Laboratories (“NABL”) get the Advance Chemistry Cell tested and certified for their cycle life through a partial cycle life test. This would be done for a sample set of Advance Chemistry Cell. The sampling should be conducted as per sampling procedure in accordance with Schedule - D. The laboratory should also conduct the complete cycle life test in due course in accordance with Schedule - D. The programme administrator may choose to empanel certain accredited labs where the testing needs to be carried out as per Schedule - D.

11.9.2. The Parties agree that until the results of the complete cycle life test set forth in Schedule – D is determined, the Subsidy disbursed to the Beneficiary Firm shall be determined by the partial cycle life test in accordance with Schedule – D. The Subsidy disbursed based on the output of the partial cycle life test would be provisional, subject to the Advance Chemistry Cell demonstrating the quoted cycle life.

11.9.3 In the event the Subsidy determined following the complete cycle life test is lower than the Subsidy disbursed, based on partial cycle life test, the Government shall subtract the amount from the Subsidy requested by the Beneficiary Firm, for the subsequent quarter, in its letter requesting the Government to disburse the Subsidy in the format as prescribed in Schedule - H.

11.9.4 In the event the Subsidy determined following the complete cycle life test is higher than the Subsidy disbursed based on partial cycle life test, the Beneficiary Firm shall raise the remaining

amount in its letter requesting the Government to disburse the Subsidy in the format as prescribed in Schedule - H for the subsequent quarter.

Methodology for the computing the difference amount, as highlighted above, is illustrated in Schedule-N

ARTICLE 12 INSPECTION

- 12.1** The Government shall have a right to inspect the Project to determine compliance with Schedule-D hereto, including Advance Chemistry Cell manufactured, at least once each quarter. It shall make a report of such inspection (the “**Inspection Report**”) stating in reasonable detail the defects or deficiencies, if any and send a copy thereof to the Beneficiary Firm within 15 (fifteen) days of such inspection.
- 12.2** The Beneficiary Firm shall repair or rectify the defects or deficiencies, if any, set forth in the Inspection Report and furnish a report in respect thereof to the Government within 15 (fifteen) days of receiving the Inspection Report, provided that where the remedying of such defects or deficiencies is likely to take more than 15 (fifteen) days, the Beneficiary Firm shall submit progress reports once every week until such works are completed in conformity with this Agreement.
- 12.3** The Beneficiary Firm shall intimate in writing to the Government and the Independent Engineer of its readiness to complete each of the Milestones specified in the Bid, along with evidence of completion of each such activity. The Government shall, within 7 (seven) days of receiving such written intimation, cause the Independent Engineer to inspect the relevant documents and the Project to determine compliance by the Beneficiary Firm with fulfilment of such Milestones. Upon being satisfied that the Beneficiary Firm has duly complied with all the requirements set forth in this Agreement and as provided in the Bid for achieving each such Milestones, the Independent Engineer shall within a period no longer than 21 (twenty-one) days from such inspection, issue to the Beneficiary Firm a milestone completion certificate (the “**Milestone Completion Certificate**”) for each of the Milestones (i.e., Milestone 1 Completion Certificate and Milestone 2 Completion Certificate) in the form prescribed in Schedule - O. In the event of any deficiencies or shortcomings, the Independent Engineer shall notify the same to the Beneficiary Firm within 7 (seven) days of such inspection, and the Beneficiary Firm shall rectify/ remove the deficiencies within such period to the reasonable satisfaction of and as specified by the Independent Engineer, who shall thereafter issue the relevant Milestone Completion Certificate within 7 (seven) days from the date of such rectification/ removal of deficiencies and intimation by Beneficiary Firm to the Independent Engineer.

It is clarified that the Beneficiary Firm shall not be entitled to receive any Subsidy in accordance with Article 11, till the issuance of the corresponding Milestone Completion Certificate is issued by the Independent Engineer. For the avoidance of any doubt, it is clarified that the Milestones referred to in this Clause 12.3 shall include the Investment specified in Clause 3.1 sub - clause (a), and the phased capacity fulfilment by the Beneficiary Firm, as specified in the Bid.

- 12.4** In the event that remedial measures are not completed by the Beneficiary Firm in accordance with the provisions of this Agreement, it shall amount to the Beneficiary Firm Event of Default.

ARTICLE 13
AUDIT AND ACCOUNTS

- 13.1** The Beneficiary Firm shall maintain books of accounts recording all its receipts, income, expenditure, payments, assets, and liabilities, in accordance with this Agreement, Applicable Laws and Applicable Permits.
- 13.2** The Beneficiary Firm shall provide 2 (two) copies of its Balance Sheet, Cash Flow Statement and Profit and Loss Account, along with a report thereon by its statutory auditor, within 90 (ninety) days of the close of every Financial Year. The Government shall have the right to inspect the records of the Beneficiary Firm during office hours and require copies of relevant extracts of books of accounts, duly certified by the statutory auditor and in the event of any discrepancy or error being found, the same shall be rectified.
- 13.3** The Beneficiary Firm agrees that for availing the Subsidy, it shall furnish the following documents to the Government:
- (a) Certified statements by its statutory auditor evidencing receipt of quantum and value of raw material, inputs, semi-finished goods, capital goods, and finished goods, along with the respective Tax credit, if applicable;
 - (b) A certificate from its statutory auditor certifying the sales and capacity of manufactured goods/trading goods/scrap/ stock transfer and GST paid on the amount of sales reported in financial statements and GST returns;
 - (c) Unit level audited accounts for the relevant Financial Year issued by a statutory auditor if and as applicable; or
 - (d) Monthly GST report in the respective quarter and GST audit report for the most recent Financial Year for the Beneficiary Firm.
- 13.4** The Beneficiary Firm shall, within 45 (forty-five) days of the close of each quarter of a Financial Year, furnish to the Government its unaudited financial results in respect of the preceding quarter, in the manner and form prescribed under Applicable Law and as may be required by the Government.
- 13.5** Notwithstanding anything to the contrary contained in this Agreement, the Government shall have the right, but not the obligation, to appoint at its cost from time to time and at any time, another independent firm to audit and verify all those matters, expenses, costs, realizations, and things which the statutory auditor is required to do, undertake, or certify pursuant to this Agreement.

ARTICLE 14
FORCE MAJEURE

14.1 Force Majeure

As used in this Agreement, the expression “**Force Majeure**” or “**Force Majeure Event**” shall mean, save and except as expressly provided otherwise, occurrence in India of any or all of events, set out in Clause 14.2 below, if it affects the performance by the Party claiming the benefit of Force Majeure (the “**Affected Party**”) of its obligations under this Agreement and which act or event: (a) is beyond the reasonable control of the Affected Party, (b) the Affected Party could not have prevented or overcome by exercise of due diligence and following Good Industry Practice, and (c) has Material Adverse Effect on the Affected Party.

14.2 A Force Majeure Event shall mean one or more of the following acts or events:

- (a) act of God, pandemic, epidemic, extremely adverse weather conditions, lightning, earthquake, landslide, cyclone, flood, volcanic eruption, chemical or radioactive contamination or ionising radiation, fire or explosion (to the extent of contamination or radiation or fire or explosion originating from a source external to the Project);
- (b) strikes or boycotts (other than those involving the Beneficiary Firm, Contractor or their respective employees/representatives, or attributable to any act or omission of any of them) interrupting supplies and services to the Project for a continuous period of 24 (twenty-four) hours and an aggregate period exceeding 7 (seven) days in a Financial Year;
- (c) any delay or failure of an overseas Contractor to deliver equipment in India if such delay or failure is caused outside India by any event specified in sub-clause (a) above and which does not result in any offsetting compensation being payable to the Beneficiary Firm by or on behalf of such Contractor;
- (d) any judgement or order of any court of competent jurisdiction or statutory authority made against the Beneficiary Firm in any proceedings for reasons other than (i) failure of the Beneficiary Firm to comply with any Applicable Law or Applicable Permit, or (ii) on account of breach of any Applicable Law or Applicable Permit or of any contract, or (iii) enforcement of this Agreement, or (iv) exercise of any of its rights under this Agreement by the Government;
- (e) the discovery of geological conditions, toxic contamination or archaeological remains on the Project that could not reasonably have been expected to be discovered through a site inspection;
- (f) an act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action, civil commotion or politically motivated sabotage;
- (g) any political or economic upheaval, disturbance, movement, struggle or similar occurrence which could not have been anticipated or foreseen by a prudent person and

which causes the construction or operation of the Project to be financially unviable or otherwise not feasible;

- (h) industry-wide or State-wide strikes or industrial action for a continuous period of 24 (twenty-four) hours and exceeding an aggregate period of 7 (seven) days in a Financial Year;
- (i) any civil commotion, boycott or political agitation which prevents production and assembly of Advance Chemistry Cell or fulfilment of obligations by the Beneficiary Firm for an aggregate period exceeding 15 (fifteen) days in a Financial Year;
- (j) failure of the Government to permit the Beneficiary Firm to continue its construction works, with or without modifications, in the event of stoppage of such works after discovery of any geological or archaeological finds or for any other reason;
- (k) compulsory acquisition in national interest or expropriation of any assets or rights in relation to the Project, of the Beneficiary Firm or Contractors;
- (l) unlawful or unauthorised or without jurisdiction revocation of, or refusal to renew or grant without valid cause, any clearance, license, permit, authorisation, no objection certificate, consent, approval or exemption required by the Beneficiary Firm or any of the Contractors to perform their respective obligations under this Agreement, provided that such delay, modification, denial, refusal or revocation did not result from the Beneficiary Firm's or any Contractor's inability or failure to comply with any condition relating to grant, maintenance or renewal of such clearance, license, authorisation, no objection certificate, exemption, consent, approval or permit; or
- (m) any failure or delay of a Contractor but only to the extent caused by another Force Majeure Event.

14.3 Duty to report Force Majeure Event

14.3.1 Upon occurrence of a Force Majeure Event, the Affected Party shall by notice report such occurrence to the other Party forthwith. Any notice pursuant hereto shall include full particulars of:

- (a) the nature and extent of each Force Majeure Event which is the subject of any claim for relief under this Article 14 with evidence in support thereof;
- (b) the estimated duration and the effect or probable effect which such Force Majeure Event is having or will have on the Affected Party's performance of its obligations under this Agreement;
- (c) the measures which the Affected Party is taking or proposes to take for alleviating the impact of such Force Majeure Event; and
- (d) any other information relevant to the Affected Party's claim.

- 14.3.2 The Affected Party shall not be entitled to any relief for or in respect of a Force Majeure Event unless it shall have notified the other Party of the occurrence of the Force Majeure Event as soon as reasonably practicable, and in any event no later than 7 (seven) days after the Affected Party knew, or ought reasonably to have known, of its occurrence, and shall have given particulars of the probable material effect that the Force Majeure Event is likely to have on the performance of its obligations under this Agreement.
- 14.3.3 For so long as the Affected Party continues to claim to be materially affected by such Force Majeure Event, it shall provide the other Party with regular (and not less than weekly) reports containing information as required under this Agreement, and such other information as the other Party may reasonably request the Affected Party to provide.

14.4 Effect of Force Majeure Event on the Contract

- 14.4.1 Upon the occurrence of any Force Majeure Event prior to the Appointed Date, the period set forth in Clauses 4.2 and 4.3 for fulfilment of Conditions Precedent and for achieving the Appointed Date shall be extended by a period equal in length to the duration of the Force Majeure Event.
- 14.4.2 At any time after the Appointed Date, if any Force Majeure Event occurs, the Term shall be extended by a period, equal in length to the period during which the Beneficiary Firm was prevented from performing its obligations.
- 14.4.3 The Parties agree that at any time after the Appointed Date, if any Force Majeure Event occurs, the phasing of the Subsidy by way of a year-on-year reduction pursuant to Clause 11.5 of this Agreement shall be deferred by a period equivalent to the duration of such Force Majeure Event.

By way of illustration, if the Appointed Date is April 01, 2022, and a 30 (thirty) day Force Majeure Event prevents the Beneficiary Firm from performing its obligations from June 1, 2022 until June 30, 2022, then the date on which phasing will take effect shall be deferred by 30 (thirty) days, i.e., until May 1, 2023 (with the subsequent phasing taking effect on May 1, 2024 and so on and so forth).

14.5 Parties to bear their own costs arising out of Force Majeure

- 14.5.1 Upon occurrence of any Force Majeure Event, the Parties shall bear their respective costs incurred and attributable to such event and directly relating to the Project (the “**Force Majeure Costs**”) and neither Party shall be required to pay to the other Party any costs or compensation thereof.
- 14.5.2 Save and except as expressly provided in this Article 14, neither Party shall be liable in any manner whatsoever to the other Party in respect of any loss, damage, cost, expense, claims, demands, and proceedings relating to or arising out of occurrence or existence of any Force Majeure Event or exercise of any right pursuant hereto.

14.6 Termination Notice for Force Majeure Event

If a Force Majeure Event subsists for a period of 180 (one hundred and eighty) days or more within a continuous period of 365 (three hundred and sixty five) days, or for a continuous period of 180 (one hundred and eighty) days in any given time-frame, either Party may in its discretion terminate this Agreement by issuing a Termination Notice to the other Party without being liable in any manner whatsoever, save as provided in this Article 14, and upon issue of such Termination Notice, this Agreement shall, notwithstanding anything to the contrary contained herein, stand terminated forthwith, provided that before issuing such Termination Notice, the Party intending to issue the Termination Notice shall inform the other Party of such intention and grant a period of 15 (fifteen) days to make a representation, and may after the expiry of such 15 (fifteen) days period, whether or not it is in receipt of such representation, in its sole discretion issue the Termination Notice.

14.7 Dispute resolution

In the event that the Parties are unable to agree in good faith about the occurrence or existence of a Force Majeure Event, such Dispute shall be finally settled in accordance with the Dispute Resolution Procedure, provided that the burden of proof as to the occurrence or existence of such Force Majeure Event shall be upon the Party claiming relief and/or excuse on account of such Force Majeure Event.

14.8 Excuse from performance of obligations

14.8.1 If the Affected Party is rendered wholly or partially unable to perform its obligations under this Agreement because of a Force Majeure Event, it shall be excused from performance of such of its obligations to the extent it is unable to perform on account of such Force Majeure Event; provided that:

- (a) the suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure Event;
- (b) the Affected Party shall make all reasonable efforts to mitigate or limit damage to the other Party arising out of or as a result of the existence or occurrence of such Force Majeure Event and to cure the same with due diligence; and
- (c) when the Affected Party is able to resume performance of its obligations under this Agreement, it shall give to the other Party notice to that effect and shall promptly resume performance of its obligations hereunder.

14.8.2 The Parties agree that the Beneficiary Firm shall develop alternate or standby arrangements for provision of goods and services in accordance with Good Industry Practice and failure on this account shall not excuse the Beneficiary Firm from performance of its obligations hereunder.

ARTICLE 15
CHANGE IN LAW

15.1 No compensation

If as a result of Change in Law, the Beneficiary Firm suffers an increase in costs or reduction in net after-Tax return or other financial burden or benefits from a reduction in costs or increase in net after-Tax return or other financial gains, neither Party shall be liable for any compensation payable to the other Party. It is expressly agreed and clarified that the Parties shall bear their respective increase or decrease in costs arising from Change in Law without any liability towards or remedy against the other Party.

ARTICLE 16
EVENTS OF DEFAULT AND TERMINATION

16.1 Beneficiary Firm Event of Default

16.1.1 The occurrence of any of the following events would constitute an event of default on the part of the Beneficiary Firm (“**Beneficiary Firm Event of Default**”), unless such an event occurs due to Force Majeure Event:

- (a) the Beneficiary Firm fails to meet any Conditions Precedent, within a cure period of 30 (thirty) days;
- (b) the Performance Security or any part thereof has been encashed and appropriated in accordance with Clause 7.2 and the Beneficiary Firm fails to replenish or provide fresh Performance Security within 15 (fifteen) days, or subsequent to the replenishment or furnishing of fresh Performance Security in accordance with Clause 7.2, the Beneficiary Firm fails to cure, within a cure period of 120 (one hundred and twenty) days, the Beneficiary Firm Event of Default for which whole or part of the Performance Security was appropriated;
- (c) occurrence of any Insolvency Event;
- (d) if Damages are levied for 6 (six) consecutive quarters owing to non-achievement of Committed Capacity and/or the Committed Value Addition; and
- (e) breach of any other obligations under this Agreement.

16.2 Termination for Beneficiary Firm Event of Default

16.2.1 Upon the occurrence of any Beneficiary Firm Event of Default for continuance period of 60 (sixty) days, the Government may deliver a default notice (“**Beneficiary Firm Default Notice**”), specifying the reasonable details and calling upon the Beneficiary Firm to remedy the same.

16.2.2 Unless the Parties have mutually agreed otherwise, or the Beneficiary Firm Event of Default has been remedied within a period of 30 (thirty) days, the Government may terminate this Agreement by serving a 7 (seven) days’ notice (“**Beneficiary Firm Termination Notice**”) to such effect to the Beneficiary Firm. It is clarified that such Beneficiary Firm Event of Default shall also entitle the Government to appropriate and encash the Performance Security and the Beneficiary Firm shall not be entitled to receive any Subsidy from the Government in such case.

16.2.3 Upon delivery of the Beneficiary Firm Termination Notice, this Agreement shall stand terminated from the date of Beneficiary Firm Termination Notice. Upon such termination, the Beneficiary Firm shall stand discharged of all its obligations, except for those that had accrued prior to the date of termination of this Agreement.

ARTICLE 17

DISPUTE RESOLUTION

17.1 Dispute resolution

Notwithstanding anything to contrary contained in this Agreement including Clause 17.1, any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (“**Dispute**”) shall, in the first instance, be attempted to be resolved amicably in accordance with the procedure set forth in Clauses 17.2.

17.2 Conciliation

In the event of any Dispute between the Parties, either Party may require such Dispute to be referred to the authorised representative of Beneficiary Firm and the authorised representative of Government for an amicable settlement.

17.3 Resolution of Dispute by the Court

In the event the Dispute is not amicably settled within 15 (fifteen) days of the meeting of the authorised representative of each Party or the Dispute is not resolved as evidenced by the signing of written terms of settlement within 30 (thirty) days of the notice in writing referred to in Clause 17.1 or such longer period as may be mutually agreed by the Parties, then such Dispute shall be exclusively resolved by the courts at New Delhi.

ARTICLE 18
MISCELLANEOUS

18.1 Governing law and jurisdiction

This Agreement shall be construed and interpreted in accordance with and governed by the laws of India, and the Courts at Delhi shall have exclusive jurisdiction over all matters arising out of or relating to this Agreement.

18.2 Waiver of sovereign immunity

The Government unconditionally and irrevocably agrees that the execution, delivery, and performance by it of this Agreement constitute commercial acts done and performed for commercial purpose.

18.3 No Waiver

Waiver by any Party of a default by another Party in the observance and performance of any provision of or obligations under this Agreement:

- (a) shall not operate or be construed as a waiver of any other or subsequent default hereof or of other provisions of or obligations under this Agreement;
- (b) shall not be effective unless it is in writing and executed by a duly authorised representative of the Party; and
- (c) shall not affect the validity or enforceability of this Agreement in any manner.

Neither the failure by any Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement or any obligation thereunder nor time or other indulgence granted by any Party to another Party shall be treated or deemed as waiver of such breach or acceptance of any variation or the relinquishment of any such right hereunder.

18.4 No third-party beneficiaries

This Agreement is solely for the benefit of the Parties and no other person or entity shall have any rights hereunder.

18.5 Survival

18.5.1 Termination of this Agreement:

- (a) shall not relieve the Parties of any obligations hereunder which expressly or by implication survive termination hereof; and
- (b) except as otherwise provided in any provision of this Agreement expressly limiting the liability of either Party, shall not relieve either Party of any obligations or liabilities for loss or damage to the other Party arising out of or caused by acts or omissions of such Party prior to the effectiveness of such termination or arising out of such termination.

18.5.2 All obligations surviving the cancellation, expiration or termination of this Agreement shall only survive for a period of 3 (three) years following the date of such termination or expiry of this Agreement.

18.6 Notices

All notices or other communications to be given or made under this Agreement shall be in writing, shall either be delivered personally or sent by courier or registered post with an additional copy to be sent by facsimile or e-mail. The address for service of each Party, its facsimile number and e-mail address are set out under its name on the signing pages hereto. A notice shall be effective upon actual receipt thereof, save that where it is received after 5.30 (five thirty) p.m. on any day, or on a day that is a public holiday, the notice shall be deemed to be received on the first working day following the date of actual receipt. Without prejudice to the foregoing, a Party giving or making a notice or communication by facsimile or e-mail shall promptly deliver a copy thereof personally or send it by courier or registered post to the addressee of such notice or communication. It is hereby agreed and acknowledged that any Party may by notice change the address to which such notices and communications to it are to be delivered or mailed. Such change shall be effective when all the Parties have notice of it.

18.7 Language

All notices, certificates, correspondence, and proceedings under or in connection with this Agreement shall be in English.

18.8 Authorised representatives

Each of the Parties shall by notice in writing designate their respective authorised representatives through whom only all communications shall be made. A Party hereto shall be entitled to remove and/or substitute or make fresh appointment of such authorised representative by similar notice.

18.9 Confidentiality

- (a) The Parties agree that all aspects of the content of this Agreement shall be treated as confidential and no information in respect thereof shall be disclosed without prior written consent of the other Party.
- (b) Sub-clause (a) does not apply to confidential information which: (i) at the date of disclosure by and on behalf of one Party to the other Party or that other party's professional advisers is in the public domain, or (ii) after such disclosure, enters the public domain through no fault of that Party or its professional advisers, or (iii) was lawfully in the possession of that Party or its professional advisers at the date hereof as evidenced by the written records of that Party or its professional advisers, and which was not acquired directly or indirectly from such first Party, or (iv) is required under the Applicable Law or order of any competent court.

18.10 Binding Nature

This Agreement shall be for the benefit of and be binding upon the Parties, and their respective successors and permitted assigns.

18.11 Further Assurance

Each Party agrees to execute, acknowledge, deliver, file record, and publish such further contracts, certificates, amendments to certificates, instruments, and documents, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

18.12 Heading and References

The clause headings are for convenience only and do not form part of this Agreement and references to Clause and Annexures shall be deemed to be references to clauses and Annexures of this Agreement unless the context expressly provides otherwise.

18.13 Counterparts

This Agreement may be executed in one or more duplicate counterparts, and when executed and delivered by the Parties, shall constitute a single binding agreement.

18.14 Amendment

This Agreement can be amended or supplemented only with the written consent of both the Parties.

18.15 Stamp Duty and Registration Costs

The Parties shall bear all charges equally on account of stamping or registration of this Agreement that may be applicable and is levied by the concerned authorities on registration of this Agreement.

18.16 Severability

- (a) The Parties agree that if any provision of this Agreement is or becomes invalid, illegal, or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- (b) Notwithstanding the foregoing, the Parties shall thereupon negotiate in good faith in order to agree to the terms of a mutually satisfactory provision, achieving as nearly as possible the same commercial effect, to be substituted for the provision so found to be void or unenforceable.

18.17 Relationship of the Parties

This Agreement shall not be interpreted or construed to be or create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any

agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

18.18 Entire Agreement

This Agreement and any other transaction documents to which both Parties are a party constitute the entire agreement of the parties relating to the subject matter hereof. There are no promises, terms, conditions, obligations, or warranties other than those contained in this Agreement. This Agreement supersedes all prior communications, representations, RFP or agreements, verbal or written, among the Parties relating to the subject matter hereof.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED AND DELIVERED THIS AGREEMENT AS OF THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

<p>FOR Ministry of Heavy Industries, Government of India</p> <hr/> <p>Authorised Signatory Name: Designation: Address: Email:</p> <p>Witnessed by: Name: Designation:</p>	<p>FOR [●]</p> <hr/> <p>Authorised Signatory Name: Designation: Address: Email:</p> <p>Witnessed by: Name: Designation:</p>
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SCHEDULE – A

APPLICABLE PERMITS FOR ESTABLISHING PROJECT

Clearance / Permit Requirements

Below is an indicative list of Applicable Permits for setting up the Project as specified by Department for Promotion of Industry and Internal Trade:

Clearance/ permit	Agency concerned
Incorporation of Company	Registrar of Companies
Registration/IEM (Industrial Entrepreneur Memorandum/Industrial license)	District Industry Centre for Small Scale Industries (SSI) /Secretariat of Industrial Assistance (SIA) for large and medium industries of relevant state government
Allotment of land	(a) State Directorate of Industries (DI) (b) State Industrial Development Corporation (SIDC) (c) Infrastructure Corporation (d) Small Scale Industrial Development Corporation (SSIDC)
Permission for land use (in case industry is located outside an industrial area)	(a) State Directorate of Industries (b) Department of Town and Country Planning (c) Local authority/District Collector
NOC and consent to establish and operate under Water and Air Pollution Control Acts	State Pollution Control Board
Permits relating to environmental protection and conservation of the site of the Project (including the Environmental Clearance)	(a) Ministry of Environment, Forest and Climate Change; (b) State Pollution Control Board
Approval of construction activity and building plan	(a) Town and country planning (b) Municipal and local authorities (c) Chief Inspector of Factories (d) Pollution Control Board (e) Electricity Board
Sanction of Power	State Electricity Board / State Power distribution utility or company
Tax Registration	(a) State and Central GST Department (b) State Department of Revenue
Extraction of Minerals (if required)	State Director of Mines and Geology

SCHEDULE – B

SUBSIDY GRANTED TO THE BENEFICIARY FIRM

[•]

**Annex - I
Subsidy Determination Form**

(For the purpose of releasing Subsidy under “National Programme on Advance Chemistry Cell (ACC) Battery Storage”)

Beneficiary Name	CIN Number
Subsidy eligibility certificate No.	Subsidy eligibility certificate validity
From Month	To Month

I, _____ (Name, authorized signatory), on behalf of M/s _____ (Beneficiary name) being an applicant for release of Subsidy under “National Programme on Advance Chemistry Cell (ACC) Battery Storage” with LOA number _____ (Bid LOA number) hereby confirm that my Subsidy during the period _____ to _____ (quarter months) is calculated to be INR.

(a) Quantity of cells sold during period (Nos.):

HSN no.	Quantity (nos)

(b) Quantity of cells sold during period (kWh):

HSN no.	Quantity (kWh)

(c) Effective Subsidy per kWh (as per Programme Agreement) (INR):

HSN no.	Subsidy (INR / kWh)

(d) Percentage of Value Addition (as per certificate for Value Addition in India), or the Value Addition specified in the technical bid of the Beneficiary Firm, whichever is lower:

HSN no.	Value Addition (%)

(e) Overall Subsidy amount (b x c x d) (INR):

(f) Applicable penalty on account of shortfall in achievement of stipulated Value Addition or Committed Capacity (INR)

.....
Authorized Signatory with Date, Name and Seal
(Name of Beneficiary)
Designation.....

Seal

Verified by

.....
Name of Statutory Auditor

Seal

SCHEDULE – C

F. No. XXXXXXXXXXXX
Government of India
Ministry of Heavy Industries
Udyog Bhawan, New Delhi

INDICATIVE

Dated: DD.MM.YYYY

To,
The Pay & Account Officer,
Pay & Account Office,
Ministry of Heavy Industries,
Udyog Bhawan,
New Delhi - 110001

Subject: Disbursement of Subsidy to XXXX.

1. The production linked incentive scheme (“**PLI Scheme**”) for Advanced Chemistry Cell (“**ACC**”) was notified on 9 June 2021 with the approval of Union Cabinet, for providing subsidy to attract investments in battery manufacturing in the country. A copy of the notification is enclosed.
2. The application of XXXXX (*Name of the Beneficiary Firm*) seeking Subsidy under PLI Scheme was received on DD.MM.YYYY for manufacturing of ACCs under the said notification. The manufacturing facility was proposed to be implemented at an estimated cost of INR XXXX crore at location: XXXX. The application was accorded approval on DD.MM.YYYY.
3. The Beneficiary Firm achieved Milestone I Completion Certificate as per the Programme Agreement on DD.MM.YYY and received approval from Ministry of Heavy Industries on DD.MM.YYY.

[The Beneficiary Firm also achieved Milestone 2 Completion Certificate as per the Program Agreement on DD.MM.YYY and received approval from Ministry of Heavy Industries on DD.MM.YYYY]³

4. The application for disbursement of Subsidy on the sale of batteries under the PLI Scheme for INR XXXX was submitted by the Beneficiary Firm through their application on DD.MM.YYYY. The verification of claim was done by Miss. XXXXX, the verification agency appointed by Ministry of Heavy Industries. The verification agency concluded that the Beneficiary Firm is eligible for an amount of INR XXXXX.
5. As per verification report, the summary of the disbursement request made by the Beneficiary Firm is as under:

S. No	Particulars	Details
A.	Current claim period – Quarter	Invoices from DD.MM.YYYY to DD.MM.YYYY

³ **Note:** To be stated on disbursement of Subsidy after the achievement of Milestone 2 Completion Certificate.

B.	Sales completed by the Beneficiary Firm during the period for which Subsidy has been claimed	Sales Amount: INR XXXX
C.	Subsidy claimed by the Beneficiary Firm	Subsidy on sale price: INR XXXXX Total Subsidy claimed: INR XXXX (Subject to a ceiling of 20% value of sale price)

6. The verification agency has found the amount of INR XXXXX as ineligible in the claim for Subsidy by the Beneficiary Firm. The verification agency shall release the details on ineligible claims before the disbursement of Subsidy.
7. The eligible Subsidy on sale value of INR. XXXXX comes out to INR XXXXX. The details are as follows:

S. No	Particulars	Details
A.	Subsidy claims submitted by the Beneficiary to the Government	INR
B.	Achievement of Milestone 1	Yes/No (If Yes, Date)
C.	Achievement of Milestone 2	Yes/No (If Yes, Date)
D.	Claims considered eligible for disbursement	INR
E.	Final amount to be paid as Subsidy	INR

8. In accordance with the provisions of the Programme Agreement, for disbursement of Subsidy, XXX (*Name of the Beneficiary Firm*) had submitted the following documents for seeking release of the Subsidy:
- Request letter to the Government for availing cash Subsidy as per Schedule H of the Program Agreement;
 - An undertaking as per the format given at the Schedule I of the Program Agreement 'Undertaking of Subsidy Parameters';
 - Certificate for Value Addition in India as per Schedule J of the Program Agreement; and
 - Board resolution to the effect that the Beneficiary Firm agrees to abide by the terms and conditions as laid down in the Programme Agreement.
9. In view of above, Subsidy of INR XXXXX-(XXX only) may be credited in the bank account of Mis XXXX (*Name of the Beneficiary Firm*) as per bank details given below :-

Name of Account Holder:

Address:

Bank Name:

A/c No.:

IFSC No.:

10. The expenditure involved can be debited to XXXX (Major Head) under Demand No. XXX of Ministry of Heavy Industries for the Financial Year 20XX-XY.

11. This issues with the approval of Secretary, Ministry of Heavy Industries vide XXXX dated DD.MM.YYYY and concurrence of IFD, Ministry of Heavy Industries vide XXXX dated DD.MM.YYYY.

Yours faithfully,

(Authorised Signatory)

CC: Beneficiary Firm

SCHEDULE – D

TESTING STANDARDS

1 Testing Standards

1.1 Purpose

- 1.1.1 This schedule lays down guidelines for testing of Advance Chemistry Cells for the purpose of availing Subsidy to be provided under the National Programme on Advance Chemistry Cell (ACC) Battery Storage. The tests and criteria prescribed in this schedule are limited to calculation of energy density and cycle lives which are the essential qualifying criteria for manufacturers to avail Subsidy for ACC as per the performance outputs specified in ACC matrix (for example under paragraph 1.3 below). For the purpose of commercial sale of the cells in the Indian market, independent testing as per the prevailing standards would be necessary.
- 1.1.2 These guidelines provide the standardized testing framework to decide the eligibility criteria in the National Programme on Advance Chemistry Cell Battery Storage for incentivising cell manufacturing in India. The cells will be tested to determine the Beneficiary Firm's eligibility as per the eligibility matrix for availing incentives under the said programme. It is clarified that the responsibility for having such tests conducted shall rest with the Beneficiary Firm.
- 1.1.3 These guidelines specify performance requirements of the cells to be tested by a third-party laboratory accredited by NABL. It also specifies the requirements of sampling, test methods and key requirements to be met by the testing laboratories. The programme administrator may choose to empanel certain accredited labs where the testing needs to be carried out as per this Schedule-D.
- 1.1.4 These testing standards are in accordance with ETD 11 (18132) that is methods of test for measurement of energy density and cycle life of Advance Chemistry Cells.

1.2 Terms and definitions

Following terms and definitions shall apply for standardise testing framework:

Advance Chemistry Cells:

As defined in Schedule-G.

The cycle life and energy density have been defined which have to be achieved at specified operating conditions (Temperature and C-rate) as elaborated in this document. The cycle life has to be achieved at specified Depth of Discharge (“**DoD**”) and End of Life (“**EoL**”) capacity as defined in the document.

Energy density:

Energy density is the amount of energy stored per unit weight of a cell and to be measured in Wh/kg.

Cycle life:

Cycle life is the number of charge and discharge cycles that a cell is able to support at a specified DoD before its capacity degrades to the EoL condition.

State of Health (“SoH”):

State of Health is defined as the ratio of actual capacity of a cell and the initial rated capacity of the cell and it is expressed as a percentage.

End-of-life (“EoL”) capacity:

End-of-Life capacity is defined as the minimum SoH of the cells, post which they cannot fulfil the applicant's requirements due to a significant reduction in performance.

Room temperature:

Room Temperature is defined here as the temperature of 25 °C (centigrade) \pm 2K

Rate of Discharge (“C-Rate”):

Rate of Discharge is a measure of the rate at which a cell is discharged or charged relative to its maximum capacity. e.g., 1C rate means that the discharge current will discharge the entire cell in 1 hour and in the same cell discharging at 0.5C would mean that discharge current will discharge the entire cell in 2 hours.

Depth of discharge (“DoD”):

Depth of Discharge is defined as the percentage (%) of energy cycled out of the battery on a given cycle with respect to the total capacity of the battery. In other words, the DoD can also be referred to as the fraction of the battery capacity which is used in every charge and discharge cycle.

Useable/ Useful energy:

Useable or Useful energy refers to the total cumulative energy discharged by a cell during the entire cycle life at the specified DoD level and EoL capacity threshold.

State of Charge (“SoC”):

The State of Charge of a cell denotes the capacity which is currently available as a function of the rated capacity. The value of the SoC varies between 0% and 100%. If the SoC is 100%, then the cell is said to be fully charged, whereas a SoC of 0% indicates that the cell is completely discharged.

Power Capacity:

Power Capacity refers to the rate at which the energy is delivered per unit time by the cell and is measured in watts.

1.3 Testing criteria for cell performance

There are several factors which affect both the useable energy and the cycle life. To avail the incentive under the National Programme on ACC Battery Storage, the manufacturer shall follow a common set of operating and environmental conditions, as defined in the subsequent sections, to demonstrate the output parameters and qualify for the incentive under the said

programme. Manufacturers may be permitted to make performance claim for which tests can be carried out over and above the minimum specified criteria. However, this must be done under the knowledge of the programme administrator.

1.3.1 Temperature

Criteria:

1.3.1.1 The test shall be performed at room temperature $25\text{ }^{\circ}\text{C} \pm 2\text{ K}$.

Note: The performance values at 25°C have been prescribed for the purpose of availing Subsidy. However, for the purpose of commercial sale of the ACCs in the Indian market, independent testing as per prevailing standards would be required. It is anticipated that such additional testing for product validation purposes will be taken up by the product developers and concerned customers as per their application and specific requirements.

1.3.2 Rate of Discharge (C-Rate)

Criteria:

1.3.2.1 The energy density and cycle life tests shall be conducted at 0.5C charge and 0.5C discharge as the standard test condition or any other higher charge / discharge rate, if requested by the manufacturer.

1.3.3 Depth of discharge (DoD)

Criteria:

1.3.3.1 The minimum DoD for testing shall be 80%. Testing at any other higher DoD level is permissible, if requested by the manufacturer. The cycle life and energy density tests shall be done at the same level of DoD.

1.3.3.2 The criteria for determining eligibility for incentives are given hereunder:

Manufacturers' specifications (illustrative)			Useful Wh for energy density calculation	Qualified? Yes/No
Cell	Name plate rating (Wh)	Cycle life at 80% DOD		
A	100	>10000	$100 \times 0.8 = 80$ Wh	Yes, if the cell meets or exceeds the energy density criteria of 50 Wh/kg
B	100	>4000	$100 \times 0.8 = 80$ Wh	Yes, if the cell meets or exceeds the energy density criteria of 125 Wh/kg
C	100	>2000	$100 \times 0.8 = 80$ Wh	Yes, if the cell meets or exceeds the energy density criteria of 125 Wh/kg

			Wh	density criteria of at least 200 Wh/kg
D	100	>1000	100 x 0.8 = 80 Wh	Yes, if the cell meets or exceeds the energy density criteria of more than 275 Wh/kg

1.4 Testing criteria to assess the life cycle capacity

1.4.1 End-of-life (EoL) capacity

Criteria:

1.4.1.1 End-of-life capacity for testing shall be “80% of initial capacity and would be measured in Wh”.

1.4.2 Cycle life testing: Based on partial “cycle life” tests

Criteria:

1.4.2.1 Testing of the cycle life of the cells, at the specified DoD levels, shall be carried out up to completion of 50% of the number of cycles as specified by the manufacturer. Based on the performance of the cell at the end of 50% of the specified number of cycles, projections shall be made to arrive at the total cycle life of the cell, considering an EoL capacity of 80% of the initial rating of the cell. In addition:

- (a) Energy delivered at the start of cycle life, at end of 50% of cycle life and as projected at the EoL capacity should be at or above 100%, 90% and 80% of the rated capacity, respectively.
- (b) Power delivered at the start of cycle life, at end of 50% of cycle life and as projected at the EoL capacity should be at or above the manufacturer specified value.
- (c) The cell needs to demonstrate minimum acceptable voltage level through a high-rate discharge test.

1.4.2.2 The Subsidy determined through the above process would be provisional subject to the cell demonstrating the complete cycle life in due course. In case, the cell demonstrates a cycle life which changes its position in the ACC matrix, a penalty, as determined suitably, would have to be paid by the cell manufacturer. The detailed test procedure to carry out the cycle life test is given in Section 3.

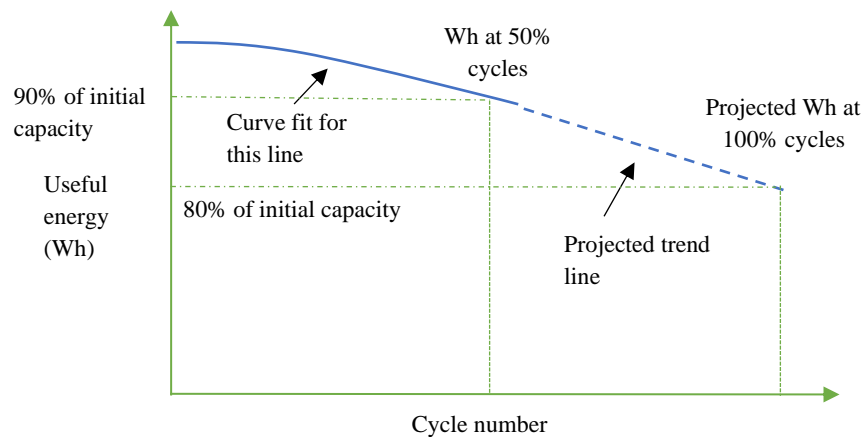
1.4.2.3 It is recommended that the test results and projections shall cover the following parameters as minimum performance requirements of the cell:

#	Parameter	Start of cycle test	End of 50% specified no. of cycles	End of specified no. of cycles
1	Useful energy in Wh (delivered in one cycle)	Measured value to match specified value	Measured value to be at least 90% of initial value	Projected value to be at least 80% initial value

#	Parameter	Start of cycle test	End of 50% specified no. of cycles	End of specified no. of cycles
2	Power capacity (Watts)	Measured value to be equal to or exceed "specification"	Measured value to be equal to or exceed "specification @50% cycle"	Projected value to be equal to or exceed "specification @ end of cycle"

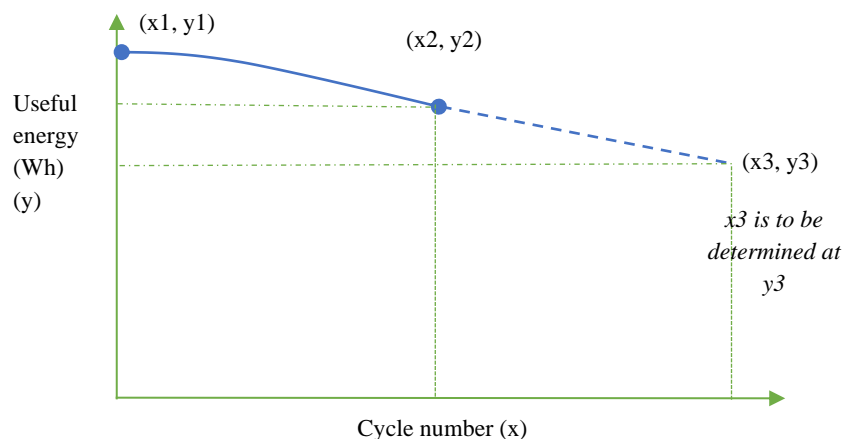
Note: Manufacturer has to mention the useful energy and power capacity for each of these stages.

1.4.2.4 To undertake the cycle life projections, post the end of 50% of specified no of cycles, the useful energy is measured in each cycle and a plot of energy is made against cycle number. The following diagram illustrates this process. This graph is then projected using a linear extrapolation method to determine the projected value of cycle life when the cell is expected to reach the EoL (80% of initial capacity in Wh).



Methodology of such linear extrapolation is specified as per following equation:

Consider a manufacturer who quotes a cycle life of, say, 2000 and useful energy of, say, 100 Wh. Testing would be done till 50% of quoted cycle life, i.e., 1000 cycles.



The projected cycle life (x3) is given as per below equation:

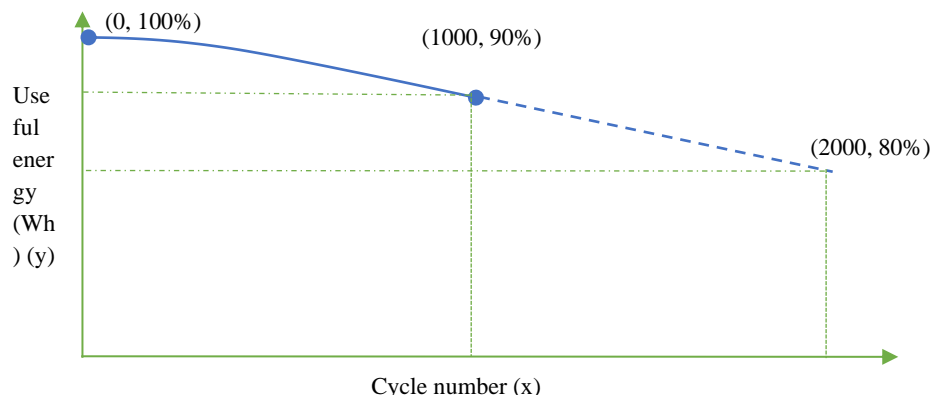
$$x_3 = x_1 + ((y_3 - y_1) * (x_2 - x_1) / (y_2 - y_1))$$

where:
x1 is 0;

y_1 is 100% capacity, say 100 Wh;
 x_2 is 50% of the cycle life specified by the manufacturer i.e. 1000;
 y_2 is the % of initial capacity calculated at x_2 , say 90 Wh;
 x_3 is the cycle life calculated at 80% of initial capacity;
 y_3 is 80% of the initial capacity, say 80 Wh;

Illustration of the extrapolation is mentioned below:

Cycle life	Value (cycles)	Capacity	Value (Wh)	Remark
x_1	0	y_1	100	These values will remain constant for all the tests
x_2	1000	y_2	90	x_2 is the cycle life calculated using 50% of manufacturer's specified cycle life; y_2 will be calculated using actual cycle life test
x_3	To be determined	y_3	80	x_3 will be calculated using the specified formula y_3 will be 80% of initial capacity



Cycle life (x_3) is determined as follows:

$$\begin{aligned}
 x_3 &= 0 + ((80-100)*(1000-0)/(90-100)) \\
 x_3 &= 0 + (-20*1000/-10) \\
 x_3 &= 0 + 2000 = 2000
 \end{aligned}$$

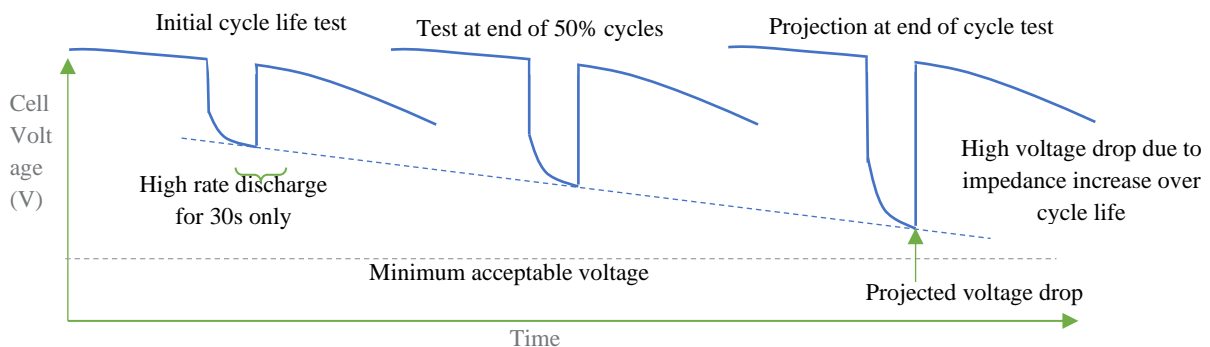
1.4.2.5 In addition, the testing should include a high -rate discharge test to ensure that the cell, under testing, can deliver rated power/ C-rate till the end of projected life, apart from maintaining the rated energy (kWh) capacity. Considering the same, the power capability of the cell, as mentioned in the end-of-life criterion, shall be measured using a “high -rate pulse discharge” as described below.

The testing agency should also endeavour to verify the results of cycle life testing, as per procedure illustrated above, through an alternate mechanism of predictive cycle life /

accelerated ageing method, in line with relevant standards, if available, and suited for the concerned ACC type. It is also explicitly clarified that as and when suitable standards / test methods for any alternate method of cycle life testing including predictive cycle life / accelerated ageing method is notified by programme administrator through adequate studies and deliberations, the same would be adopted for cycle life testing of ACCs under this programme. In such a case, applicability of provision 1.4.2.2 would be suitably examined.

1.4.3 High rate discharge test

1.4.3.1 This test shall be conducted by applying a high current pulse of 30 second duration while the cell is going through a normal discharge test. The parameters to be measured are as shown by the following illustration:



Note: Manufacturer should define the minimum acceptable voltage level. No “specific” value of the magnitude of the “high current” pulse is recommended for this test. The “manufacturer specified” 30 sec peak discharge current value shall be used for the test.

1.4.3.2 The cell, under testing, will need to pass this test by demonstrating that the cell voltage after application of the high current pulse shall not fall below the manufacturer determined end-of-discharge voltage / minimum acceptable voltage as highlighted in the graph above.

1.4.3.3 It is recommended that this test shall be conducted at a temperature of $25^{\circ}\text{C} \pm 2 \text{ K}$ and SoC of the cell below 50% but above 40%. The test should not be performed at below 40% SoC since the cell may not be able to deliver the required power at SoC levels below it.

1.4.4 Predictive cycle life testing

- 1.4.4.1 As the cycle life testing is a time taking process, there is need to develop a predictive testing that can predict cycle life of ACCs in a timeframe which would be similar to the time frame for conducting the energy density. The result of predictive testing can be considered by the program administrator to allow the manufacturer to qualify for Subsidy. This mechanism will help to avoid delay in disbursing of incentive to manufacturer.
- 1.4.4.2 Such type of testing will be highly data driven and require data modelling or machine learning to predict the cycle life the ACCs. Prediction of cycle life will require a large database of cycle life calculation of multiple ACCs. Once the database is created, capacity degradation behavior of the ACCs can be predicted using the appropriate tool.

1.4.5 Accelerated ageing method

- 1.4.5.1 Accelerated testing of cells is often conducted to predict performance and cycle life in the targeted operating conditions. The assumption here is that an elevated operating condition (high temperature, high charging rates, etc.) can accelerate the degradation levels of batteries/ cells and lead to a faster end-of-life over normal operating conditions.
- 1.4.5.2 As per IEEE 1679-2010, well-defined aging mechanisms are present for various energy storage technologies. Some factors can be aggravated to the point that they result in accelerated aging processes that dramatically shorten operating life. IEEE highlights factors which are needed to undertake a rapid ageing and extrapolating the results from the altered performance to estimate the actual cycle life.
- 1.4.5.3 These tests/ methods are recommended only to shorten the duration of Subsidy disbursement process for the manufacturer. However, an exhaustive / complete cycle life test shall also be conducted in parallel with predictive/ accelerated aging tests. Result of which will determine the applicability of Subsidy.
- 1.4.5.4 The task of finalizing test procedures for predictive/ accelerated ageing of ACCs will be done with the help of NABL accredited laboratories. The programme administrator may notify cycle life testing procedures based on the results of this task after due consultation with the relevant stakeholders.

2 Test Method for Energy Density

2.1 General

The following general conditions shall apply for the test method listed in subsequent clauses:

- 2.1.1 During each test, voltage, current and ambient temperature shall be recorded.
- 2.1.2 Before each test, the cell temperature shall be stabilized at room temperature by soaking at a temperature of 25 °C for a minimum of 12 h.

NOTES

- Thermal stabilization of a cell is considered to be reached if after an interval of 1 h, the change of cell temperature is lower than 1 K.

- The soaking period of 12 h may be reduced if thermal stabilization is reached.

2.1.3 The ambient temperature shall be the room temperature, which is the temperature of thermal chamber.

2.1.4 The overall accuracy of controlled or measured values, relative to the specified or actual values, shall be within the following tolerances:

- ± 0.1 % for voltage;
- ± 1 % for current;
- ± 2 K for temperature;
- ± 0.1 % for time;
- ± 0.1 % for mass;

NOTE: These tolerances comprise the combined accuracy of the measuring instruments, the measurement technique used, and all other sources of error in the test procedure.

2.1.5 Rounding off shall be done as per IS 2.

2.2 Charging procedure for test purposes

2.2.1 Prior to charging, the cell or battery shall be discharged at 25 °C at a constant C-rate, as per 1.3.2, down to a specified final voltage as declared by the manufacturer.

2.2.2 The charging procedure for test purposes shall be carried out in an ambient temperature of 25 °C, using the method declared by the manufacturer.

2.3 Mass measurement

The mass of a cell is measured at room temperature up to three significant figures in accordance with the tolerances in 2.1.4.

2.4 Energy Capacity measurement (in Wh)

2.4.1 The energy capacity of a cell shall be measured in accordance with the following steps:

Step 1 – The cell shall be charged in accordance with 2.2

Step 2 – The cell or battery shall be stored, in an ambient temperature of 25 °C, for the duration specified by the manufacturer.

Step 3 – The cell shall be discharged in an ambient temperature of 25 °C at a constant C-rate, as per 1.3.2, to the end-of-discharge voltage that is provided by the cell manufacturer.

NOTE The end-of-discharge voltage provided by the cell manufacturer shall correspond to at least a DoD of 80%, as per 1.3.2

Step 4 – Measure the discharge duration until the specified end-of-discharge voltage is reached. Calculate the discharge capacity of cell expressed in Ah up to three

significant figures, by multiplying the discharge current (A) with the discharge duration (h).

Step 5 – Average voltage calculation

The value of the average voltage during discharging shall be obtained by integrating the discharge voltage over time and dividing the result by the discharge duration. The average voltage is calculated in a simple manner using the following method:

Discharge voltages U_1, U_2, \dots, U_n are noted every 5 sec from the time the discharging starts and voltages that cut off the end-of-discharge voltage in less than 5 sec are discarded. The average voltage U_{avr} is then calculated in a simplified manner using equation (1) up to three significant figures by rounding off the result.

$$U_{avr} = \frac{U_1 + U_2 + \dots + U_n}{N} \quad (1)$$

Step 6 – The energy capacity expressed in Wh shall be calculated using Equation (2) up to three significant figures by rounding off the result.

$$W = C_d \times U_{avr} \quad \dots\dots(2)$$

where

W is the energy capacity of the cell at room temperature (Wh) when discharged under specified conditions;

C_d is the discharge capacity (Ah) as calculated in Step 4;

U_{avr} is the average voltage during discharging (V) as calculated in Step 5.

2.5 Calculation of mass energy density

2.5.1 Mass measurement

Mass of the cell shall be measured as specified in 2.3.

2.5.2 Energy capacity measurement

Energy capacity of the cell shall be determined in accordance with 2.4 at room temperature.

2.5.3 The mass energy density shall be calculated using equation (3) up to three significant figures by rounding off the result:

$$\rho_{ed} = \frac{W}{M} \quad \dots\dots (3)$$

where

ρ_{ed} is the mass energy density (Wh/kg);

W is the energy capacity of the cell at room temperature (Wh) when discharged under specified conditions;
 m is the mass of the cell (kg).

- 2.5.4 Process 2.5.2 and 2.5.3 shall be repeated five times. The final result shall be calculated by taking average of best three readings.

3 Test Method for Cycle Life measurement

A cell is generally chosen based on its high energy density and good power capability at the desired working voltage. However, the reliability of a cell depends on its ability to deliver the expected cycle life in the long run. High discharge currents can significantly reduce the cycle life of cells. The following steps illustrate the procedure for undertaking cycle life testing through a series of charge and discharge cycles. Before the charge and discharge cycle test, measure the energy capacity as the initial performance of the cell in accordance with 2.4 at 25 °C.

3.1 Charge and discharge cycle

The charge and discharge cycle test shall be performed as follows:

- (a) At the start of the test, cell temperature shall be stabilized to 25 °C in accordance with 2.1.2.

- (b) Test phases

Phase 1 – The cell shall be discharged at 25 °C at a constant C-rate, as per 1.3.2, down to a specified final voltage. The final voltage shall be the same as that declared by the manufacturer.

Phase 2 – The cells shall be fully charged, in an ambient temperature of 25 °C, by the method specified by the cell manufacturer. The charge time shall be less than 2 h for the constant current charging step.

Phase 3 - The cell shall be discharged, in an ambient temperature of 25 °C at constant C-rate, as per 1.3.2, until its voltage is equal to the end-of-discharge voltage that is provided by the cell manufacturer.

NOTE The end-of-discharge voltage provided by the cell manufacturer shall correspond to at least a DoD of 80%, as per 1.3.3.

Phase 4 – Phase 2 and 3 shall be repeated until the test termination specified in 3.1(d).

NOTE The rest time between each phase shall be as specified by the cell manufacturer.

- (c) Periodical measurement of performance
- (d) After completion of every 500 cycles, the energy capacity of the cell shall be measured as specified in 2.4.

(e) Termination of test

The cycle life test shall be terminated when either of the following conditions is satisfied.

Condition A – The test sequence from phase 2 to phase 4 has been repeated for equal number of cycles as declared by the cell manufacturer.

Condition B – Energy capacity is decreased to less than 80 % of the initial value.

NOTE If the voltage falls below the lower limit specified by the cell manufacturer during phase 3, the test shall be discontinued notwithstanding the stipulation in 3.1 (d), and the cell performance shall be measured at this point as specified in 3.1(c).

4 Guidelines for the Sampling & Reporting Procedures

4.1 Sampling & Testing

4.1.1 Collection of samples.

4.1.1.1 For the purpose of this section, the definitions given in IS 4905: 2015 shall apply.

4.1.1.2 The sample size should be at least four times the number of units required for testing, to take into account probable damages due to transportation and possible repetition of tests upon failure in a test. Five cells for one particular test will suffice (please refer IS 16046 (parts 1 and 2)).

Explanatory Note: If the total number of exclusive cells required for all the tests is n , the sample size will be $4n$. The four samples will totally contain $4 \times n$ cells. Only the first sample out of the four selected samples need be submitted for testing. The other three sets totaling $3 \times n$ cells are to be kept as back up for the above-mentioned exigencies. If only five cells are required for each test and all the tests can sequentially be completed on those five cells, then n will be 5.

4.1.1.3 The sample should be drawn from cells which have completed manufacture, inclusive of all quality assurance programmes of the manufacturer, but before their assembly into batteries. The sample shall be drawn from batches which are not more than 3 months old.

4.1.1.4 The sample shall be collected as per Method 1 in clause 8.6 of IS 4905: 2015 from the production where the identification of the units shall be by their serial numbers. Random numbers for the purposes shall be generated as per algorithm at clause 7 of IS 4905.

Audit records as per 7.4 of IS 4905: 2015 shall be maintained.

4.1.2 Criteria for acceptance.

All units of a selected sample shall pass the tests. In case a sample fails (results fall outside the eligibility matrix) in any of the tests, a further sample consisting of double the number of units should be tested for all the tests. All units of this second sample shall pass in the tests.

4.1.3 Surveillance testing.

An independent agency designated by the programme administrator shall collect samples at the dispatch point or customers premises and get the samples tested at an independent laboratory once in a quarter. The samples shall conform to the requirements specified for the tests. In case of non-conformity, two more samples shall be tested, both of these subsequent samples shall conform to the specified requirements. The agency should draw the sufficient number of units to take care of this eventuality.

4.1.4 Storage/Transportation of samples.

Storage and transportation of samples shall be as per the instructions provided for the model by the manufacturer. UN 38.3 protocol for transportation of cells and batteries shall be followed in case no such instructions are provided by the manufacturer.

4.2 Online System for Sample Selection, Transactions & Reporting

1. The samples shall be provided by the manufacturer to the laboratory as per the sampling procedure. The manufacturer and the empanelled laboratory shall adhere to the guidelines, in the selection of samples, codifications, handling, storage and dispatch.
2. Before initiating the testing of the samples, the laboratory shall record compliance to the guidelines and if it observes any variance from the guidelines, the laboratory will inform the programme administrator for specific decisions.
3. Testing shall be done as per the test parameters defined in this document, and in accordance with the Indian or international standards. The turn-around time shall be less than 3 days, in addition to the required test duration as specified in the test method. No deviation is permitted in test procedures.
4. The program administrator shall implement an online system for information collation from the manufacturers and testing laboratories, for updating the status/details of sample physical fitness, sample receiving date, testing and completion date, test conformance details, progress report along with the test reports and its observed values, status of failures, analysis of trends etc.

4.3 Guidance on Samples used in Long Term Aging Test Procedures.

- 4.3.1 Cells are subject to degradation in storage due to a variety of chemical mechanisms, such as limited thermal stability of materials in storage. Battery performance can degrade during use, due to parasitic reactions. Rates of degradation can be related to a number of factors, such as storage temperature or temperature variations.

- 4.3.2 The effect of degradation of performance can be estimated by real time storage measurements or by accelerated ageing at high temperatures.
- 4.3.3 Hence, the selection of cells to be done for long term aging / cycle life testing has to be done exclusively from the fresh batch of manufacturing. For instance, as per 4.1.1, if the sampling has been done for batches manufactured during January - March, the cycle life testing/ aging test has to be done on samples manufactured at the most recent date in the January - March period.

SCHEDULE – E

DISBURSEMENT MECHANISM

1. The amount of cash Subsidy to be distributed shall be linked to the following factors:
 - (a) Capacity of Advance Chemistry Cell sold (per KWh basis); and
 - (b) Value Addition within India of Advance Chemistry Cell produced. The percentage of Value Addition may also include the Value Addition or indigenous manufacturers undertaking the activity of manufacturing in India.

2. The amount of Subsidy to be disbursed would be calculated as following:

Formula for calculation:

Fixed amount per kilowatt hour X (multiplied) Percentage of Value Addition achieved during the period X (multiplied) Actual production of Advance Chemistry Cell sold (in KWh).

The fixed amount per kilowatt hour is calculated as multiplication of base Subsidy factor for the applicable Advanced Chemistry Cell with effective phasing of base Subsidy as indicated in Article 11 of this Agreement.

Explanation:

“**Value Addition**” shall be construed as the percentage of manufacturing activity (to manufacture Advance Chemistry Cell) being undertaken in India, by the Beneficiary Firm either on its own or via indigenous manufacturers.

3. **Self-certification/ Validation**

The Beneficiary Firm shall provide self-certification given by the chartered accountant in terms of generally accepted costing principles. The following parameters may be considered by the cost accountant to calculate the Value Addition in India:

- (a) Change in HSN at 6-digit level: The final product (Advance Chemistry Cell) should be achieved as a result of change in a HSN (as per the Customs Tariff Act, 1975) at the six digit level (of the final product manufactured vis-a-vis the goods procured for the manufacturing activity) on account of manufacturing activity undertaken by the Beneficiary Firm, or by the indigenous manufacturer, respectively.
- (b) The final process of manufacture is performed in India. The term “manufacture” may mean processing of raw-material or inputs in any manner that results in emergence of new product having a distinct name, character, and use. In other words, to meet the qualifying criteria for the incentives, the Advance Chemistry Cell should be manufactured in India and have such percentage of localization as may be notified from

time to time. Reference to the term “manufacture” may be drawn from section 2(72) of Central Goods and Service Tax Act 2017.

- (c) Value Addition⁴ in respect of the Advance Chemistry Cell may be denominated as the ratio of 'actual value added' to the sale value (net of returns, price adjustments, discounts, etc.) of the said goods (ACCs), excluding indirect Taxes, if any paid on the goods. It may be expressed as the percentage of manufacturing activity being undertaken in India, either on its own or indigenous manufacturers. The 'actual value added' may be calculated on the basis of financial records (including turnover reported in GST returns) as per the following formulae:
- Sale value (net of returns, price adjustments, discounts, etc.) of the said goods, excluding indirect Taxes, if any, paid on the goods
 - **Less:** Cost of raw materials and/or packing materials consumed in the said goods (i.e. in the final sale price of the goods sold) to be calculated in terms of generally accepted costing principles
 - **Less:** Cost of material whose source of origin cannot be ascertained (beyond prescribed threshold)
 - **Less:** Cost of fuel consumed, if eligible for GST input credit
 - **Less:** Expenses incurred in foreign currency for royalty or technical know-how as debited in the income statement
 - **Add:** 'Actual value added by the indigenous manufacturers' i.e., ancillary unit or domestic manufacturers attributable to sale value (net of returns, price adjustments, discounts, etc.) of said goods
- (d) 'Actual value added by the indigenous manufacturers' is 'actual value added' (as per the above formulae) by such units in relation to sale (net of returns, price adjustments, discounts, etc.) considered by the Mother Unit (for computation of the 'actual cumulative value added' by the Mother Unit). The value (in absolute terms) of 'Actual value added by the ancillary unit or domestic manufacturers' may be validated basis the statutory auditor's certificate received from the respective indigenous manufacturer i.e., ancillary unit or domestic manufacturers.
- (e) The certificate from the statutory auditor may not be required where Value Addition by the indigenous manufacturer i.e., ancillary unit or domestic manufacturers is less than 2% (two per cent) (viz. calculated as percentage of actual value added by indigenous manufacturers to the sale value (net of returns, price adjustments, discounts, etc.) of ACCs manufactured by Mother unit) or INR 2,00,000 (Rupees two lakh) (gross amount), whichever is lower, in the corresponding period.

⁴ Similar procedure has been prescribed by the Central Government in the Notification No. 01/2010 – Central Excise, dated 06 February 2010

- (f) The ultimate onus to validate the Value Addition by indigenous manufacturers i.e., ancillary unit or domestic manufacturers would remain on the Beneficiary Firm.
- (g) The required Value Addition if achieved in one single integrated unit will also be acceptable.
- (h) Additionally, where the Beneficiary Firm is also engaged in manufacture of battery packs and a Value Addition till the cell stage could not be determined with the abovementioned approach, the percentage of value added calculated (as above) should be reduced by the fraction of battery pack in the total battery value produced to calculate the percentage of value added to manufacture ACCs. For example, if the Value Addition at the battery level is x%, and the fraction of battery pack in the total battery value produced is 34%, then the Value Addition at the cell level shall be $(x-34)/(100-34)$ %. The Beneficiary Firms shall be submitting to the Government, the information pertaining to the fraction of battery pack in the total battery value produced in India.
- (i) For the purpose of validation of claim, following documents may also be considered:
 - (i) Document issued by the concerned Director of Industries evidencing the commencement of commercial production.
 - (ii) Certificate by a statutory auditor certifying the quantity and value of finished goods procured.
 - (iii) Certificate by a statutory auditor certifying the breakup of the major components in the final value of finished goods sold (i.e., ACC Batteries). The major components shall constitute all those components that account for more than 2% (viz. calculated as percentage of actual value added by indigenous manufacturer to the sale value of ACC batteries manufactured by Mother Unit) or INR 2,00,000 (gross amount), whichever is lower, in the corresponding period.
 - (iv) Certificate by statutory auditor certifying the reconciliation of value and quantity of ACCs manufactured, traded, sold as scrap, stock transferred, and GST paid vis a vis the amount of reported in financial statements and GST returns.
 - (v) Audited account for the relevant Financial Year.
 - (vi) Monthly GST in respective quarter and GST audit report for the most recent Financial Year for the company.
 - (vii) Self-certification by the authorized signatory of the Beneficiary Firm, claiming the intended end-use (category mobile and stationary) of the ACCs sold under the Programme.

- (viii) Results of the testing by the independent laboratory as per Schedule-D of this Agreement certifying the Subsidy parameters (energy density and cycle life) of the sold cells

SCHEDULE – F

PERFORMANCE SECURITY

The Director,
Ministry of Heavy Industries,
Government of India

WHEREAS:

- (A) (the “**Beneficiary Firm**”) and The Government of India (“**GoI**”), through the Ministry of Heavy Industries (hereinafter referred to as the “**Government**” which expression shall, unless repugnant to the context or meaning thereof, include its administrators, successors and assigns) have entered into a Programme Agreement dated (the “**Agreement**”) for pre-qualification and short-listing of bidders entitled to receive a Subsidy on the basis of the Advance Chemistry Cells manufactured by it (including Committed Capacity and Advance Chemistry Cell’s Value Addition in India)
- (B) The Agreement requires the Beneficiary Firm to furnish a Performance Security to the Government in a sum of INR***** (the “**Guarantee Amount**”) as security for due and faithful performance of its obligations, under and in accordance with the Agreement.
- (C) We, through our Branch at (the “**Bank**”) have agreed to furnish this Bank Guarantee by way of Performance Security.

NOW, THEREFORE, the Bank hereby, unconditionally, and irrevocably, guarantees and affirms as follows:

1. The Bank hereby unconditionally and irrevocably guarantees the due and faithful performance of the Beneficiary Firm’s obligations during the Term of the Agreement, under and in accordance with the Agreement, and agrees and undertakes to pay to the Government, upon its mere first written demand, and without any demur, reservation, recourse, contest or protest, and without any reference to the Beneficiary Firm, such sum or sums up to an aggregate sum of the Guarantee Amount as the Government shall claim, without the Government being required to prove or to show grounds or reasons for its demand and/or for the sum specified therein.
2. A letter from the Government, that the Beneficiary Firm has committed default in the due and faithful performance of all or any of its obligations under and in accordance with the Agreement shall be conclusive, final and binding on the Bank. The Bank further agrees that the Government shall be the sole judge as to whether the Beneficiary Firm is in default in due and faithful performance of its obligations during the Term under the Agreement and its decision that the Beneficiary Firm is in default shall be final, and binding on the Bank, notwithstanding any differences between the Government and the Beneficiary Firm, or any Dispute between them pending before any court, tribunal, arbitrators or any other the Government or body, or by the discharge of the Beneficiary Firm for any reason whatsoever.

3. In order to give effect to this Guarantee, the Government shall be entitled to act as if the Bank were the principal debtor and any change in the constitution of the Beneficiary Firm and/or the Bank, whether by their absorption with any other body or corporation or otherwise, shall not in any way or manner affect the liability or obligation of the Bank under this Guarantee.
4. It shall not be necessary, and the Bank hereby waives any necessity, for the Government to proceed against the Beneficiary Firm before presenting to the Bank its demand under this Guarantee.
5. The Government shall have the liberty, without affecting in any manner the liability of the Bank under this Guarantee, to vary at any time, the terms and conditions of the Agreement or to extend the time or period for the compliance with, fulfilment and/ or performance of all or any of the obligations of the Beneficiary Firm contained in the Agreement or to postpone for any time, and from time to time, any of the rights and powers exercisable by the Government against the Beneficiary Firm, and either to enforce or forbear from enforcing any of the terms and conditions contained in the Agreement and/or the securities available to the Government, and the Bank shall not be released from its liability and obligation under these presents by any exercise by the Government of the liberty with reference to the matters aforesaid or by reason of time being given to the Beneficiary Firm or any other forbearance, indulgence, act or omission on the part of the Government or of any other matter or thing whatsoever which under any law relating to sureties and guarantors would but for this provision have the effect of releasing the Bank from its liability and obligation under this Guarantee and the Bank hereby waives all of its rights under any such law.
6. This Guarantee is in addition to and not in substitution of any other guarantee or security now or which may hereafter be held by the Government in respect of or relating to the Agreement or for the fulfilment, compliance and/or performance of all or any of the obligations of the Beneficiary Firm under the Agreement.
7. Notwithstanding anything contained hereinbefore, the liability of the Bank under this Guarantee is restricted to the Guarantee Amount and this Guarantee will remain in force for the Term of the Agreement and unless a demand or claim in writing is made by the Government on the Bank under this Guarantee, no later than 6 (six) months from the date of expiry of this Guarantee, all rights of the Government under this Guarantee shall be forfeited and the Bank shall be relieved from its liabilities hereunder.
9. The Bank undertakes not to revoke this Guarantee during its currency, except with the previous express consent of the Government in writing and declares and warrants that it has the power to issue this Guarantee and the undersigned has full powers to do so on behalf of the Bank.
10. Any notice by way of request, demand or otherwise hereunder may be sent by post addressed to the Bank at its above referred Branch, which shall be deemed to have been duly authorised to receive such notice and to effect payment thereof forthwith, and if sent by post it shall be deemed to have been given at the time when it ought to have been delivered in due course of post and in proving such notice, when given by post, it shall be sufficient to prove that the envelope containing the notice was posted and a certificate signed by an officer of the Government that the envelope was so posted shall be conclusive.

11. This Guarantee shall come into force with immediate effect and shall remain in force and effect for a period of the Agreement from the date hereof or until it is released earlier by the Government pursuant to the provisions of the Agreement.

Signed and sealed this day of, 20..... at

SIGNED, SEALED AND DELIVERED

For and on behalf of
the BANK by:

(Signature)

(Name)

(Designation)

(Code Number)

(Address)

NOTES:

- (i) The bank guarantee should contain the name, designation and code number of the officer(s) signing the guarantee.

The address, telephone number and other details of the Head Office of the Bank as well as of issuing Branch should be mentioned on the covering letter of issuing Branch.

SCHEDULE – G

DEFINITION OF ADVANCE CHEMISTRY CELL

Advance Chemistry Cells (“ACCs”) are the new generation technologies that can store electric energy either as electrochemical or as chemical energy and convert it back to electric energy as and when required. Globally, manufacturers are investing in these new generation technologies at commercial scale to fill the expected boom in battery demand through 2030. Under the said Programme, these technologies shall comprise of ACCs and integrated advanced batteries (Single Units) that suffice the minimum performance specifications as provided hereunder.

The minimum technical specifications of ACCs shall be as provided in the regions hereunder (shaded):

ACC Eligibility Matrix:

		Energy density (Wh/kg)				
		≥ 50	≥ 125	≥ 200	≥ 275	≥ 350
Cycle Life	≥ 1000					
	≥ 2000					
	≥ 4000					
	≥ 10000					

Both the performance parameters i.e., energy density and cycle life have to be demonstrated at same level of Depth-of-Discharge.

SCHEDULE – H

REQUEST LETTER TO THE GOVERNMENT FOR AVAILING CASH SUBSIDY

Date: xx/xx/xxxx

From
XXXXXX (Beneficiary Firm's Name, Address, E-mail, and phone number)

To
The Director,
Ministry of Heavy Industries
Government of India,
Udyog Bhawan, Rafi Marg, New Delhi- 110011

Sir/Madam,

Subject: Request for release of Subsidy against Subsidy eligibility certificate XXXXXX received dated XXXXXX.

With reference to above mentioned Subsidy eligibility certificate number xxxxxxxx, assigned by Ministry of Heavy Industries dated xxxxxxxx, M/s/ xxxxxxxxx (beneficiary name) hereby submits its application for release of eligible Subsidy under "National Programme on Advance Chemistry Cell (ACC) Battery Storage" for the period xxxxx – xxxxxx (quarter), in accordance with Clause 11.2 of the Programme Agreement dated [●] signed between the Government and the xxxxxxxxx (Beneficiary Firm's name).

xxxxxxx (Beneficiary Firm's name) has successfully sold xxxx cells of xxxxx kWh each capturing xx% value in India during the aforementioned quarter. The overall calculated Subsidy therefore comes out as INR xxxx/-.

In this regard, Government may kindly do the needful to release the eligible Subsidy of INR XXXX against the verification of following enclosures.

Enclosures (✓ mark the appropriate box)

1. Undertaking for Subsidy parameters (energy density and cycle life) of the sold cells in line with current Subsidy certification
2. Subsidy determination form
3. Certificate for Value Addition in India
4. Certified statements by statutory auditor evidencing receipt of quantum and value of raw material, inputs, semi-finished goods, capital goods, and finished goods, along with the respective Tax credit (if applicable)
5. Certificate from statutory auditor certifying the sales and capacity of manufactured goods/trading goods/scrap/ stock transfer and GST paid on the amount of sales reported in financial statements and GST returns

6. Unit level audited accounts for the relevant Financial Year issued by a statutory auditor (if and as applicable), or

—

7. Monthly GST in respective quarter and GST audit report for the most recent Financial Year for the Beneficiary Firm

Note: Above template to be used for all models (HSN no) of cells produced and sold by the manufacturer

Yours Sincerely,

Authorized Signature of beneficiary with date and seal:

Name of the Authorized person with contact number:

Designation

Company Seal

SCHEDULE – I

UNDERTAKING FOR SUBSIDY PARAMETERS

(For the purpose of releasing Subsidy under “National Programme on Advance Chemistry Cell (ACC) Battery Storage”)

Beneficiary Name	CIN Number
Subsidy eligibility certificate No.	Subsidy eligibility certificate validity
From Month	To Month

I, _____ (Name, authorized signatory), on behalf of M/s _____ (Beneficiary name) being an applicant for release of Subsidy under “National Programme on Advance Chemistry Cell (ACC) Battery Storage” with LOA number _____ (Bid LOA number) hereby confirm that cells sold during the period _____ to _____ (quarter months) conform to the technical specifications (cycle life and energy density) as per Subsidy eligibility certification no, _____ which is valid from _____ till _____ (expiry date of Subsidy eligibility certification).

.....
Authorized Signatory with date, Name and Seal
(Name of Beneficiary)
Designation

Company Seal

Note: Manufacturer to submit the undertaking for all models of cells produced and sold

SCHEDULE – J

CERTIFICATE FOR VALUE ADDITION IN INDIA

(For the purpose of releasing Subsidy under “National Programme on Advance Chemistry Cell (ACC) Battery Storage”)

Beneficiary Name	CIN Number
Subsidy eligibility certificate No.	Subsidy eligibility certificate validity
From Month	To Month

- a. HSN code (6-digit) of the factory output:
- b. Is the final manufacturing done in India? (Y/N)

Calculation for “actual value added”

- i. Sale value of the said goods, excluding Taxes, if any, paid on the goods (INR) _____
- ii. Cost of raw materials and packing materials consumed in the said goods (i.e. in the sale price of the goods sold) to be calculated in terms of generally accepted costing principles (INR) _____
- iii. Cost of material whose source of origin cannot be ascertained (beyond prescribed threshold) (INR) _____
- iv. Cost of fuel consumed (if eligible for GST input credit) (INR) _____
- v. Expenses incurred in foreign currency for royalty or technical know-how as debited in the income statement (Directly or through intermediate Company) (INR) _____
- vi. Actual value added by the indigenous manufacturers’ attributable to sale value of said goods (INR) _____
- vii. **Actual value added** (i-ii-iii-iv-v+vi) (INR) _____

Value Addition by the Beneficiary Firm

- viii. Total sales of the ACC during the period (excluding Taxes) (INR) _____
- ix. Value Addition (=vii/viii) (%) _____

If the Beneficiary Firm is also engaged in battery pack manufacturing and Value Addition cannot be ascertained at the cell level

- x. Does the Beneficiary Firm manufacture battery packs? (Y/N) _____
- xi. If Yes, actual value added $(ix - f) / (100 - f)$ (%)
Where f is the fraction of battery pack in the total battery value produced _____

Note: Above template to be used for all models (HSN no) of cells produced and sold by the manufacturer

.....
Authorized Signatory with date, Name and Seal
(Name of Beneficiary)

Designation.....

Company Seal

Verified by
.....
Name of Statutory Auditor

Company Seal

SCHEDULE – K

CONSTRUCTION SCHEDULE

I. Obligations prior to the Appointed Date

The Beneficiary Firm shall submit the following documents to the Government within a period of 90 (ninety) days from the Execution Date:

- (a) Clearances / approvals required from various government departments/ local bodies;
- (b) Timelines in relation to construction related activities for the Project;
- (c) Timelines for obtaining Applicable Permits; and
- (d) PERT chart of construction activities,

(collectively “**Construction Plan**”)

II. Obligations after to the Appointed Date

1. The Beneficiary Firm shall submit a quarterly progress report to the Government which shall include information on the progress of construction of the Project and the reasons for delay in construction of the Project, if any.
2. The Government reserves the right to appoint an Independent Engineer for monitoring the activities related to construction of the Project.
3. The construction period of the Project shall commence from the Appointed Date. If the Beneficiary Firm anticipates achievement of commercial operation of the Project, it shall intimate the Government 15 (fifteen) days prior to such date of commercial operation of the Project.
4. The Government shall provide a detailed list of documents required in relation to commercial operation of the Project to the Beneficiary Firm. The Beneficiary Firm shall thereafter, to the satisfaction of the Government/Independent Engineer, submit all the documents evidencing commercial operation of the Project to the Independent Engineer.
5. The Government shall accordingly inspect the Project and confirm if the Project is fit for commercial operation. Upon a satisfactory inspection of the Project, the Government/Independent Engineer shall issue the commissioning certificate to the Beneficiary Firm.

Below is the sample / indicative construction plan of the manufacturing facility⁵

Milestone	Activity	Duration
I	Land acquisition and preparation	
	Receiving statutory clearances	
II	Commencement of factory construction	
	Equipment manufacturing/ sourcing	
III	1st stage equipment: (Please mention relevant equipment for first stage)	
IV	2nd stage equipment: (Please mention relevant equipment for second stage)	

⁵ **Note:** The construction plan set out in the table is for reference purpose only. The bidder may customize the construction plan and share the same with Government.

Milestone	Activity	Duration
VI	nth stage equipment: (Please mention relevant equipment for n th stage)	
VII	Commissioning	
VIII	Trial run	
IX	Final commissioning and commencement of production	

SCHEDULE – L

SELECTION OF INDEPENDENT ENGINEER

(See Clauses 9.1 and 9.2)

1. Selection of Independent Engineer

- 1.1 The provisions of Part II of the Standard Bidding Documents for Consulting Assignments. Time Based (Volume V) issued by the Ministry of Finance, GOI in July, 1997 or any substitute thereof shall apply, *mutatis mutandis*, for invitation of bids and evaluation thereof save as otherwise provided herein.
- 1.2 The Government shall invite expressions of interest from consulting firms or bodies corporate to undertake and perform the duties and functions set forth in the Programme Agreement and thereupon shortlist qualified firms in accordance with pre-determined criteria. The Government shall convey the aforesaid list of firms to the Beneficiary Firm for scrutiny and comments, if any. The Beneficiary Firm shall be entitled to scrutinise the relevant records of the Government to ascertain whether the selection of firms has been undertaken in accordance with the prescribed procedure and it shall send its comments, if any, to the Government within 15 (fifteen) days of receiving the aforesaid list of firms. Upon receipt of such comments, if any, the Government shall, after considering all relevant factors, finalise and constitute a panel of firms (the “**Panel of Firms**”) and convey its decision to the Beneficiary Firm.
- 1.3 The Government shall invite the aforesaid Panel of Firms to submit their respective technical and financial offers, each in a separate sealed cover. All the technical bids so received shall be opened and pursuant to the evaluation thereof, the Government shall shortlist 3 (three) eligible firms on the basis of their technical scores. The financial bids in respect of such 3 (three) firms shall be opened and the order of priority as among these firms shall be determined on the basis of a weighted evaluation where technical and financial scores shall be assigned respective weights of 80:20.
- 1.4 In the event that the Government shall follow the selection process specified in the model request for proposal (“**Model RFP**”) for selection of Technical Consultant, as published by the Ministry of Finance, the selection process specified in this Schedule – L shall be deemed to be substituted by the provisions of the said Model RFP and the Beneficiary Firm shall be entitled to scrutinize the relevant records forming part of such selection process.

2. Fee and expenses

- 2.1 In determining the nature and quantum of duties and services to be performed by the Independent Engineer during the Term of the Programme Agreement, the Government shall endeavour that payments to the Independent Engineer on account of fee and expenses do not exceed INR [•].

3. Appointment of Government entity as Independent Engineer

- 3.1 Notwithstanding anything to the contrary contained in this Schedule - L, the Government may in its discretion appoint a government-owned entity as the Independent Engineer; provided that such entity shall be a body corporate having as one of its primary function the provision of

consulting, advisory and supervisory services for engineering projects; provided further that a Government- owned entity which is owned or controlled by the Government shall not be eligible for appointment as an Independent Engineer.

SCHEDULE – M

TECHNICAL BID SUBMITTED BY THE BIDDER

SCHEDULE – N

TRUE-UP OF SUBSIDY PAYMENTS IN CASE OF DEVIATION IN CYCLE LIFE TEST RESULTS

The Subsidy to the manufacturer will be disbursed based on the output of the partial life cycle test, however, the same would be provisional subject to the cell demonstrating the complete cycle life in due course. Following is an illustration for the calculation of the Subsidy amount to be paid to the manufacturer.

Subsidy payment based on invoice raised by manufacturer as per results of partial cycle life test. Considering a particular lot “i” of Subsidy payment to the manufacturer where:

1. Quantity of cells sold (kWh) during the period and for which Subsidy was claimed based on the results of the partial cycle life test: $[(CS)]_i$ kWh
2. Effective Subsidy as per the energy density and partial cycle life testing results: INR s / kWh
3. Percentage of Value Addition in India: $c_i\%$
4. Subsidy amount paid (S_i): INR ($[(CS)]_i \times s \times c_i$)

Where, S_i refers to the Subsidy paid for i th lot based on the results of partial cycle life

In case, the results of the complete cycle life testing of the cell demonstrates a cycle life which changes its position in the ACC matrix (as shown in Schedule G) and leads to a reduced or increased Subsidy being applicable, an appropriate truing up of the Subsidy amount will be done.

Following sections elaborate the methodology for truing-up of Subsidy amount in case of variations in partial cycle life and complete cycle life test which results in change in position of the cell in the ACC matrix.

CASE I: When cycle life demonstrated through complete cycle life testing is less than partial cycle life testing.

In this case, a penalty will be levied upon the cell manufacturer if the position in the ACC matrix changes from a higher applicable Subsidy to a lower applicable Subsidy amount. To determine the amount of penalty, the results of the complete cycle life test must be obtained. The penalty (per kWh) to be levied would be the difference of the following:

Subsidy (per kWh) which the manufacturer was originally paid corresponding to its position in the ACC matrix based on cycle life determined through partial cycle life test, and

Subsidy (per kWh) corresponding to its position in the ACC matrix based on cycle life determined through complete cycle life test.

The total amount to be levied as penalty on the manufacturer would be the difference of these two Subsidy amounts multiplied by the total volume of cells (in kWh) sold (for which the Subsidy was claimed) and the Value Addition.

The penalty amount would be deducted from future invoices submitted by the manufacturer. The detailed methodology for determining the penalty is mentioned below.

Calculation of penalty to be levied on manufacturer

1. New effective Subsidy: INR s' / kWh
2. Difference in effective subsidies: INR $(s - s') / \text{kWh}$
3. Penalty applicable for each lot of Subsidy paid (P_i) = INR $(CS_i \times (s - s') \times c_i)$

Where,

P_i is the penalty applicable for i^{th} lot of Subsidy payment

4. Total applicable penalty: $\sum_{i=1}^N P_i$

Where, N = total lots of Subsidy payment for which penalty is applicable

CASE II: When cycle life demonstrated through complete cycle life testing is more than partial cycle life testing.

In this case, an additional amount will be paid back to the cell manufacturer if the position in the ACC matrix changes from a lower applicable Subsidy to a higher applicable Subsidy amount. To determine the additional amount to be paid back, the results of the complete cycle life test must be obtained. The additional amount (per kWh) to be paid back would be the difference of the following:

Subsidy (per kWh) corresponding to its position in the ACC matrix based on cycle life determined through complete cycle life test, and

Subsidy (per kWh) which the manufacturer was originally paid corresponding to its position in the ACC matrix based on cycle life determined through partial cycle life test.

The additional amount to be paid to the manufacturer would be the difference of these two Subsidy amounts multiplied by the total volume of cells (in kWh) sold (for which the Subsidy was claimed) and the Value Addition.

This additional amount would be paid back along with the payments against future invoices raised by the manufacturer. The detailed methodology for determining the additional amount is mentioned below.

Calculation of additional amount to be paid to manufacturer

1. New effective Subsidy: INR s'' / kWh
2. Difference in effective subsidies: INR $(s'' - s) / \text{kWh}$
3. Additional amount applicable for each lot of Subsidy paid (R_i) = INR $(CS_i \times (s'' - s) \times c_i)$

Where,

R_i is the additional amount applicable for i^{th} lot of Subsidy payment

4. Total additional amount to be paid: $\sum_{i=1}^N R_i$

Where, N = total lots of Subsidy payment for which the payment of additional amount is applicable

SCHEDULE-O

FORMAT FOR MILESTONE COMPLETION CERTIFICATES

MILESTONE 1 COMPLETION CERTIFICATE

Date: xx/xx/xxxx

From

XXXXXX (*Independent Engineer's Name, Address, E-mail, and Phone Number*)

To

[*The Beneficiary Firm's Name and Address*]

Sir/Madam,

Subject: Issuance of Milestone 1 Completion Certificate for the achievement of Committed Capacity and Value Addition at the end of second year from the Appointed Date.

This is in reference to the inspection of relevant documents and the Project to determine the compliance by xxxxxx (name of the Beneficiary Firm) with fulfillment of Milestone 1, in accordance with Clause 12.3 of the Programme Agreement signed between the Government and the xxxxxx (name of the Beneficiary Firm).

We, xxxxxx (name of the Independent Engineer), have completed the inspection of relevant documents and the Project, and certify that for the achievement of Milestone 1:

1. xxxxxx (name of the Beneficiary Firm) has invested INR xxxxxx (Investment amount in figures and words) per GWh (exclusive the cost of land) for the Committed Capacity xxx GWh as on xxxxxx (Date) at the end of second year from the xxxxxx (Appointed Date). The inspection for Committed Capacity was completed on xxxxxx (Date).
2. xxxxxx (name of Beneficiary Firm name) has achieved xxxxxx (% Value Addition) of the Advance Chemistry Cell as on xxxxxx (Date) at the end of second year from the xxxxxx (Appointed Date). The inspection for Value Addition was completed on xxxxxx (Date).

Yours Sincerely,

.....
Name and signature of Independent Engineer

Company Address and Seal

MILESTONE 2 COMPLETION CERTIFICATE

Date: xx/xx/xxxx

From

XXXXXX (*Independent Engineer's Name, Address, E-mail, and Phone Number*)

To

[*The Beneficiary Firm's Name and Address*]

Sir/Madam,

Subject: Issuance of Milestone 2 Completion Certificate for the achievement of overall Value Addition within five years from the Appointed Date.

This is in reference to the inspection of relevant documents and the Project to determine the compliance by xxxxxx (name of the Beneficiary Firm) with fulfilment of Milestone 2, in accordance with Clause 12.3 of the Programme Agreement signed between the Government and the xxxxxx (name of the Beneficiary Firm).

We, xxxxxx (name of the Independent Engineer), have completed the inspection of relevant documents and the Project, and certificate that for the achievement of Milestone 2 xxxxxx (name of the Beneficiary Firm) has achieved xxxxxx (% Value addition) of the Advance Chemistry Cell as on xxxxxx (Date) within five years from the xxxxxx (Appointed Date). The inspection for Value Addition was completed on xxxxxx (Date).

Yours Sincerely,

.....
Name and signature of Independent Engineer

Company Address and Seal

PLI Scheme for Specialty Steel in India

Ministry of Steel



भारत का राजपत्र The Gazette of India

सी.जी.-डी.एल.-अ.-29072021-228562
CG-DL-E-29072021-228562

असाधारण
EXTRAORDINARY

भाग I—खण्ड 1
PART I—Section 1

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 209]

नई दिल्ली, बृहस्पतिवार, जुलाई 29, 2021/श्रावण 7, 1943

No. 209]

NEW DELHI, THURSDAY, JULY 29, 2021/SHRAVANA 7, 1943

इस्पात मंत्रालय

अधिसूचना

नई दिल्ली, 29 जुलाई, 2021

विषय: भारत में विशेष इस्पात के लिए उत्पादन-संबद्ध प्रोत्साहन योजना (पीएलआई)

फा.सं. एस-21018/1/2020-ट्रेड-टैक्स-भाग (1).—

1. पृष्ठभूमि

मंत्रिमंडल ने भारत में विशेष इस्पात के लिए 6,322 करोड़ रूपए के परिव्यय के साथ वित्त वर्ष 2023-24 से 2029-30 तक कार्यान्वित की जाने वाली उत्पादन-संबद्ध प्रोत्साहन योजना (पीएलआई) योजना को अनुमोदन प्रदान कर दिया है।

2. उद्देश्य

विशेष ग्रेड इस्पात के लिए पीएलआई योजना का उद्देश्य देश में ऐसे इस्पात ग्रेड के विनिर्माण को बढ़ावा देना है। वर्तमान में, भारत इस्पात विनिर्माण की मूल्य श्रृंखला के निचले स्तर पर संचालन करता है, जहाँ प्रति टन औसत प्राप्ति केवल ₹ 51,000 - ₹ 58,000 है, इसके विपरीत हमारे इस्पात आयात का औसत मूल्य प्रति टन लगभग ₹ 1,46,000-₹ 1,83,000 है। पीएलआई प्रोत्साहन 'विशेष इस्पात' के घरेलू उत्पादन को बढ़ावा देगा और देश में 'विशेष इस्पात' के उत्पादन हेतु महत्वपूर्ण निवेश को आकर्षित करेगा। यह भारतीय इस्पात उद्योग को प्रौद्योगिकी के मामले में परिपक्व होने के साथ-साथ मूल्य श्रृंखला में आगे बढ़ने में मदद करेगा।

उत्पाद और स्टील वायर	9 (ख)	अलॉय इस्पात: वॉल्व इस्पात	17	250			13%	15%	पीएलआई - ख
	10	अलॉय इस्पात: बियरिंग इस्पात	463	250		1050	13%	15%	पीएलआई - क
	11	ऑटोमेटिव पावर ट्रेन इस्पात	376	250		700	8%	10%	पीएलआई - ख
	12	प्रेसिपिटेशन एंड हार्डेन्ड स्टेनलेस इस्पात	1	1	100	100	26%	30%	पीएलआई - ख
	13	टायर बीड वायर	86	100	300	600	18%	20%	पीएलआई - ख
	14	सी श्रेणी जस्ता लेपित तार	0	100	300	300	8%	10%	पीएलआई - ख
	15	जस्ता- एल्युमीनि लेपित तार	0	100	300	300	8%	10%	पीएलआई - ख
	16	टायर कोर्ड (पीतल लेपित)	85	100	700	1445	18%	20%	पीएलआई - ख
	17	ऑयल टेम्पर्ड स्प्रिंग इस्पात वायर	2	50	30	30	30%	30%	पीएलआई - ख
इलेक्ट्रिकल स्टील	18	सीआरजीओ *	27	200	5000	10000	40%	40%	पीएलआई - ग
	19	सीआरएनओ	563	200	700	1400	7%	10%	पीएलआई - ख
कुल			17624			39625			

MINISTRY OF STEEL

NOTIFICATION

New Delhi, the 29th July, 2021

SUBJECT: PRODUCTION LINKED INCENTIVE SCHEME (PLI) FOR SPECIALTY STEEL IN INDIA

F. No. S-21018/1/2020-TRADE-TAX-PART(1).—

1. INTRODUCTION:

The Cabinet has approved the Production Linked Incentive (PLI) Scheme for Specialty Steel in India to be implemented over FY 2023-24 to FY 2029-30 with a budgetary outlay of ₹ 6,322 crore.

2. Objective

The objective of the PLI Scheme for specialty grade steel is to promote manufacturing of such steel grades within the country. Presently, India operates at the low end of the value chain for steel manufacturing, with an average realization per ton being ₹ 51,000-₹ 58,000 only, in contrast to our steel import which have an average value per ton of about ₹ 1,46,000 - ₹ 1,83,000. PLI incentive will boost the domestic production of 'Specialty Steel' and attract significant investment for production of 'Specialty Steel' in the country. It will also help the Indian steel industry mature in terms of technology as well as move up the value chain.

3. Quantum of Incentive

The Scheme will extend production-linked incentive at the rates given in Table-1 to eligible companies.

Table-1

PLI Slab	2022-23	2023-24	2024-25	2025-26	2026-27
PLI – A	4%	5%	5%	4%	3%
PLI – B	8%	9%	10%	9%	7%
PLI – C	12%	15%	15%	13%	11%

4. Incentive Slabs

The incentive slabs have been proposed based on the current production i.e., higher incentive for those specialty grades which are currently either not produced in India or are produced in small quantities resulting in relatively large import. Considering the average value of these specialty steel, import of these grades results in a substantial forex outflow from the country.

5. Target Segments

5.1 The Scheme shall be applicable for five (05) indicative product categories, listed as follows:

- 5.1.1 Coated/Plated Steel Products
- 5.1.2 High Strength/Wear Resistant Steel
- 5.1.3 Specialty Rails
- 5.1.4 Alloy Steel Products and Steel Wires
- 5.1.5 Electrical Steel

An illustrative list of product sub-categories under the above five product categories, the PLI slabs along with eligibility criteria is enclosed as Appendix-C. These are indicative and the details will be notified in the Scheme guidelines. If considered necessary, any changes in the broad categories, sub-categories, eligibility criteria, PLI rate etc. may be carried out as may be decided by the Ministry of Steel with the approval of EGoS.

6. Eligibility

- 6.1 A company registered in India under the Companies Act 2013, that is engaged in end-to-end manufacturing of the identified 'Specialty Steel' grades, subject to the input material being melted and poured within the country using iron ore/scrap/sponge iron/pellets etc., shall be eligible to apply for incentive under the Scheme.
- 6.2 Joint ventures are also eligible to participate in the scheme.
- 6.3 The net worth of the company (including that of the group companies)/JV as on date of the application shall not be less than 30% of the total committed investment as may be notified in the guidelines.
- 6.4 It would be permissible to undertake a maximum 20% of the total value-addition through third parties (outside the group companies or JVs); the incentive in such cases can however only be claimed by the company that has manufactured the end product sub-category that is eligible under the PLI Scheme.
- 6.5 Details of the proposed minimum qualifying eligibility thresholds to be committed by the company will be notified in the Scheme guidelines. An illustrative list of product category-wise expected total investment and minimum incremental production for PLI eligibility is enclosed as Appendix-C.
- 6.6 If considered necessary, any change(s) in any eligibility criteria may be carried out by the Ministry of Steel with the approval of the Empowered Group of Secretaries (EGoS).
- 6.7 An eligible company availing benefit under the PLI Scheme of Ministry of Steel may avail benefits under other schemes such as the Remission of Duties and Taxes on Exported Products (RoDTEP) or those of the State Governments.

- 6.8 An eligible company availing benefit under the PLI Scheme of Ministry of Steel is not barred from availing benefits under PLI schemes of other Ministries/Departments for products other than those identified under the PLI Scheme for 'Specialty Steel'. However, the eligible investments/sales considered for benefits under this scheme shall not be considered for fiscal benefits under PLI schemes of other Ministries/Departments.

7. Selection

- 7.1 A transparent selection process to shortlist eligible companies/JVs registered in India under the Companies Act 2013 (Hereinafter referred to as eligible company/companies) shall be notified in the Scheme guidelines.
- 7.2 Eligible companies desirous of participation in the Scheme for claiming Production-linked incentive can join the Scheme by applying in the prescribed format along with application fee as may be notified.
- 7.3 Eligible companies would be required to make commitments on parameters, namely, minimum year-on-year incremental production and investment which can be front-loaded or made in tranches.
- 7.4 Applications shall be scrutinized, and selection of eligible applicants made under each of the five product categories/sub-categories as offered by the applicant.
- 7.5 From among the eligible companies, selection in each product category/sub-category shall be on the basis of the following criteria –
- 7.5.1 Minimum YoY incremental production commitment – Overall weightage 50%
- 7.5.2 Minimum investment commitment for the product category/sub-category – Overall weightage 50%.
- 7.5.2.1 The details of permissible investment in each product category/sub-category shall be notified in the Scheme guidelines.
- 7.6 Investment which has been made by the eligible companies, after the date of notification of the Scheme, will be considered 'eligible investment' under the PLI Scheme subject to the condition that these investments are from among the list of permissible investments for the relevant product category/sub-category. The investment so made will count towards total investment committed to be made by the applicants during the Scheme period. Product category/sub-category-wise 'list of permissible investment' shall be notified in the Scheme guidelines.
- 7.7 List of permissible investment would include investment in R&D which is capitalised, expenditure on Transfer of Technology, payments towards Intellectual Property rights, quality control equipment etc., as may be notified in the Scheme guidelines.
- 7.8 Shortlisted eligible companies, after approval of the Minister-in-Charge, shall be notified as the selected companies by the Ministry of Steel.
- 7.9 Selected companies under the PLI Scheme shall have to sign a Memorandum of Understanding with the Ministry of Steel with validity till the final year of PLI disbursement adhering to the commitments made at the time of selection.
- 7.10 Performance Security which may not be less than 0.5% of the committed investment, as may be notified in the Scheme guidelines, shall be submitted along with the Memorandum of Understanding.
- 7.11 Details of pre-qualification and selection criteria shall be notified in the Scheme guidelines.

8. Other Conditions

- 8.1 Eligible companies will have the option of front-loading investment or in tranches. In case the prospective manufacturer seeks a deferment in the investment schedule owing to some mitigating circumstances such as force majeure, the same may be considered with the approval of

EGoS. However, full cumulative investment will be required to be made by the eligible companies to claim complete disbursement of PLI.

- 8.2 Preference shall be given to eligible companies committing to front-load their investment during the scheme period. The investment commitment is proposed to be evaluated based on Net Present Value discounted at the rate keeping in view the Bank Rate, as may be notified in the Scheme guidelines.
- 8.3 As the Scheme would be fund limited, in case the company fails to meet the committed threshold in any given year, it will not receive any benefits for that year. However, it will be eligible to receive the benefits under the scheme for the next year if it meets the cumulative committed thresholds defined for that year. The illustrative projected incremental production is as indicated in Appendix-B. The details of the projected incremental production for each product sub-category will be notified in the Scheme guidelines.
- 8.4 An eligible company may apply to participate in multiple product categories/sub-categories and will be eligible to enter multiple MoUs with the Ministry. However, the annual incentive payable shall be capped at ₹200 crore per eligible company (including that of group companies/JV) across all categories.
- 8.5 In case of the same company applying for multiple categories/sub-categories, the investment shall also be distinct.

9. Tenure of the Scheme

- 9.1 Incentive under the Scheme shall be provided for a maximum period of five (05) years. The release of incentive will be from FY 2023-24 to 2029-30 based on the achievements made by different companies in keeping with the details to be notified in the Scheme guidelines. The incentive shall be payable to eligible companies for incremental production on a year-on-year basis, subject to such production being above the eligible threshold prescribed for each product category and achievement of committed eligible investment threshold for 'Specialty Steel' manufactured in India and covered under the PLI Scheme. The period of five (05) years will commence from FY 2022-23 (PLI to be released in FY 2023-24). The initial year may, however, be deferred by up to two (02) years in case of specific product categories within the overall budgetary allocation.
- 9.2 If considered necessary, due to any special/adverse circumstances, the eligible companies may be allowed to avail the incentive within an extended period of up to one (01) year by allowing deferment of the initial year by one year but the overall period for availing incentive being limited to a maximum period of five (05) years with the approval of Empowered Group of Secretaries (EGoS).

10. **Base Year:** Financial Year 2019-20 shall be treated as the base year.

11. Incentive Outlay

11.1 **Total Incentive:** The expected indicative annual incentive outlay and cumulative incentive outlay under the Scheme is as mentioned in Table-2.

Table-2

Financial Year	Outlay (in ₹ Cr)
2023-24	775
2024-25	1088
2025-26	1394
2026-27	1377
2027-28	1293

2028-29	222
2029-30	173
Total	6322

11.2 The year-wise outlay is indicative which includes the cost incurred towards Administrative charges.

11.3 Incentive Per Company: Incentive per eligible company (including that of group companies/JV) will be applicable on incremental production of manufactured steel grades year-on-year worked out with reference to production in the previous year or the base year, whichever is higher, subject to an annual ceiling of ₹200 crores. In case baseline production is Nil, production target for the first year will be arrived at by working backwards from the production target at the end of five years and the projected CAGR. For the purpose of calculating incentive, incremental production figures shall be derived from audited annual sales data submitted by the applicant and divided by the weighted average sales price (net of taxes) for the current year for which incentive is being claimed. The incremental production figures thus derived would be multiplied by average per ton sales price (net of taxes) for the current year or the base year (2019-20) whichever is less and multiplied by PLI rate (as applicable) to calculate the payable incentive.

A = Incremental sales in current year with reference to previous year or the base year whichever is higher

B = Weighted Average sale price (net of taxes) in current year

C = Weighted Average sales price (net of taxes) in the base year (2019-20)

Incentive = (A/B) x (B or C, whichever is lower) x (PLI rate as applicable)/100

*Current year means the year for which PLI has been claimed.

12. Basis of Computation

12.1 Assessment of incremental production shall be made on the basis of the sales figures of the manufactured 'Specialty Steel' grades. The sales figures shall be submitted by the eligible companies along with audited certificates which will be subject to verification by the Ministry of Steel. The incremental production shall thereafter be worked out using the weighted average sales price of that grade.

12.2 Detailed modalities of computation of PLI will be notified in the Scheme guidelines.

13. Nodal Agency for implementation of the Scheme

13.1 Ministry of Steel may engage an Agency to assist in implementation of the Scheme.

13.2 Such Nodal Agency shall act as a Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as may be assigned by the Ministry of Steel from time to time. Detailed constitution, functioning and responsibilities of the PMA will be notified in the Scheme Guidelines.

14. Approval and Disbursement Process

14.1 The list of selected companies shall be notified by the Ministry of Steel with the approval of Minister of Steel.

14.2 Once notified, each selected company shall sign a Memorandum of Understanding (MoU) with the Ministry committing to abide by the terms and conditions of the Scheme in the format as may be notified in the Scheme guidelines.

- 14.3 PLI claim shall be submitted by the selected company(ies) with whom the Ministry has signed a MoU. Modalities of submission of PLI claim shall be as notified in the scheme guidelines.
- 14.4 Incentive under the Scheme shall be effective from 01.04.2022, payable in FY 2023-24 or as may be notified for the product category/sub-category in the Scheme guidelines.
- 14.5 The Scheme is fund-limited; hence the incentive payable shall not exceed the budgeted allotment for the Scheme. Further, the annual incentive payable shall be capped at ₹200 crore per eligible company (including that of group companies/JVs) across all product categories.

15. Empowered Group of Secretaries (EGoS)

- 15.1 The Empowered Group of Secretaries (EGoS) headed by the Cabinet Secretary shall monitor the PLI Scheme, undertake periodic review of the outgo under the Scheme, ensure uniformity of all PLI Schemes, and take appropriate action to ensure that the expenditure is within the prescribed outlay.
- 15.2 If considered necessary, any modification(s) in the Scheme may be carried out by Ministry of Steel with the approval of EGoS.

16. Audit

- 16.1 Ministry of Steel shall be empowered to conduct a financial, functional, and technical audit of the selected company/companies who have signed MoU for claiming incentive under the Scheme.
- 16.2 Statutory audit shall be conducted by CAG.

RASIKA CHAUBE, Addl. Secy.

Appendix-A

Indicative projections of Production, Import and Export of 'Specialty Steel' at a glance

Product Category	Indicative projected Production		Indicative projected Import		Projected Export		Indicative PLI Amount	
	2019-20	2026-27	2019-20	2026-27	2019-20	2026-27		
	1	2	3	4	5	6		8
	(in '000 Tonnes)							(₹-Cr)
Coated/Plated Steel Products	8318	20335	1187	253	962	2585	2505	
High Strength/Wear resistant Steel	7633	16866	1542	308	572	2254	1920	
Specialty Rails	0.61	987	71	0	0	100	209	
Alloy Steel Products and Steel wires	1082	2655	300	156	95	540	852	
Electrical Steel	590	1411	658	219	31	88	809	
Administrative Charges							27	
Total	17624	42254	3758	936	1660	5567	6322	

Illustrative Projected Incremental production

Product Category	Year	Production ('000 tonnes)
Coated/Plated Steel Products	2019-20	8318
	2020-21	9330
	2021-22	10509
	2022-23	11886
	2023-24	13501
	2024-25	15405
	2025-26	17657
	2026-27	20334
High Strength/Wear resistant Steel	2019-20	7633
	2020-21	8554
	2021-22	9492
	2022-23	10568
	2023-24	11808
	2024-25	13244
	2025-26	14916
	2026-27	16866
Specialty Rails	2019-20	1
	2020-21	37
	2021-22	212
	2022-23	286
	2023-24	386
	2024-25	526
	2025-26	719
	2026-27	987
Alloy Steel Products and Steel wires	2019-20	1082
	2020-21	1305
	2021-22	1463
	2022-23	1639
	2023-24	1837
	2024-25	2061
	2025-26	2318
	2026-27	2608
Electrical Steel	2019-20	590
	2020-21	632
	2021-22	678
	2022-23	726
	2023-24	778
	2024-25	885
	2025-26	989
	2026-27	1123
	2027-28	1237
	2028-29	1411

Appendix-C

Illustrative list of product Sub-categories, indicative PLI Slabs and eligibility thresholds

Broad Category	Sl. No.	Sub-category	Baseline production (FY 2019-20) (in '000 tonnes)	Unit capacity per product line (in '000 tonnes)	Unit Investment per product line (in ₹ Cr)	Expected Total Investment (in ₹ Cr)	Projected CAGR	Minimum year-on-year Incremental production for PLI eligibility	Indicative Rate of PLI
Coated/Plated Steel Products	1	Galvanneal/GI-Auto-Gr	550	400	700	700	10%	10%	PLI - A
	2	Tin mill Products	512	200	600	3000	16%	20%	PLI - B
	3 (a)	Coated/Plated products of Metallic/Non-Metallic alloys	3972	250	200	5200	6%	10%	PLI - A
	3 (b)	Al-Zn coated (Galvalume)	1024	250			27%	30%	PLI - A
	4	Colour Coated	2260	250	300	5100	16%	20%	PLI - A
High Strength / Wear resistant Steel	5 (a)	HR Coil, Sheets and Plates API Gr 52<=X<=70	1254	4500	2750	5500	23%	25%	PLI - A
	5 (b)	HR Coil, Sheets and Plates API Gr >X-70	0				20%	20%	PLI - B
	5 (c)	High Tensile Sheets, Coil, Plates, YS>=450	5364				7%	10%	PLI - A
	6	Auto Gr Steel AHSS (CRCA)	485	900	1000	1000	11%	15%	PLI - B
	7 (a)	Boiler Quality, Pressure Vessels	470	1200	2500	2500	15%	15%	PLI - B
	7 (b)	QT / Abrasion Resistance and Wear Resistance	60				30%	30%	PLI - B
Specialty Rails	8 (a)	Asymmetric Rails	0	-		350	20%	20%	PLI - A
	8 (b)	Head Hardened rails	0.61	-			42%	40%	PLI - A
Alloy Steel Products and Steel wires	9 (a)	Alloy Steel: Tool and Die Steel	52	250	350	350	18%	20%	PLI - B
	9 (b)	Alloy Steel: Valve Steel	17	250			13%	15%	PLI - B
	10	Alloy Steel: Bearing	463	250			1050	13%	15%

		Steel							
	11	Automotive power train steel	376	250		700	8%	10%	PLI - B
	12	Precipitation Hardened Stainless Steel	1	1	100	100	26%	30%	PLI - B
	13	Tyre Bead wire	86	100	300	600	18%	20%	PLI - B
	14	C - Class Zinc Coated Wire	0	100	300	300	8%	10%	PLI - B
	15	Zinc - Aluminium Coated Wire	0	100	300	300	8%	10%	PLI - B
	16	Tyre Cord (Brass Coated)	85	100	700	1445	18%	20%	PLI - B
	17	Oil Tempered Spring Steel Wire	2	50	30	30	30%	30%	PLI - B
Electrical Steel	18	CRGO	27	200	5000	10000	40%	40%	PLI - C
	19	CRNO	563	200	700	1400	7%	10%	PLI - B
Total			17624			39625			



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असाधारण
EXTRAORDINARY

भाग I—खण्ड 1
PART I—Section 1

प्राधिकार से प्रकाशित
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इस्पात मंत्रालय

शुद्धि-पत्र

नई दिल्ली, 24 दिसम्बर, 2021

फा. सं. एस-21018/1/2020-व्यापार-कर-भाग(1).—भारत के राजपत्र असाधारण, भाग- I, खंड-1 में सीजी-डीएल-ई-29072021-228562 के तहत प्रकाशित इस्पात मंत्रालय की दिनांक 29.07.2021 की अधिसूचना सं. एस-21018/1/2020-व्यापार-कर-भाग(1) में निम्नलिखित संशोधन किए जाते हैं:

(i) पैरा 3 की तालिका -1 को निम्नानुसार संशोधित किया जाता है:

पीएलआई स्लैब	2023-24	2024-25	2025-26	2026-27	2027-28
पीएलआई - क	4%	5%	5%	4%	3%
पीएलआई - ख	8%	9%	10%	9%	7%
पीएलआई - ग	12%	15%	15%	13%	11%

(ii) पैरा 9.1 में, पैरा की निम्नलिखित दो पंक्तियों को निम्नानुसार संशोधित किया जाता है:

(क) प्रोत्साहन वित्तीय वर्ष 2024-25 से 2030-31 तक जारी होगा।

(ख) पाँच (5) वर्षों की अवधि वित्तीय वर्ष 2023-24 से शुरू होगी (पीएलआई को वित्तीय वर्ष 2024-25 में जारी किया जाना है);

- नोट:** (1) वर्ष 2020-21 के दौरान, महामारी के कारण उत्पादन में कमी आई है। अतः, अनुमानित उत्पादन का लक्ष्य हासिल करने के प्रयोजनार्थ, सीएजीआर को आधार वर्ष, जोकि 2019-20 है, पर लागू किया गया है।
- (2) वर्ष 2022-23 तक के अनुमानित उत्पादन के आंकड़ों से सामान्य दरों पर वृद्धि तथा वर्ष 2023-24 से सीएजीआर पर अधिक वृद्धि प्रदर्शित होती है।

MINISTRY OF STEEL

CORRIGENDUM

New Delhi, the 24th December, 2021

F. No. S-21018/1/2020-TRADE-TAX-PART(1).—In the Notification No. S-21018/1/2020-TRADE-TAX-PART(1) dated 29.7.2021 of Ministry of Steel published in the Gazette of India, Extraordinary, Part I, Section 1 vide CG-DL-E-29072021-228562, following amendments are made:

- (ii) Table-1 of para 3 is revised as under:

PLI Slab	2023-24	2024-25	2025-26	2026-27	2027-28
PLI – A	4%	5%	5%	4%	3%
PLI – B	8%	9%	10%	9%	7%
PLI – C	12%	15%	15%	13%	11%

- (ii) In para 9.1, following two lines of the para are revised as under:

(a) The release of incentive will be from FY 2024-25 to 2030-31

(b) The period of five(5) years will commence from FY 2023-24 (PLI to be released in FY 2024-25);

- (iii) Table-2 at para 11.1 of scheme document is revised as under:

Financial Year	Outlay (in ₹ Cr)
2024-25	775
2025-26	1088
2026-27	1394
2027-28	1377
2028-29	1293
2029-30	222
2030-31	173
Total	6322

- (iv) In para Para 14.4, line is revised as under:

Incentive under scheme shall be effective from 1.4.2023, payable in FY 2024-25 or as may be notified for the product category/sub-category in the Scheme guidelines.;

- (v) Appendix-B attached with this notification will replace the Appendix B of the notification dated 29.7.2021;

RASIKA CHAUBE, Addl. Secy.

Illustrative Projected Incremental Production

Product Category	Year	Production (‘000 tonnes)
Coated/Plated Steel Products	2019-20	8318
	2020-21	7898
	2021-22	9330
	2022-23	10509
	2023-24	12263
	2024-25	14367
	2025-26	16899
	2026-27	19959
	2027-28	23671
High Strength/ Wear resistant Steel	2019-20	7633
	2020-21	7256
	2021-22	8554
	2022-23	9492
	2023-24	10814
	2024-25	12357
	2025-26	14162
	2026-27	16285
	2027-28	18787
Specialty Rails	2019-20	1
	2020-21	1
	2021-22	37
	2022-23	212
	2023-24	286
	2024-25	386
	2025-26	526
	2026-27	719
	2027-28	987
Alloy Steel Products and Steel wires	2019-20	1082
	2020-21	1014
	2021-22	1305
	2022-23	1463
	2023-24	1659
	2024-25	1885

	2025-26	2143
	2026-27	2441
	2027-28	2783
Electrical Steel	2019-20	590
	2020-21	353
	2021-22	632
	2022-23	678
	2023-24	746
	2024-25	820
	2025-26	953
	2026-27	1088
	2027-28	1258
	2028-29	1411
	2029-30	1546

Notes: (1) Production during 2020-21 has reduced due to the pandemic. Hence, for the purpose of arriving at projected production, CAGR has been applied on the Base year which is 2019-20.

(2) Projected production figures up to 2022-23 show growth at normal rates and from 2023-24, enhanced growth at CAGR

Dated, the 20th October, 2021

Subject: Guidelines for Production Linked Incentive (PLI) Scheme for Specialty Steel

1. Background

- 1.1.** The Cabinet has approved the Production Linked Incentive (PLI) Scheme for Specialty Steel (hereinafter referred as PLI scheme) in India to be implemented over FY 2023-24 to FY 2029-30 with a budgetary outlay of ₹ 6,322 Crore. The PLI scheme has been notified vide Gazette notification No. S-21018/1/2020-TRADE-TAX-PART(1) dated 29th July, 2021.
- 1.2.** The objective of the PLI scheme for specialty steel is to promote manufacturing of such steel grades within the country and help the Indian steel industry mature in terms of technology as well as move up the value chain.
- 1.3.** For an effective operation and smooth implementation of PLI Scheme, the following guidelines are being laid down that must be read in conjunction with the various provisions of the PLI Scheme document. In case of any discrepancy, the intent reflected in the PLI scheme document shall prevail over the scheme guidelines.
- 1.4. Target Segments:** The scheme shall be applicable for the following five (05) indicative product categories called “Target segments” (Refer **Annexure-I**).

1.4.1. Coated/Plated Steel Products -

- Galvannealed/Galvanized Iron-Auto Grade;
- Tin mill Products;
- Al-Zn Coated;
- Colour Coated;
- Coated/Plated products of Metallic/Non-Metallic Alloys

1.4.2. High Strength/Wear Resistant Steel -

- Hot Rolled Coil, Sheets and Plates of American Petroleum Institute (API) Gr 52 \leq X \leq 70;
- HR Coil, Sheets and Plates API Gr >X-70;
- High Tensile Sheets, Coil, and Plates (YS \geq 450Mpa);
- High Tensile Auto Gr Steel including Advanced High Strength Steel (AHSS) (Cold Rolled Closed Annealed);
- Boiler Grade/Pressure Vessels grade steel;
- QT/Abrasion Resistant and Wear Resistant steel.

1.4.3. Specialty Rails-

- Asymmetric rails;

- Head Hardened rails

1.4.4. Alloy Steel Products and Steel Wires -

- Tool & Die Steel;
- Valve steel;
- Bearing steel;
- Precipitation Hardened Stainless Steel;
- Automotive Power train Component grades of steel;
- Tyre Bead wire;
- C' Class Zinc Coated Wire;
- Zinc - Aluminium Coated Wire;
- Tyre Cord (Brass Coated);
- Oil Tempered Spring Steel Wire.

1.4.5. Electrical Steel -

- Cold Rolled Grain Oriented (CRGO) steel;
- Cold Rolled Non-Grain Oriented (CRNO).

The steel products under the target segments which come under the quality control order (QCO), shall have to necessarily comply with Indian Standards. Other steel products covered under the targeted segments should comply with acceptable relevant National/ International standards (IS/ BS/ ASTM/ ISO/ DIN, JIS, etc.).

1.5. These guidelines have been prepared after detailed consultation with the industry and other relevant stakeholders. The PLI scheme guidelines, inter-alia, cover the following:

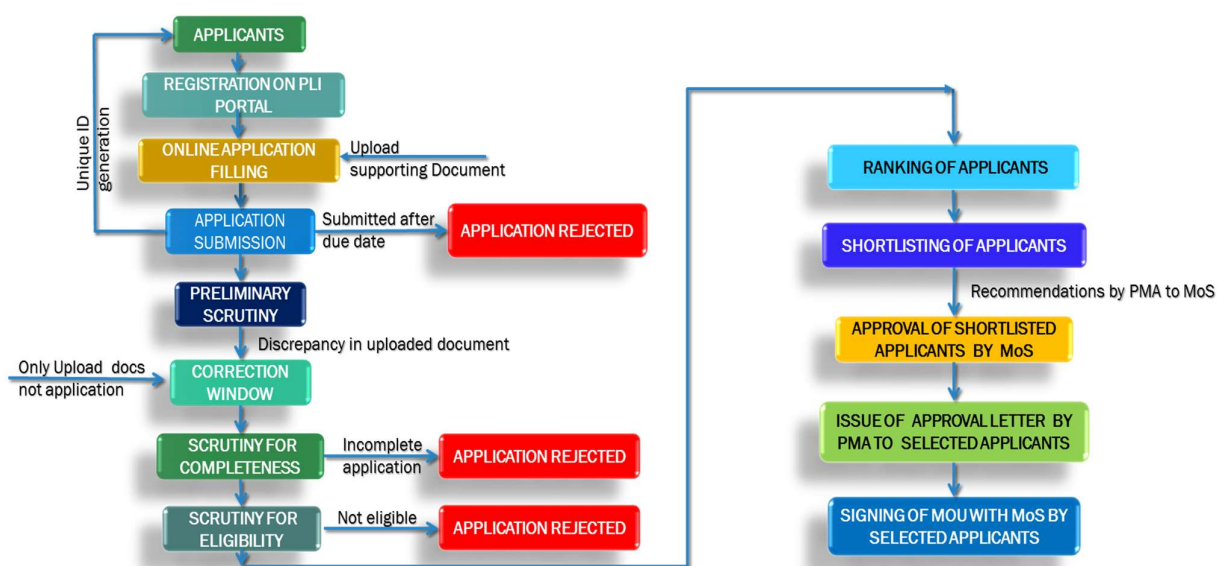
- Definitions
- Tenure of scheme
- Qualification, Eligibility and Selection
- Application and online portal
- Project Management Agency (PMA), Empowered Group of Secretaries (EGoS) and Competent Authority
- Approval under PLI Scheme
- Calculation & Disbursement of Incentive

2. Definitions

2.1 **Applicant:** Applicant for the purpose of the Scheme is a company registered in India under the Companies Act 2013, including JV companies, proposing to manufacture goods covered under target segment, as defined in para 1.4 and making an application seeking approval under the scheme.

An applicant whose accounts are declared as Non-performing assets (NPA) as per RBI guidelines or willful defaulter or reported as fraud by any bank, financial institution or non-banking financial company etc. would be considered as ineligible. Further, there should not be any insolvency proceedings admitted against the Applicant in the National Company Law Tribunal (NCLT).

- 2.2 **Application:** Refers to the Application Form prescribed in **Annexure-II** of the Guidelines to be duly filled-in online. Before securing access to fill-up the application form online, the applicant needs to register itself by undertaking a process of registration. The filled-in application need to be submitted by an applicant to the PMA containing the requisite information along with supporting documents and application fee.
- 2.3 **Application Acknowledgement with Date:** Immediately on submission of filled-in application, an acknowledgement with unique application ID no. with date shall be generated by the online portal managed by PMA. For all future correspondences, this unique ID need to be referred by the applicant.
- 2.4 **Application Scrutiny:** Following receipt of application, it shall be examined for its completeness, particularly with respect to sufficiency/adequacy of supporting documents. Status of completeness/incompleteness shall be notified on the portal within 15 working days of the date of submission of application. No correction shall be permitted on the main application form. However, one time opportunity shall be provided for addressing/correcting the incompleteness of supporting documents.
- 2.5 **Application Flow:** Flow of application through the various stages of selection shall be as follows:



- 2.6 **Application Approval with Date:** The date on which, based on an application, communication of approval/selection under PLI Scheme is issued to the applicant.
- 2.7 **Application Fees:** A non-refundable and one-time application fees of Rs 1 lakh (plus applicable GST) for each application needs to be paid as per the prescribed mode of payment, without which no application shall be evaluated.

- 2.8 Application Window:** A time period of 90 days shall be allowed for the filing of an application from the date as may be notified separately.
- 2.9 Authorized Signatory:** refers to a designated person of the company having power of attorney delegated vide letter of Authorization by Board of Directors or Managing Director or Equivalent.
- 2.10 Base Year:** Financial Year 2019-20 shall be treated as the Base Year.
- 2.11 Competent Authority:** Shall be Minister of Steel or as delegated by him.
- 2.12 Committed investment:** by an applicant against manufacturing of a particular product sub-category, should be \geq (equal to or more than) the specified unit investment given in **Annexure-III**.
- 2.13 Commissioning Year / Month:** refers to the commencement of production from the unit in a particular year / month. Commissioning year and year of commencement of production are one and same and have been used interchangeably. The date of commencement of production shall refer to the date on which the applicant raises the first GST invoice for the sale of eligible product(s) manufactured under the scheme.
- 2.14 Domestic Company(ies):** Domestic Company(ies) shall be defined as per Section 2(26) of the Income Tax Act. A company formed and registered as per the Companies Act 2013, provided that the registered or the Principal business office is in Indian territory. Further, as per FDI Policy 2020, a company is considered as "Owned" by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and/or Indian companies, which are ultimately "owned" and "controlled" by resident Indian citizens.
- 2.15 Eligible Company:** refers to applicant company, that satisfies the eligibility criteria.
- 2.16 Eligible Product:** Goods manufactured in India and covered under Target Segments fulfilling the investment and incremental production during PLI Scheme period as applicable and annexed as **Annexure-I** of the guidelines.
- 2.17 Empowered Group of Secretaries (EGoS):** An Empowered Group of Secretaries (EGoS) headed by the Cabinet Secretary will monitor the PLI scheme, ensure uniformity of all PLI schemes, undertake periodic review of the outgo under PLI Scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay.
- 2.18 Financial Year:** Financial Year begins on the 1st of April of a year and ends on 31st March of the following year.
- 2.19 Force Majeure:** Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong doing, predictable/seasonal rain and any other events specifically excluded).
- 2.20 Foreign company:** As per the provisions of the Companies Act 2013, a foreign company is defined as any company or body corporate incorporated outside India which –
- (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
 - (b) conducts any business activity in India in any other manner.
- 2.21 Gazette Notification of PLI Scheme:** refers to the date of the gazette notification of PLI Scheme for Specialty Steel i.e. July 29, 2021.

- 2.22 Group Company(ies):** Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are able to:
- Exercise 26% or more of voting rights in other enterprises; or
 - Appoint more than 50% of members of the Board of Directors in the other enterprise, as defined in FDI policy circular of 2017.
- 2.23 Incremental Production:** Production derived from sales over a given period minus the production derived from sales in the previous year over the corresponding period.
- 2.24 Incremental Sales:** Sales over a given period minus the sales in the previous year over the corresponding period.
- 2.25 Joint Venture:** As per the provisions of the Companies Act 2013, a joint venture is defined as a joint arrangement, whereby the parties that have joint control of the arrangement, have the rights to its net assets.
- 2.26 Limiting investment:** The concept shall be applicable only to qualify at the time of incentive calculation. However, at the time of application, committed investment must equal or exceed unit investment.
- It is defined as the following for a particular sub-category:
- Case-1:** Applicant has applied for single unit for a particular product sub-category
80% of committed investment, or unit investment as given in Annexure-III, whichever is lower
- Case-2:** Applicant has applied for two simultaneous units, at the same location, for a particular product sub-category
80% of committed investment, or 1.8 x unit investment as given in the Annexure-III, whichever is lower
- Case-3:** Applicant has applied for three simultaneous units, at the same location, for a particular product sub-category
80% of committed investment, or 2.5 x unit investment as given in the Annexure-III, whichever is lower
- 2.27 Limiting incremental production rate:** It is defined as the following:
80% of the committed annual incremental production rate or Threshold annual incremental production rate as given in Annexure-III, whichever is higher.
- 2.28 Manufacturing:** In accordance with Central Goods and Services Tax (CGST) Act, 2017; manufacturing shall mean processing of raw material or inputs in any manner that results in the emergence of a new product having a distinct name, character and use and the term “manufacturer” shall be construed accordingly.
- 2.29 Memorandum of Understanding (MoU) with Ministry of Steel:** MoU with Ministry of Steel is a binding document required to be signed by the selected Company with the Ministry of Steel, Govt. of India for each applied product sub-category.
- 2.30 Net sales turnover:** Net sales turnover shall mean the Gross Sale turnover net of credit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose) and taxes applicable.

- 2.31 Net Worth:** Net worth would comprise of paid-up capital plus free reserves including share premium but excluding Revaluation Reserves, plus credit balance in Profit & Loss Account, less debit balance in Profit & Loss Account and Accumulated losses.
- 2.32 Permissible Investments:** Investment made after the date of the gazette notification of PLI Scheme (July 29, 2021) in equipment/technology, etc. as per the list of permissible investments for each sub-category (Refer **Annexure – IV**).
- 2.33 Project Management Agency (PMA):** Project Management Agency (PMA) is a Nodal Agency appointed by Ministry of Steel for executing the PLI scheme.
- 2.34 Related Party(ies):** The term Related Party shall be as defined in Accounting standard-18: Related Party Disclosures or Indian Accounting Standard (IND-AS-24) Related Party Disclosure, as may be applicable to the applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.
- 2.35 Selected Company:** refers to eligible company / companies, after approval of Competent Authority, as shall be notified.
- 2.36 Successor-in-Interest:** Successor-in-Interest shall mean the new or re-organized entity formed after the merger, demerger, acquisition, transfer of business or significant change in ownership of an applicant.
- 2.37 Third Party:** refers to a business entity other than applicant company.
- 2.38 Unit Capacity:** refers to rated capacity of the plant to produce eligible product(s) of a given product sub-category.
- 2.39 Unit Investment:** refers to investment commensurate with unit capacity.
- 2.40 Value addition:** Value Addition shall be the net selling price (invoiced price excluding net taxes and duties) minus the landed cost of all inputs at the manufacturing plant in India (including all non-creditable taxes & duties) as a proportion of the net selling price, in percent.
- 2.41 Weighted Average Sales Price:** Weighted average sales price is the price used in calculating the incentive over a particular financial year. The sales price shall be ex-works basis, i.e. net of any applicable taxes, freight & insurances and discounts etc. The manufacturer needs to submit all the sales & price data related to a particular sub-category product in a financial year for which incentive is being claimed. These data shall be subject to verification through verifiable invoices.
- 2.42 Year:** shall mean financial year, unless otherwise qualified.

3. Tenure of PLI Scheme:

- 3.1 Incentive under PLI Scheme shall be provided for a maximum period of five (05) years. The period of five (5) years shall commence from FY 2022-23 (incentive to be released from FY 2023-24). The initial year may, however, be deferred by up to two (02) years in case of specific product categories within the overall budgetary allocation. The release of incentive will be from FY 2023-24 to 2027-28 (FY 2025-26 to 2029-30, in case of deferment by two years) based on the achievements made by different companies in keeping with the details given in the guidelines.

	Tenure for Production year	Tenure for Incentive disbursement year
As per Scheme	FY 2022 – 23 to FY 2026-27	FY 2023 – 24 to FY 2027-28
In case of deferment by two (2) years	FY 2024 – 25 to FY 2028-29	FY 2025 – 26 to FY 2029 – 30

- 3.2 If considered necessary, due to any special/adverse circumstances (Force majeure condition), the selected company(ies) may be allowed to avail the incentive within an extended period of up to one (01) year by allowing deferment of the initial year (FY2022-23) with PLI payable in FY2023-24 by one year i.e. to FY2023-24 (with PLI payable in FY 2024-25) but the overall period for availing incentive being limited to a maximum Period of five (05) years with the approval of Empowered Group of Secretaries (EGoS).

4. Qualification and Eligibility

- 4.1. Incentives under the PLI scheme shall only be provided to companies registered under the Companies Act 2013, which qualifies through the application process given in the guidelines and achieves committed incremental production for each product sub-category (listed under target segments, **Annexure-I**). The company (applicant) shall make an investment (listed under **Annexure-III**) in creating new capacity for manufacturing of the applied sub-category product.

4.2. Eligibility Criteria

- 4.2.1. Company / Group companies registered in India under the Companies Act 2013, desirous of manufacturing identified specialty steel grades, shall be eligible to apply for incentive under the scheme. The company shall ensure end-to-end manufacturing of applied product sub-category domestically, where the input material is melted and poured within the country using iron ore/scrap/sponge iron/pellets, etc.
- 4.2.2. Joint ventures are also eligible to participate in the scheme.
- 4.2.3. It would be permissible to undertake a maximum 20% of the total value-addition through third parties (outside the group companies or JVs), the incentive in such cases can however only be claimed by the company that has manufactured the end product sub-category that is eligible under the PLI scheme.
- 4.2.4. The net worth of the company (including that of the group companies)/JV shall not be less than 30% of the total committed investment. The audited net worth of the company as reported in the immediate preceding financial year of the date of application submission shall be considered.

In case of new company/group companies/JV incorporated after 31/03/2021 i.e. in FY22, net worth for such company(ies) shall not be less than 30% of the total committed investment prior to the date of filing of application.

In case applicant applies in multiple product sub-categories under target segments, then net worth criteria shall be checked with respect to total committed investment across all applied product sub-categories.

Each applicant shall submit the following for satisfying eligibility criteria:

- 4.2.4.1 Annual incremental production rate:** Each applicant shall submit annual incremental production rate (%) year-wise along with production quantity over the scheme period against each applied product sub-category. The committed annual incremental production rate must be equal to or more than the respective threshold incremental production rate mentioned in Annexure-III for each product sub-category.
- 4.2.4.2 Unit Capacity :** Each applicant shall submit unit capacity to be installed against each applied product sub-category. Each applicant needs to commit minimum unit capacity as per **Annexure-III**.
- 4.2.4.3 Committed investment:** Each applicant shall commit investment against each applied product sub-category during PLI Scheme period after the date of the gazette notification along with year-wise phasing of investment. The committed investment by applicant against a particular sub-category has to be equal or more than the minimum unit investment specified in **Annexure-III**.
- In case an applicant applies for more than one unit (say, 2 units or 3 units, etc.) at the same location for simultaneous installation, the following criteria need to be fulfilled for committed investment:-
 - For simultaneous installation of two units with single combined investment, the committed investment by the applicant has to be equal or more than the 1.8 times of unit investment specified in the scheme document.
 - For simultaneous installation of three units with single combined investment, the committed investment by the applicant has to be equal or more than the 2.5 times of unit investment specified in the scheme document.
 - In case an applicant applies for more than one unit (say, 2 units or 3 units, etc.) at different locations, each unit shall be treated independently.

Annexure-III lists the minimum qualifying threshold values of annual incremental production rate, unit capacity and investment against each product sub-category for purpose of eligibility.

Annexure-IV details the List of permissible investments.

- 4.2.5.** An eligible company availing benefit under the PLI scheme of Ministry of Steel may avail benefit under other scheme such as the Remission of Duties and Taxes on Exported products (RoDTEP) or those of the State Governments.
- 4.2.6.** An eligible company availing benefit under the PLI scheme of Ministry of Steel is not barred from availing benefits under PLI schemes of other Ministries / Departments for products other than those identified under the PLI Scheme for 'Specialty Steel'. However, the eligible investments / sales

considered for benefits under this scheme shall not be considered for fiscal benefits under PLI schemes of other Ministries / Departments.

5. Application

The application process is as follows.

- 5.1. Applicants desirous of participating in the scheme for claiming Production-linked incentive can join the scheme by applying in the prescribed format.
- 5.2. Application form as enclosed in **Annexure –II**, shall be submitted to the PMA through **an online portal** within a time period of 90 days from the date, as may be notified separately. No application shall be received after expiry of the due date so fixed.
- 5.3. A one time correction window of fifteen days (15 days) after close of the application submission window shall be available for completeness of supporting documents only, uploaded along with the application form. However, no change in the main application form will be permitted.
- 5.4. Applications are considered incomplete if an application has not been submitted in full or if one or more of enclosures are found missing or not meeting the intended requirement. *Incomplete applications after the lapse of correction window period shall be summarily rejected.*
- 5.5. Only those applications which satisfy the criteria in **Para 4** of this guideline document shall be considered for further evaluation.
- 5.6. An applicant may apply in multiple sub-categories and would be eligible to enter multiple MoUs with the Ministry of Steel. However, the incentive payable shall be capped at Rs.200 Crore per company (including that of group companies / JV) per year across all product categories.
- 5.7. In case of the same company applying for multiple categories or sub-categories, the investments shall also be distinct amongst sub-categories.
- 5.8. In absence of sufficient / desired number of applicants in a product sub-categories, the application window may be reopened, for the respective product sub-category, with the approval of the competent authority.
- 5.9. Shortlisted eligible companies, after approval of the competent authority, shall be notified as the Selected Companies by the Ministry of Steel / PMA.
- 5.10. Selected companies under the PLI scheme shall have to sign a MoU with the Ministry of Steel with validity till the final year of PLI disbursement adhering to the commitments given at the time of selection.
- 5.11. Performance security of 0.5 % of the committed investment shall be submitted along with MoU.
- 5.12. Each selected company shall submit an undertaking consenting audit of its manufacturing facility(ies) or offices for verification of information/data submitted along with the application.

6. Online Portal

- 6.1. All applications shall be submitted along with uploading of the supporting documents (**Refer Appendix-1 of Annexure –II**) through an online portal to the Project Management Agency (PMA).

A physical copy of the submitted application duly signed by the authorized signatory along with all supporting documents needs to be submitted at the address, (which will be notified separately), within 10 days of the submission of on-line form.

- 6.2. Detailed instructions for online filling-up of the application form are given in **Annexure- II**.
- 6.3. Upon submission of an application, a unique Application ID no. shall be generated by the portal. The applicant shall refer to this ID for all future correspondences and references pertaining to the Scheme.
- 6.4. Application(s) can be made on the online portal. (URL of online portal will be notified separately).

7. Selection

- 7.1. A transparent selection process to shortlist eligible companies / JVs registered in India under the Companies Act 2013 (Hereinafter referred to as eligible company / companies) shall be followed.
- 7.2. Investment which has been made by the eligible companies, after the date of gazette notification of the scheme, will be considered eligible investment under the PLI scheme subject to the condition that these investments are from among the list of permissible investments for the relevant product category / sub-category.
- 7.3. Preference shall be given to eligible companies committing to front load their investment during the scheme period. The investment commitment shall be evaluated based on Net Present Value (NPV) discounted at the rate keeping in view the prevailing Bank Rate (RBI rate).
- 7.4. All eligible companies shall be ranked based on the points obtained in the evaluation criteria as follows –
- 7.4.1. Committed annual incremental production during scheme period: 50% weightage
- 7.4.2. Committed Investment as per the list of permissible investments: 50% weightage
- 7.5. The eligible company securing highest points shall be **Ranked 1** followed by the eligible company securing second highest points and so on. The selection of the eligible companies shall be in the order of their ranks.
- 7.6. In cases where the same rank has been secured by the eligible companies, the final selection shall be based on the following rules (in the following descending order)
- 7.6.1. An eligible company committing to upfront investments shall be given priority as indicated in the PLI Scheme document.
- 7.6.2. Eligible company who has applied first shall be given priority over others, all else being equal.

7.7. The number of selected applicants in each product sub-category shall be limited by the cumulative unit capacity during PLI Scheme period by the eligible candidates to match the projected production at the end of the final year of the scheme.

8. Project management agency (PMA)

8.1. The Scheme will be implemented through a Nodal Agency referred as Project Management Agency (PMA) which will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by Ministry of Steel from time to time.

8.2. Roles and responsibilities of the PMA shall be as under:

8.2.1. Creation and maintenance of an online system/ portal for receipt of applications

8.2.2. Receipt of application, generation of unique application ID no. as acknowledgement, examination and processing of applications and issuing acknowledgement.

8.2.3. Making appropriate recommendations to the Competent Authority for approval of applications under the PLI Scheme after verifying eligibility and carrying out the ranking of applicants as per the selection criteria.

8.2.4. Examination of claims for disbursement of incentive and making appropriate recommendations to the Competent Authority.

8.2.5. Verification of the reconciliation of disbursement claims with prescribed documents.

8.2.6. Submission of quarterly progress reports on the progress and performance of the PLI Scheme to the competent authority.

8.2.7. PMA may request for additional information, details and documents from the applicants, if necessary. PMA may carry out physical inspection of an applicant's manufacturing units and offices through site visits, if required. It will be incumbent upon the applicant to extend all support in facilitating the above.

9. Empowered Group of Secretaries (EGoS) and competent authority

9.1. Empowered Group of Secretaries (EGoS)

9.1.1. An Empowered Group of Secretaries (EGoS) shall be constituted to monitor the PLI scheme. The EGoS shall be headed by the Cabinet Secretary.

9.1.2. The EGoS shall meet to ensure uniformity of all PLI schemes, undertake periodic review of the outgo under PLI Scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay.

9.1.3. The EGoS shall ensure that the total amount of incentive payable does not exceed the financial outlay as indicated in Para 11 of the PLI Scheme document irrespective of the number of Applicants under different Target Segments.

9.1.4. If considered necessary, any changes in the broad categories, sub-categories, eligibility criteria, PLI rate, etc. or any further modification(s) in the Scheme may be carried out, as may be decided by Ministry of Steel with the approval of EGoS.

9.1.5. In case of a Force Majeure event, the EGoS may amend, modify, or withdraw any clauses under PLI Scheme.

9.2. Competent authority

- 9.2.1. The Competent Authority shall be the Minister of Steel or as delegated by him.
- 9.2.2. The Competent Authority will consider list of applicants as per the category/sub-category under targeted segments with the rankings as recommended by the PMA for approval of the selected candidates under the PLI Scheme. The Competent Authority may seek such additional information as necessary for approval.
- 9.2.3. The Competent Authority will consider and accord approval to claims for disbursement, as examined, and recommended by the PMA, for the disbursement of incentive. The disbursement of incentive to the claimant shall be directly made by Ministry of Steel.

10. Approval under PLI Scheme

- 10.1. The PMA will scrutinize the applications, as received. The PMA shall accordingly make appropriate recommendations of the eligible companies to the Ministry of Steel for approval under PLI Scheme.
- 10.2. After receiving the list of selected companies from the Ministry of Steel, the PMA shall issue a letter to the each selected company within fifteen (15) days, communicating approval under PLI Scheme. The letter shall clearly state the following:
 - 10.2.1. Name of Selected Company
 - 10.2.2. Target Segment
 - 10.2.3. Eligible product
 - 10.2.4. Committed Unit Capacity to be installed
 - 10.2.5. Committed Investment under applied product sub-category along with its phasing during various years
 - 10.2.6. Year wise committed production
 - 10.2.7. Committed rate of Incremental production of steel product (%) under applied product sub-category.
 - 10.2.8. Plan for employment generation in India during the tenure of PLI Scheme.

The details of the selected company shall be also displayed on the online portal.

- 10.3. The aforesaid letter shall not be construed as a guarantee for disbursement of incentive as the same will be dependent upon verification of eligibility after submission of disbursement claim and other criteria defined in these Guidelines.

11. Eligibility for claiming Incentive

- 11.1. Committed investment is a condition to be fulfilled prior to commencement of production and claiming incentive.

11.2. In case the actual permissible investment made by each selected company as per **Annexure – IV**, is less than the limiting investment for a product sub-category, the selected company shall not be eligible for any incentive.

In case the selected company has applied for more than one unit, at the same location, in a particular product sub-category,

- In case of two units, 50 % of the limiting investment should be fulfilled on the ground prior to claiming the incentive for production from the first unit.
- In case of three units, 33 % of the limiting investment should be fulfilled on the ground prior to claiming the incentive for production from the first unit.
- Similarly, production from the last unit shall be eligible for claiming the incentive provided 100% of limiting investment has been achieved before commencement of production from the last unit.

11.3. However, payments scheduled, after commencement of production, as per contract shall be considered as deemed investment (such as on account of commissioning, Performance Guarantee test, Final Acceptance Certificate etc.) and shall be added to the investment already made.

11.4. PLI calculation in the year of commencement of production shall be based on actual production in that year, subject to achievement of 80 % of the committed production in that year, derived from net sales value (in Rs.) or else the actual production shall not qualify for incentive in the first year of commencement of production.

11.5. As the scheme would be fund limited, in case a company fails to meet the limiting incremental production rate in a year, no incentive shall be payable to the respective company in that year. However, it shall still be eligible to claim the PLI benefit under the scheme in the subsequent years, if it meets the year-on-year limiting incremental production rate for that year.

12. Calculation of Incentive

12.1. Incentive per eligible company (including that of group companies / JVs) will be applicable on incremental production of manufactured steel grades year on year worked out with reference to production in the previous year or the base year, whichever is higher subject to the annual ceiling of Rs 200 crores. In case baseline production is nil, production target for the first year will be arrived at by working backwards from the production target at the end of five years at the projected CAGR. For the purpose of calculating incentive, incremental production figure shall be derived from audited annual sales data submitted by the applicant and divided by the weighted average sales price (net of taxes) for the current year for which incentive is being claimed. The incremental production figures thus derived would be multiplied by average per ton sales price(net of taxes) for the current year or the base year (2019-20) whichever is less and multiplied by PLI rate (as applicable) to calculate the payable incentive. The incentive shall be calculated as per the formula given below :

Incentive = (A/B) x (B or C or D, whichever is lowest) x (PLI rate as applicable)/100

A = Incremental sales in current year#

B = Weighted Average sales price of the applicant in current year

C = Weighted Average sales price in base year (Refer **Annexure – V**)

D = Weighted Average sale price in current year \$

Current year: means year for which PLI has been claimed

\$ To be worked out by JPC and notified by PMA every year

- 12.2. PLI rate for each product sub-category year-wise is listed in the PLI scheme document and is reproduced below.

PLI Slab	2022-23	2023-24	2024-25	2025-26	2026-27
PLI-A	4%	5%	5%	4%	3%
PLI-B	8%	9%	10%	9%	7%
PLI-C	12%	15%	15%	13%	11%

13. Disbursement of Incentive

- 13.1. The scheme is fund limited; as the incentive payable shall not exceed the budgeted allotment for the scheme. Further, the annual incentive payable shall be capped at Rs 200 crores per eligible company (including that of group companies / JVs) across all product categories.
- 13.2. For claiming incentives under the PLI Scheme, Selected companies will be required to submit claims for disbursement of incentive to the PMA. Selected companies must ensure that the claims are complete in all respects and are accompanied by all the documents required as per the format prescribed in **Annexure – VI** of the Guidelines.
- 13.3. Claims for disbursement of incentive shall be filed by the selected companies within 7 months from the end of the financial year to which the claim pertains. For example, claim for say, FY23-24 has to be submitted within 31st October, 2024.
- 13.4. The PMA will examine the disbursement claims as submitted by the selected companies. The PMA shall verify eligibility and assess incentive payable to an applicant based on the method laid down in the scheme document and guidelines and recommend the same to the competent authority.
- 13.5. The PMA will have the right to verify any document(s) in relation to the claim for incentives including but not limited to statutory auditor certificates and returns furnished to various Ministries / Departments/ Agencies.
- 13.6. The Competent Authority will examine the claims for approval of incentive disbursement.
- 13.7. After approval for disbursement of incentive by competent authority, the same will be disbursed by the Ministry of Steel under intimation to PMA.

- 13.8. If the PMA or Ministry of Steel, at any stage, finds or comes to know and become satisfied that eligibility under the Scheme and / or disbursement of incentives have been obtained by manipulation or misrepresentation or by furnishing of false information, Ministry of Steel may ask the applicant to refund the incentives along with interest calculated at twice the rate of 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, after giving an opportunity to the applicant of being heard by the competent authority.
- 13.9. The PMA shall furnish information to Ministry of Steel with details of disbursement claims received for incentives, amount disbursed, reasons for rejection / delay in disbursement of the incentives on a quarterly basis, as part of progress reporting.
- 13.10. The distribution of incentive under different situation shall be as per the following:
- **Scenario 1:** If the annual cumulative calculated incentives for all companies in a given product sub-category exceeds the budgeted value, then incentive distribution shall be made proportionately.
 - **Scenario 2:** If the annual cumulative calculated incentives for all companies in a given product sub-category is less than the budgeted value, then the incentive distribution shall be done as per eligible amount to respective companies and the balance fund will lapse.
 - **Scenario 3:** In case the cumulative incentive of a company over entire applied product category/ sub-categories exceeds the ceiling of Rs. 200 Cr., the incentive distribution among different sub-categories shall be made proportionately such that the ceiling value is not crossed. For example : If cumulative incentive over entire applied sub-categories in a year, say comes out to be Rs. 250 Cr, then incentive distribution among different sub-categories shall be obtained by multiplying the incentive calculated against each sub-category with a factor (200/250 i.e. = 0.8).

14. Certifications:

- 14.1. During the application and claim process, PMA will rely on, inter alia, various certificates to be submitted by the Applicant from Statutory Auditors, Chartered Engineers, etc. The cost of such certificates will be borne by the Applicant/ Selected company.
- 14.2. Apart from the above, any costs / expenses in respect of any professional expertise or obtaining documents /certificates /information for the purpose of application and claim process, including but not limited to, costs of any Chartered Engineer, Chartered Accountant, Cost Accountant, Company Secretary, Lawyer, or any other professional, and cost of inspections /site visit etc., shall be borne by the Applicant/ Selected company. In case any such costs are incurred by the PMA, then the same shall be reimbursed by the applicant/ selected company to the PMA along with the applicable taxes.
- 14.3. The selected company shall furnish the following certificate from the Statutory Auditor in respect of :-
- 14.3.1. Investment made in accordance with Scheme Guidelines.
 - 14.3.2. Committed Investment, as applicable, has been achieved before commencement of production

14.3.3. Capitalization of Investment in the books of accounts of the selected company is in line with the relevant accounting standards issued by ICAI.

14.4. The selected company shall submit the following certificates from Statutory Auditor / Chartered Engineer (CE):

14.4.1. Confirming that the plant, machinery & equipment have been installed against the Committed Investment, the price is reasonable as per the market value and the same are being used for manufacturing of eligible product(s) (in the applied product sub-category), after carrying out the physical inspection of the manufacturing facilities.

14.4.2. Confirming utilization of the Plant, Machinery and Equipment for manufacturing of eligible product(s), production and sales quantity under target segment for each financial year for which the selected company is claiming incentive under the Scheme.

15. Review

15.1. Periodic reviews will be undertaken by the Empowered Group of Secretaries (EGoS) of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

15.2. All selected applicants shall be required to furnish a self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter till the complete tenure of the scheme in the format provided in **Annexure-VII** of the Guidelines.

16. Residual

16.1. All documents including application, annexures, undertaking submitted by the applicant have to be signed/self-certified through the authorized signatory having power of attorney.

16.2. An applicant shall intimate the PMA of any change in the shareholding pattern during the tenure of the Scheme, after updating with the Registrar of Companies(RoC).

16.3. Any change in the shareholding pattern of an applicant leading to a successor-in-interest during the tenure of the Scheme, shall be intimated by PMA to the Competent Authority.

16.4. In case of a successor-in-interest or having the effect of change in nature of the company, all investment undertaken by the Applicant to whom approval was accorded under the Scheme, would be considered for eligibility, subject to approval and compliance with any other condition stipulated by the Competent Authority, as may be deemed appropriate. The baseline applicable for the Successor-in-interest will be the same as determined for the Applicant to whom approval was accorded under the Scheme.

16.5. The successor-in-interest shall in writing express willingness to the competent authority to comply and adhere to all the terms & conditions of the MoU signed by the previous applicant.

16.6. The application of successor-in-interest shall be examined by the competent authority and approval may be accorded. After getting the approval, the successor-in-interest shall have to sign a fresh MoU with Ministry of Steel agreeing to all terms & conditions as accepted by the previous applicant. His

Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from applicants under the Scheme. In this regard, the format of undertakings as given in **Annexure-VIII** of the guidelines needs to be furnished by the selected companies.

- 16.9.** Each applicant shall submit a general undertaking in the prescribed format, **Annexure-IX**.
- 16.10.** The decision of the competent authority regarding selection of companies, claim & disbursement of incentive, amount of incentive etc. shall be final & binding.
- 16.11.** Ministry of Steel (MoS) shall constitute and notify a “**Grievance Redressal Committee**” to oversee the complaints/ grievances arising out of the PLI scheme at any stage of the scheme.
- 16.12.** In case required, Ministry of Steel reserves the right to issue addendum containing further instructions / changes with regard to various provisions, to be notified as part of scheme guidelines.

17. Audit

- 17.1.** Ministry of Steel shall be empowered to conduct a financial, functional, and technical audit of the selected company / companies who have signed MoU for claiming incentive under the scheme.
- 17.2.** The statutory audit shall be conducted by CAG.



(Rasika Chaube)

Additional Secretary to the Government of India

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3. Cabinet Secretariat
4. Prime Minister's Office
5. NITI Aayog
6. Comptroller and Auditor General of India
7. AS&FA, Ministry of Steel
8. Industry Associations
9. Internal Circulation

Dated: 24th December, 2021

Subject: Modifications to the Guidelines dated October 20, 2021 for the Production Linked Incentive (PLI) scheme for Specialty Steel

The Production-Linked Incentive (PLI) Scheme for Specialty Steel was notified vide Notification No. CG-DL-E-29072021-228562 dated 29.7.2021. For effective operation and smooth implementation of the scheme, detailed guidelines were issued by Ministry of steel on 20th October 2021.

2. Subsequently, suggestions and requests have been received from various Industry associations, industry players, potential applicants and other relevant stakeholders during Webinar organised by Ministry of Steel on 25th October, 2021 to deliberate the contours of PLI scheme for Specialty steel and its implementation with a view to enable wider industry participation and applicability of the scheme. Based on the same, following revisions and additions are hereby made in the Guidelines issued by Ministry of Steel on 20th October, 2021, hereinafter referred to as the Guidelines:-

Sl. No	Existing Clause	Revised/Added clause
1	Para 2.2 to 2.4	M/s MECON Ltd has been appointed as PMA. Date of inviting applications will be 29.12.2021. Application window will be kept open for 90 days i.e. till 29.3.2022. The application can be submitted at plimos.meconlimited.co.in . Relevant provisions in Para 2.2 to 2.4 stands modified accordingly.
2	Para 2.40 Value addition: Value Addition shall be the net selling price (invoiced price excluding net taxes and duties) minus the landed cost of all inputs at the manufacturing plant in India (including all non-creditable taxes & duties) as a proportion of the net selling price, in percent.	Domestic Value addition: Domestic value addition means - amount of value added in India which shall be the total value of the item to be procured / sold (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as

		a proportion of the total value of the item to be procured / sold, in percent. The 'domestic value addition' definition shall be in line with the DPIIT guidelines, and shall be suitably amended in case of any changes by DPIIT in the future.																		
3	<p>Para 3.1:</p> <p>(a).....The period of (5) years shall commence from FY 2022-23 (incentive to be released from FY 2023-24).....</p> <p>(b).....The release of incentive will be from FY 2023-24 to 2027-28(FY 2025-26 to 2029-30, in case of deferment by two years).....</p> <p>(c)</p> <table border="1"> <thead> <tr> <th></th> <th>Tenure for Production year</th> <th>Tenure for Incentive disbursement year</th> </tr> </thead> <tbody> <tr> <td>As per Scheme</td> <td>FY 2022 – 23 to FY 2026-27</td> <td>FY 2023 – 24 to FY 2027-28</td> </tr> <tr> <td>In case of deferment by two (2) years</td> <td>FY 2024 – 25 to FY 2028-29</td> <td>FY 2025 – 26 to FY 2029 – 30</td> </tr> </tbody> </table>		Tenure for Production year	Tenure for Incentive disbursement year	As per Scheme	FY 2022 – 23 to FY 2026-27	FY 2023 – 24 to FY 2027-28	In case of deferment by two (2) years	FY 2024 – 25 to FY 2028-29	FY 2025 – 26 to FY 2029 – 30	<p>(a).....The period of (5) years shall commence from FY 2023-24 (incentive to be released from FY 2024-25).....</p> <p>(b).....The release of incentive will be from FY 2024-25 to 2028-29 (FY 2025-26 to 2029-30, in case of deferment by two years).....</p> <p>(c)</p> <table border="1"> <thead> <tr> <th></th> <th>Tenure for Producti on year</th> <th>Tenure for Incentive disburseme nt year</th> </tr> </thead> <tbody> <tr> <td>As per Scheme</td> <td>FY 2023 – 24 to FY 2027-28</td> <td>FY 2024 – 25 to FY 2028-29</td> </tr> <tr> <td>In case of deferment by two (2) years</td> <td>FY 2024 – 25 to FY 2028-29</td> <td>FY 2025 – 26 to FY 2029 – 30</td> </tr> </tbody> </table>		Tenure for Producti on year	Tenure for Incentive disburseme nt year	As per Scheme	FY 2023 – 24 to FY 2027-28	FY 2024 – 25 to FY 2028-29	In case of deferment by two (2) years	FY 2024 – 25 to FY 2028-29	FY 2025 – 26 to FY 2029 – 30
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7	Broad Category: Coated/Plated Steel products in Annexure-III	Revised portion is annexed as Appendix A.																																																									
8	Table-I, Annexure-IV	Revised portion is annexed as Appendix B.																																																									

3. The Guidelines issued on 20th October, 2021 shall be read as incorporating the above revisions and additions where ever applicable.


(Rasika Chaube)
Additional Secretary to the Government of India

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Appendix A (for replacing portion in Annexure-III of Guidelines)

Broad category	Sl.No.	Sub-category	Minimum unit capacity to be installed by each applicant for PLI eligibility	Nos. of unit proposed	Minimum investment by each applicant for	Expected total investment	Minimum year-on-year incremental production rate for PLI
			(in'000 tonne)	(in nos.)	(in ₹ Cr)	(in ₹ Cr)	(in %)
Coated/Plated Steel Products	1	Galvanneal/GI-Auto-Gr	400	1	700	700	10
	2	Tin mill Products	200	5	600	3000	20
	3 (a)	* Coated/Plated products of Metallic/Non-Metallic alloys	250	26	200	5200	10
	3 (b)	Al-Zn coated (Galvalume)	250				30
	4	Colour Coated	250	17	300	5100	20

Appendix B (for replacing portion in Table-I, Annexure-IV of Guidelines)

Sl. No.	Broad category	Sl. No.	Sub-category	Input material	Permissible investment in major technological facilities
B	High Strength / Wear resistant Steel	5(a)	HR Coil, Sheets and Plates API Gr 52 <= X <= 70	Cast Slabs	Reheating furnace, Conventional Hot Strip mill, Weighing & packaging line, Coil Transfer System
		5(b)	HR Coil Sheets and Plates API		Associated electrics and automation
		5(c)	High Tensile Sheets, Coil, Plates YS >= 450 Mpa		
		6	Auto Gr Steel AHSS (CRCA)	HR coils/Cast Slabs	Pickling Line & Tandem Cold Mill, Annealing line, Skin pass mill, Weighing & packaging line, Coil Transfer System, Acid regeneration plant, Hot strip mill
		7(a)	Boiler Quality, Pressure Vessels	Cast Slabs	Reheating Furnaces, Plate mill, Inspection unit, Normalising Furnace, Weighing & packaging line
		7(b)	QT / Abrasion Resistance and Wear Resistance		Associated electrics and automation
C	Speciality Rails	8(a)	Asymmetric Rails	Asymmetric Rails	Forging Machine unit, rail cutting machine, Horizontal / vertical Straightening Press, Milling machine, Rail Transfer system, Storage & Inspection Beds, etc.
		8(b)	Head Hardened rails	Rails	Rail handling facility, Feeding Table, Induction Heating, Head hardening unit, rail transfer system, Cold Saw, Gag Press, Inspection Unit,
D	Alloy steel Products and Steel wires	13	Tyre Bead wire	Billets/Wire Rods	Reheating furnace, wire rod mill, drawing unit, Patenting, coating line, Packaging unit
		14	C – Class Zinc Coated Wire	Billets/Wire Rods	Reheating furnace, wire rod mill, Heat treatment units, hot dip galvanizing/ Zinc coating, Inspection unit, Packaging unit
		15	Zinc – aluminium coated Wire	Billets/Wire Rods	Reheating furnace, wire rod mill, Heat treatment unit, processing units, hot dip

Sl. No.	Broad category	Sl. No.	Sub-category	Input material	Permissible investment in major technological facilities
					galvanizing, hot dip ZA alloy fluxing, Inspection unit, Packaging unit Associated electrics and automation
		16	Tyre cord (Brass Coated)	Billets/Wire Rods	Reheating furnace, Wire rod mill, coarse drawing, patenting, intermediate drawing, final patenting, Brass plating, wet drawing, filament, stranding, tire cord making unit, Packaging unit Associated electrics and automation
		17	Oil Tempered Spring Steel Wire	Spring steel wire rods	Cleaning unit, Heat Treatment furnace, processing unit, Quenching and tempering furnace, Inspection unit, Packaging unit Associated electrics and automation

PLI Scheme for Automobile and Auto Components Industry

Ministry of Heavy Industries (MHI)



भारत का राजपत्र The Gazette of India

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असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

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नई दिल्ली, बृहस्पतिवार, सितम्बर 23, 2021/आश्विन 1, 1943

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NEW DELHI, THURSDAY, SEPTEMBER 23, 2021/ASVINA 1, 1943

भारी उद्योग मंत्रालय

अधिसूचना

नई दिल्ली, 23 सितम्बर, 2021

विषय: ऑटोमोबिल और ऑटो संघटक उद्योग के लिए उत्पाद सम्बद्ध प्रोत्साहन (पीएलआई) स्कीम

का.आ. 3946(अ).—1. परिचय:

सरकार ने भारत में ऑटोमोबिल और ऑटो घटक उद्योग के प्रयोजन से उन्नत ऑटोमोटिव उत्पादों के लिए भारत की विनिर्माण क्षमता संवर्धन हेतु 25,938 करोड़ रुपये के बजटीय परिव्यय के साथ उत्पाद सम्बद्ध प्रोत्साहन (पीएलआई) स्कीम को मंजूरी दी है।

2. उद्देश्य:

ऑटोमोबिल और ऑटो घटकों के लिए उत्पाद सम्बद्ध प्रोत्साहन (पीएलआई) स्कीम में उन्नत ऑटोमोटिव प्रौद्योगिकी उत्पादों के घरेलू विनिर्माण को बढ़ावा देने और ऑटोमोटिव विनिर्माण मूल्य श्रृंखला में निवेश आकर्षित करने के लिए वित्तीय प्रोत्साहन का प्रस्ताव किया गया है। इसके प्रमुख उद्देश्यों में लागत की अक्षमताओं पर काबू पाना, आकारिक मितव्ययिता कायम करना और उन्नत मोटर वाहन प्रौद्योगिकी उत्पादों के क्षेत्रों में एक मजबूत आपूर्ति श्रृंखला का निर्माण करना शामिल है। इससे रोजगार सृजन भी होगा। यह स्कीम ऑटोमोबिल उद्योग को मूल्य श्रृंखला में उच्च मूल्य वर्धित उत्पादों के रूप में आगे बढ़ने की सुविधा प्रदान करेगी।

3. स्कीम की मुख्य विशेषताएं:

3.1 स्कीम के घटक: इस स्कीम में उन्नत ऑटोमोटिव प्रौद्योगिकी से संबंधित ऑटोमोबिल और ऑटो घटकों की वृद्धिशील बिक्री को प्रोत्साहित करने वाले दो घटक शामिल हैं।

MINISTRY OF HEAVY INDUSTRIES**NOTIFICATION**

New Delhi, the 23rd September, 2021

SUBJECT: PRODUCTION LINKED INCENTIVE (PLI) SCHEME FOR AUTOMOBILE AND AUTO COMPONENT INDUSTRY**S.O. 3946(E).—1. Introduction:**

Government has approved the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry in India for Enhancing India's Manufacturing Capabilities for Advanced Automotive Products with a budgetary outlay of Rs. 25,938 crore.

2. Objective:

The Production Linked Incentive (PLI) Scheme for Automobile and Auto components proposes financial incentives to boost domestic manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain. Its prime objectives include overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of Advanced Automotive Technology products. It will also generate employment. This scheme will facilitate the Automobile Industry to move up the value chain into higher value added products.

3. Salient Features of the Scheme:

3.1 Scheme Components: The scheme consists of two components incentivizing incremental sales of automobile and auto components related to Advanced Automotive Technology.

3.2 Eligibility: The applicant company or its Group company(ies) will need to meet the following common criteria to qualify and receive benefits under the Scheme:

Basic Eligibility Criteria:

(a) For company or its Group company(ies) with existing presence in India or globally in the Automotive vehicle and components manufacturing business:

Eligibility Criteria	Auto OEM	Auto-Component
Global group* Revenue (from automotive and/or auto component manufacturing)	Minimum ₹ 10,000 crore.	Minimum ₹ 500 crore.
Investment	Global Investment of Company or its Group* Company(ies) in fixed assets (gross block) of ₹ 3,000 crore.	Global Investment of Company or its Group* Company(ies) in fixed assets (gross block) of ₹150 crore.

**Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:*

Exercise twenty-six percent or more of voting rights in the other enterprise;

Or

Appoint more than fifty percent of members of Board of Directors in the other enterprise. (As defined in the FDI Policy Circular of 2020)

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

ii. An applicant company or its Group company(ies) must satisfy the entire eligibility criteria to be eligible under the scheme.

- (b) For new non-automotive investor company or its Group company(ies) that may want to participate in this scheme:

Eligibility Criteria	New Non-Automotive investor company or its Group company(ies) (who are currently not in automobile or auto component manufacturing business)
Global net worth	₹ 1000crorebased on audited financial statements for year ending March 31, 2021.
Committed investment in India over five year period	As per Minimum New Domestic Investment Conditions mentioned in para – 3.2(c) below.

Note :

- Non-Automotive company or its Group company(ies) can qualify for this scheme provided they present a clear business plan to invest in India and generate revenues from Advanced Automotive Technology vehicles or Advanced Automotive Technology components manufacturing.
- The applicant new Non-Automotive Investor company or its Group company(ies) will be eligible to claim incentive subject to meeting cumulative minimum new domestic investment to be achieved for a particular year. The applicant will also have to meet the % Year on Year growth criteria from the minimum threshold fixed from the first year.
- New Non-Automotive Investor company or its Group company(ies) will be defined as those who have no revenue from manufacturing of Automobile or auto- components as on 31st March 2021.
- An applicant new Non-Automotive Investor company or its Group company(ies) must satisfy the entire eligibility criteria.

(c) Minimum New Domestic Investment Conditions:

Cumulative New Domestic Investment Condition of Performance (₹ Crore)

Cumulative new domestic investment to be achieved	Champion OEM (Except 2W & 3W)	Champion OEM 2W & 3W	Component Champion	New Non-Automotive investor(OEM)company or its Group company(ies)	New Non-Automotive investor (Component)company or its Group company(ies)
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	1400	700	175	1400	350
Upto or before March 31, 2026	1750	875	220	1750	440
Upto or before March 31, 2027	2000	1000	250	2000	500

Note :

- New investments should be made from the same legal entity as the one applying for the incentive.
- Cumulative new domestic investment made starting 1st April 2021 shall be considered under this condition.
- The approved Company is required to meet the cumulative investment condition for each year.

- iv. In the event, any approved 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.
- v. In case the approved 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.

(d) Preference will be given to eligible company 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.

3.3 Details of the Scheme

The Scheme has two components namely, Champion OEM Incentive Scheme & Component Champion Incentive Scheme. Any Automotive OEM company or its Group company(ies) and New Non-Automotive Investor company or its Group company(ies) are eligible to apply for both the components of the scheme.

3.3.1 General Details of the Scheme

3.3.1.1 Tenure of the Scheme

- i. Incentive under the scheme will be applicable, starting from the Financial Year 2022-23 which will be disbursed in the following Financial Year i.e. 2023-24 and so on for a total of five(05) consecutive Financial Years.
- ii. An approved applicant shall be eligible for benefits for 5 consecutive Financial Years but not beyond for the Financial Year ending 31/03/2027.
- iii. **Base Year:** Financial Year 2019-20 shall be treated as the base year for calculation of **eligible sales value** (not applicable for approved New Non-Automotive Investor Company).

3.3.1.2 Eligible Sales Value and Determined Sales Value under the Scheme:

- I. **Eligible Sales Value for Vehicle Segment:** Total sales (Net of GST) for eligible vehicles.
- II. **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 MHI.
- III. **Determined Sales Value for Vehicle Segment:** (Eligible Sales Value for Vehicle Segment for a particular year) minus (Eligible Sales Value for Vehicle Segment for Base year).
- IV. **Determined Sales Value for Component Segment :** (Eligible Sales Value for Component Segment for a particular year) minus (Eligible Sales Value for Component Segment for Base year).

3.3.1.3 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.

3.3.2 Champion OEM incentive scheme

3.3.2.1 Overview:

- I. An incentive scheme targeted to address the cost disabilities related to Advanced Automotive Technology vehicles faced by OEMs.
- II. 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.

- III. **Target Segment:** Automotive OEM company or its Group company(ies) and new Non-Automotive Investor company or its Group company(ies).

3.3.2.2 Eligibility:

- I. Eligible companies as per para 3.2 above who meet the criteria mentioned below will qualify for incentives under the Champion OEM Incentive Scheme:
 - Automotive OEM company or its Group company(ies) and new Non-Automotive Investor company or its Group company(ies) will be eligible to apply for the Champion OEM incentive scheme.
 - Growth incentives (% of benefits) are applicable on Determined Sales Value.
- II. The list of Advanced Automotive Technology vehicles like Battery Electric Vehicles (BEV), Hydrogen Fuel Cell Vehicles etc will be prescribed by MHI from time to time depending upon technological developments.
- III. The approved applicants will apply for registration of their products as eligible Advanced Automotive Technology vehicles to seek incentive in this scheme.
- IV. 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.
- V. Minimum 50% domestic value addition will be required. 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.
- VI. Pre-approved eligible product with minimum 50% domestic value addition will be eligible for incentive under this scheme.
- VII. 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.

3.3.2.3 Scheme Incentive Mechanism

- I. The approved applicants will be entitled to receive incentives (% benefit) on Determined Sales Value subject to meeting other conditions of the scheme.
- II. For the approved New Non-Automotive Investor company (who is currently not in automobile or auto component manufacturing business) eligible sales value in the base year will be taken as zero.
- III. 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.
- IV. 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 viz. existing Automotive and New Non-Automotive Investor companies, to become eligible to receive incentive.
- V. In case the approved company fails to meet the threshold for increase in Determined Sales Value over the threshold for the first year i.e ₹125 crore, 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 from when the incentive under the scheme becomes applicable (FY 2022-23). This provision will provide level playing field to all approved companies viz. existing Automotive and New Non-Automotive Investor companies as well as safeguard the approved applicants who preferred to front load their investment, against adversities of the market demand conditions in subsequent years of the scheme.
- VI. The approved Companies that achieve a target cumulative increase in Determined sales of ₹ 10,000 crore across the duration of the scheme will receive an additional incentive of 2%. This additional 2% incentive is applicable on the cumulative increase in Determined Sales Value in excess of ₹ 10,000 crore.

VII. Incentive proposed under this scheme to Electric vehicle manufacturers will be independent of the incentives given under FAME II scheme where incentives are provided to customers who buy the vehicles and not to the manufacturers. Incentives can be claimed under this scheme for Battery Electric vehicles having Advanced Chemistry Cell (ACC) batteries for which incentives have been claimed under the PLI scheme for ACC.

VIII. Incentive Slabs for Champion OEM and New Non-Automotive (OEM) Investor company:

Table 1: Incentive Slabs for Champion OEM and New Non-Automotive (OEM) Investor Company

Determined Sales Value (in ₹ Crore)	Incentives (%age of Determined Sales Value)
<= 2,000	13%
> 2,000 to 3,000	14%
> 3,000 to 4,000	15%
> 4,000	16%
Cumulative Determined Sales Value of ₹10,000 Crore over 5 years	Additional 2%

Note: - i. Only those Battery Electric Vehicles will be eligible for incentives which meet the performance criteria of FAME-II scheme or as notified from time to time by MHI.

3.3.3 Component Champion incentive scheme

3.3.3.1 Overview:

- I. The 'Component Champion' Incentive scheme is aimed at identifying and incentivizing Auto-component champions that can achieve global scale of operations and become 'Automotive Champions' for the auto-component manufacturing sector related to Advanced Automotive Technology.
- II. The Component Champion Incentive scheme is a 'sales value linked' scheme, applicable on 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 and any other Advanced Automotive Technology components prescribed by MHI depending upon technical developments.
- III. **Target Segment:** Auto-component manufacturing company or its Group company(ies), Automotive OEM company or its Group company(ies) and new Non-Automotive Investor company or its Group company(ies).

3.3.3.2 Eligibility:

- I. Eligible companies as per para 3.2 above who meet the criteria mentioned below will qualify for incentives under the Component Champion Incentive Scheme:
 - Auto-component manufacturing company or its Group company(ies), Automotive OEM company or its Group company(ies) and new Non-Automotive Investor company or its Group company(ies) will be eligible to apply for the Component Champion incentive scheme.
 - Growth incentives (% of benefits) are applicable on Determined Sales Value.
- II. The list of eligible Advanced Automotive Technology components will be prescribed by MHI. The list can be amended by MHI from time to time depending upon technological developments.
- III. The approved applicants will apply for registration of their products as eligible Advanced Automotive Technology components to seek incentive in this scheme.
- IV. Pre-approval of eligible product will be done by Testing Agency of MHI as Advanced Automotive Technology components as prescribed by MHI from time to time.

- V. Minimum 50% domestic value addition will be required. 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 will certify domestic value addition in the eligible product.
- VI. Pre-approved eligible product with minimum 50% domestic value addition will be eligible for incentive under this scheme.
- VII. 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.

3.3.3.3 Scheme Incentive Mechanism

- I. The Approved applicants will be entitled to receive incentives (% benefit) on the Determined Sales Values of Advanced Automotive Technology components subject to meeting other conditions of the scheme.
- II. For the approved New Non-Automotive Investor company (who is currently not in automobile or auto component manufacturing business) eligible sales value in the base year will be taken as zero.
- III. 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.
- IV. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of the first year i.e. ₹ 25 crore has to be achieved by all approved companies viz. existing Automotive and New Non-Automotive Investor companies, to become eligible to receive incentive.
- V. In case the approved company fails to meet the threshold for increase in Determined Sales Value over the threshold for the first year i.e. ₹ 25 crore, 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 from when the incentive under the scheme becomes applicable (FY 2022-23). This provision will provide level playing field to all approved companies viz. existing Automotive and New Non-Automotive Investor companies as well as safeguard the approved applicants who preferred to front load their investment, against adversities of the market demand conditions in subsequent years of the scheme.
- VI. The approved Companies that achieve a target cumulative increase in Determined Sales Value of ₹ 1250 crore across the duration of the scheme will receive an additional 2% incentive. This 2% additional incentive is applicable on the cumulative increase in Determined Sales Value in excess of ₹ 1250 crore.
- VII. Additional incentive has also been provided for components of Battery Electric Vehicles (BEV) and Hydrogen fuel cell vehicles in order to promote future technology vehicles.
- VIII. Incentive slab for Component Champion Incentive Scheme:

Table 2 : Incentive slab for Component Champion and New Non-Automotive (Component) Investor company

Determined Sales Value (in ₹ Crore)	Incentives (%age of Determined Sales Value)
<= 250	8%*
> 250 to 500	9%*
> 500 to 750	10%*
> 750	11%*

Cumulative Determined Sales Value of ₹1,250 Crores over 5 years.	Additional 2%
Battery Electric vehicles & Hydrogen fuel cell vehicles components	Additional 5%

***Multiplied by a factor of 0.9 in the fifth year for eligible sales relating to Internal Combustion Engine (ICE) vehicle components.**

Note: - i. On an annual basis, the approved company under the Component Champion Scheme will have to separately report break up of sales value of components specific to Battery-EV and Hydrogen fuel Cell vehicle produced in India.

4. Incentive Outlay

4.1 Total Incentive: The expected annual incentive outlay and total incentive outlay under the Scheme is as given below:

Table 3: Incentive outlay

Applicable Incentive (Financial Year)	Disbursement of Incentive (Financial Year)	Total Incentive (₹ Crore)
2022-23	2023-24	604
2023-24	2024-25	3,150
2024-25	2025-26	5,925
2025-26	2026-27	7,199
2026-27	2027-28	9,060
Total		25,938

Note:

- The yearly incentive payouts are indicative and can be changed depending upon the sales /market scenario, within the overall Financial Outlay.
- This is a fund limited scheme. The total incentive payout during 5 years of the scheme will be capped at ₹25,938 crore. In case the calculated incentive payout exceeds the budget, it will be reduced on pro-rata basis as per the formulation developed across all PLIs.
- Distribution of incentive may differ from estimates, depending on the number of beneficiaries etc.
- The administrative expenses for the scheme will be absorbed within the overall limit of ₹25,938 crore.

4.2 Incentive per company

- Under the 'Champion OEM' Incentive Scheme' the incentive per company will depend on the Determined Sales Value of vehicles related to Advanced Automotive Technology subject to meeting the criteria of cumulative new domestic investment, and Year on Year growth.
- Under the 'Component Champion' Incentive Scheme' the incentive per company will depend on the Determined Sales Value of Advanced Automotive Technology components manufactured in India, subject to meeting the criteria of cumulative new domestic investment, and Year on Year growth.

4.3 Spillover between different components of the scheme

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.

4.4 Maximum incentive per company

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.

4.5 To retain flexibility in the implementation of the scheme, the scheme proposes fungibility of funds within and across the components of the scheme.

4.6 Incentive payable under this scheme to Electric vehicle manufacturers will be independent of/in addition to the incentives given under FAME-II scheme where incentives are provided to customers who buy the vehicles and not to the manufacturers. Under this PLI scheme, incentives are being given to manufacturers not the consumers.

4.7 Incentives may also be claimed under this scheme for vehicles having Advanced Chemistry Cell (ACC) batteries for which incentives have been claimed under the PLI scheme for ACC because Battery Electric vehicle (BEV) manufacturers have the freedom to source ACC batteries from anywhere and in case this incentive is not allowed, they may resort to imports of ACC batteries for cost cutting.

5 Basis of Computation :

The assessment shall be based on details furnished to the Departments / Ministries / Agencies, and Statutory Auditor certificates.

6 Mechanism

6.1 Nodal Agency

6.1.1 The Scheme shall be implemented through a Nodal Agency. Such Nodal Agency shall act as a Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities, as assigned by MHI from time to time. For carrying out activities related to the implementation of the Scheme, PMA would inter-alia be responsible for:

6.1.2. Appraisal of applications and verification of eligibility for support under the Scheme.

6.1.3 Examination of claims eligible for disbursement of incentives under the Scheme.

6.1.4 Compilation of data regarding progress and performance of the Scheme, including cumulative domestic investment and incremental eligible sales of goods for companies.

6.1.5 To keep a check on any diversions arising out of any change in accounting policy or duplication of benefits on account of same activity under different Schemes.

6.1.6 To avoid any duplication and formation of multiple committees, the Administrative Mechanism created under FAME-II scheme in MHI will be used for granting approvals under Production Linked Incentive (PLI) Scheme for Automobile and Auto components.

6.2 **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.

6.3 **Monitoring of the PLI scheme and power to remove difficulties:** As approved by the Cabinet on 11th November 2020, the Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary (constituted by the Cabinet vide Gazette notification dated 10.06.2020) will monitor the PLI scheme, undertake periodic review of the outgo under the scheme, ensure uniformity of all PLI Schemes and take appropriate action to ensure that the expenditure is within the prescribed outlay. In addition, any changes required in the modalities of the scheme mentioned above subject to the condition that the overall financial outlay remain within ₹ 25,938 crore, will be placed for consideration of EGoS.

6.4 Approval and Disbursement of Incentive

I. Application under the Scheme can be made by any company registered in India.

- II. An initial application, complete in all aspects, will have to be submitted before the due date. Acknowledgement will be issued after initial scrutiny of the application. The acknowledgement shall not be construed as approval under the Scheme.
- III. The incentives shall be released to eligible applicants, meeting the required thresholds and whose disbursement claims are found to be in order.
- IV. Incentives under the Scheme will be applicable, starting from the Financial Year 2022-23 which will be disbursed in the following Financial Year i.e. 2023-24, and so on for a total of 5 consecutive Financial Years.
- V. The scheme will be data driven to ensure transparency, automaticity and prompt disbursement of incentives. The data will be captured in seamless manner and will make use of respective HS codes.
7. **Guidelines to the Scheme:** For the effective operation and smooth implementation of the Scheme, the detailed guidelines shall be notified separately. The guidelines are to be read along with the scheme. In case of any inconsistency between the scheme and the guidelines, the provisions of the scheme shall prevail.
8. **PLI Scheme for Drone and Drone components:** The PLI scheme for Drone and Drone components shall be separately notified / published by Ministry of Civil Aviation (MoCA).

[F. No. 12(11)/2020-AEI (21370)]

AMIT MEHTA, Jt. Secy.



भारत का राजपत्र The Gazette of India

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असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

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NEW DELHI, THURSDAY, SEPTEMBER 23, 2021/ASVINA 1, 1943

भारी उद्योग मंत्रालय

अधिसूचना

नई दिल्ली, 23 सितम्बर, 2021

विषय: उत्पादन संबद्ध प्रोत्साहन (पीएलआई) के लिए दिशानिर्देश ऑटोमोबाइल और ऑटो घटक उद्योग के लिए योजना का.आ. 3947(अ).—1 पृष्ठभूमि

- 1.1 ऑटोमोबाइल और ऑटो घटकों (इसके बाद "स्कीम" के रूप में संदर्भित) के लिए उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजना को अधिसूचना संख्या का.आ. 3946(अ) दिनांक 23.09.2021 द्वारा अधिसूचित किया गया है।
- 1.2 उक्त अधिसूचना के पैरा-7 के अनुसरण में और योजना के प्रभावी संचालन और सुचारू कार्यान्वयन के लिए निम्नलिखित दिशा-निर्देश निर्धारित किए जा रहे हैं जिन्हें योजना के साथ पढ़ा जाना है। योजना और दिशानिर्देशों के बीच किसी भी विसंगति के मामले में, योजना के प्रावधान मान्य होंगे।
- 1.3 ऑटोमोटिव उद्योग भारत में एक प्रमुख आर्थिक योगदानकर्ता है। यह क्षेत्र भारत के विनिर्माण सकल घरेलू उत्पाद के ~ 35% के लिए जिम्मेदार है और अर्थव्यवस्था के लिए एक प्रमुख विकास चालक रहा है। आज, कई घटक विनिर्माता वैश्विक ऑटो ओईएम के लिए टीयर 1 आपूर्तिकर्ता हैं और कई भारत विनिर्मित मोटर वाहन अंतरराष्ट्रीय बाजारों में अपना रास्ता बनाते हैं। यह दर्शाता है कि भारतीय ऑटोमोटिव क्षेत्र वैश्विक तकनीकी परिवर्तनों और अन्य वैश्विक मानकों को अपनाने वाला रहा है।
- 1.4 ऑटोमोबाइल और ऑटो घटकों के लिए उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजना उन्नत ऑटोमोटिव प्रौद्योगिकी उत्पादों के घरेलू विनिर्माण को बढ़ावा देने और ऑटोमोटिव विनिर्माण मूल्य श्रृंखला में निवेश

क्रम सं.	विवरण
1	बैटरी इलेक्ट्रिक वाहन- सभी वाहन खंड जो फेम-II योजना के निष्पादन या भारी उद्योग मंत्रालय द्वारा समय-समय पर अधिसूचित मानदंडों को पूरा करते हैं।
2	हाइड्रोजन ईंधन सेल वाहन-सभी वाहन खंड

ii. भारी उद्योग मंत्रालय द्वारा इस अवधि के दौरान उन्नत ऑटोमोटिव प्रौद्योगिकी घटकों की सूची अलग से अधिसूचित की जाएगी।

[फा.सं. 12(11)/2020-एईआई (21370)]

अमित मेहता, संयुक्त सचिव

MINISTRY OF HEAVY INDUSTRIES

NOTIFICATION

New Delhi, the 23rd September, 2021

SUBJECT: GUIDELINES FOR THE PRODUCTION LINKED INCENTIVE (PLI) SCHEME FOR AUTOMOBILE AND AUTO COMPONENT INDUSTRY

S.O. 3947(E).—1. Background

- 1.1 The Production Linked Incentive (PLI) scheme for Automobile and Auto components (herein after referred to as “Scheme”) has been notified vide notification S.O. No. 3946(E) dated 23.09.2021.
- 1.2 In pursuance of Para – 7 of said notification and for the effective operation and smooth implementation of the Scheme, the following guidelines are being laid down that are to be read along with the scheme. In case of any inconsistency between the scheme and the guidelines, the provisions of the scheme shall prevail.
- 1.3 The automotive industry is a major economic contributor in India. The sector is responsible for ~ 35% of India’s manufacturing GDP and has been a key growth driver for the economy. Today, many component makers are Tier 1 suppliers to global auto OEMs and several India-manufactured motor vehicles make their way to international markets. This demonstrates that the Indian automotive sector has been an adopter of global technological changes and other global standards.
- 1.4 The Production Linked Incentive (PLI) Scheme for Automobile and Auto components proposes financial incentives to boost domestic manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain. Its prime objectives include overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of Advanced Automotive Technology products. It will also generate employment. This scheme will facilitate the Automobile Industry to move up the value chain into higher value added products.
- 1.5 These guidelines are being issued for effective and smooth implementation of the Scheme. These guidelines cover, inter alia, the following:
 - Definitions
 - Tenure
 - Eligibility
 - Application and Online Portal
 - Project Management Agency (PMA) and Empowered Committee (EC)
 - Approval under the Scheme
 - Calculation and disbursement of incentive

2. Definitions

- 2.1. Applicant:** An applicant for the purpose of the Scheme should be a company or its Group Company(ies) incorporated under The Companies Act in India, engaged in automotive and/or auto component manufacturing sector or **New Non-Automotive Investor company or its Group Company(ies) (who are currently not in automobile or auto component manufacturing business) meeting the eligibility criteria specified under the scheme** and making an application for seeking approval under the Scheme.
- 2.2. Application:** Application submitted by an applicant to the Ministry of Heavy Industries (MHI) as per the Application Form prescribed under these guidelines containing requisite information, along with supporting documents and application fee. The Application Form shall be notified separately in due course of time.
- 2.3. Application Approval Date:** The date on which approval letter under the Scheme is issued by the MHI.
- 2.4. Application Window:** Applications will be invited within 60 days of notification of this scheme. The window for receiving applications through the Notice Inviting Applications will be for a period of 60 days.
- 2.5. Approved Applicant/Company:** The eligible company or its Group company(ies) who has been approved by MHI under the Scheme.
- 2.6. Automotive OEM:** The original manufacturer of a vehicle, including tractor and automobile meant for military use and/or vehicle aggregates.
- 2.7. Base Year:** Financial Year 2019-20 for calculation of eligible sales value (not applicable for New Non-Automotive investors).
- 2.8. Completely Built-in Unit (CBU):** This is a vehicle that is in a completely assembled form.
- 2.9. Completely Knocked Down (CKD):** A vehicle as a Completely Knocked Down(CKD) kit containing all the necessary parts for assembling a complete vehicle with chasis, engine, gearbox, transmission mechanism not in a pre-assembled condition.
- 2.10. Eligible Product:**
- 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.
 - The list of Advanced Automotive Technology Vehicles and Advanced Automotive Technology Components will be prescribed and can be amended by MHI from time to time depending upon technological developments.
- 2.11. Eligible Sales Value and Determined Sales Value under the Scheme:**
- 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 MHI.
 - Determined Sales Value for Vehicle Segment:** (Eligible Sales Value for Vehicle Segment for a particular year) minus (Eligible Sales Value for Vehicle Segment for Base year).
 - Determined Sales Value for Component Segment :**(Eligible Sales Value for Component Segment for a particular year) minus (Eligible Sales Value for Component Segment for Base year).
- 2.12. Empowered Group of Secretaries (EGoS):**As approved by the Cabinet on 11th November 2020, the Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary (constituted by the

Cabinet vide Gazette notification dated 10.06.2020) will monitor the PLI scheme, undertake periodic review of the outgo under the scheme, ensure uniformity of all PLI Schemes and take appropriate action to ensure that the expenditure is within the prescribed outlay. In addition, any changes required in the modalities of the scheme mentioned in the Draft Cabinet Note, subject to the condition that the overall financial outlay remains within ₹ 25,938crore, will be placed for consideration of EGoS.

2.13 Financial Year: Financial Year begins on the 1st April of a year and ends on 31st March of the following year.

2.14 Fixed Assets: 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.

2.15 Force Majeure: Extraordinary events or circumstances beyond human control, such as event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable/ seasonal rain and any other events specifically excluded).

2.16 Global Group Revenue: Total revenue of the group companies from global operations (from automotive and auto component manufacturing in a given year).

2.17 Group Companies²: Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:

Exercise twenty-six percent or more of Voting rights in the other enterprise;

Or

Appoint more than fifty percent of members of Board of Directors in the other enterprise (As defined in the FDI Policy Circular of 2020).

2.18 Global Net Worth: 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).

2.19 Investment- “Investment” as mentioned in Para -3.2(c) of the scheme shall mean:

2.19.1 Expenditure incurred on Plant, Machinery, Equipment and Associated Utilities: This shall include expenditure on 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. It shall also include expenditure on packaging, freight/transport, insurance, and erection and commissioning of the plant, machinery, equipment, and associated utilities. 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. All non-creditable taxes and duties would also be included in such expenditure.

2.19.2 Expenditure incurred on Land and Building: The expenditure incurred on land will not be considered for meeting the threshold criteria of Cumulative Minimum Domestic Investment. However, buildings of the main plant and utilities will be considered as part of the investment provided it does not exceed 10% of Minimum Cumulative Domestic Investment defined for a segment.

2.20 Incentive: Incentive is the financial benefit to be provided to the selected applicants.

2.21 Manufacturing: In accordance with Central Goods and Services Tax (CGST) Act,2017, manufacturing shall mean processing of raw material or inputs in any manner that results in

² FDI policy circular, 2020

emergence of a new product having a distinct name, character and use and the term “manufacturer” shall be construed accordingly.

- 2.22 Net Sales:** Net sales are the sum of a company’s gross sales minus its returns, allowances, and discounts.
- 2.23 New Non-Automotive Investor company or its Group company(ies):** New Non-Automotive Investor company or its Group company(ies) will be defined as those who have no revenue from manufacturing of Automobile or auto components as on 31.03.2021.
- 2.24 Project Management Agency (PMA):** Refers to the financial institution(s) or any other authority(ies) appointed by MHI to act on its behalf for receipt and appraisal of applications, verification of eligibility and examination of disbursement claims through any method / document deemed appropriate and for managing the above-mentioned in accordance with these guidelines.
- 2.25 Semi-Knocked down Unit (SKD):** 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.
- 2.26 Value Addition:** The term “Value addition” will be construed as the percentage of manufacturing activity being undertaken in that referred part of the supply chain. % domestic value addition= [(Ex-factory price of the product (net of GST) – (minus) Import content i.e. sum of FOB value of all imported components or materials in the final product including import duties) / Ex-factory price of the product (net of GST)] x 100. It will be certified by Testing agency of MHI.
- 2.27 Vehicle Aggregates:** 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.
- 3. Tenure of the Scheme:** Incentive under the scheme will be applicable, starting from the Financial Year 2022-23 which will be disbursed in the following Financial Year i.e. 2023-24 and so on for a total of five (05) consecutive Financial Years.

4. Eligibility

- 4.1. Eligibility:** The applicant company or its Group company(ies) will need to meet the following common criteria to qualify and receive benefits under the Scheme:

Basic Eligibility Criteria:

- (a) For company or its Group company(ies) with existing presence in India or globally in the Automotive vehicle and components manufacturing business:

Eligibility Criteria	Auto OEM	Auto-Component
Global group* Revenue (from automotive and/or auto component manufacturing)	Minimum ₹ 10,000 crore.	Minimum ₹ 500 crore.
Investment	Global Investment of Company or its Group* Company(ies) in fixed assets (gross block) of ₹ 3,000 crore.	Global Investment of Company or its Group* Company(ies) in fixed assets (gross block) of ₹150 crore.

**Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:*

Exercise twenty-six percent or more of voting rights in the other enterprise;

Or

Appoint more than fifty percent of members of Board of Directors in the other enterprise (As defined in the FDI Policy Circular of 2020).

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

ii. An applicant company or its Group company(ies) must satisfy the entire eligibility criteria to be eligible under the scheme.

(b) For new non-automotive investor company or its Group company(ies) that may want to participate in this scheme:

Eligibility Criteria	New Non-Automotive investor company or its Group company(ies) (who are currently not in automobile or auto component manufacturing business)
Global net worth	₹ 1000crorebased on audited financial statements for year ending March 31, 2021.
Committed investment in India over five year period	As per Minimum New Domestic Investment Conditions mentioned in para – 4.1(c) below.

Note :

- i. Non-Automotive company or its Group company(ies) can qualify for this scheme provided they present a clear business plan to invest in India and generate revenues from Advanced Automotive Technology vehicles or Advanced Automotive Technology components manufacturing.
- ii. The applicant new Non-Automotive Investor company or its Group company(ies) will be eligible to claim incentive subject to meeting cumulative minimum new domestic investment to be achieved for a particular year. The applicant will also have to meet the % Year on Year growth criteria from the minimum threshold fixed from the first year.
- iii. New Non-Automotive Investor company or its Group company(ies) will be defined as those who have no revenue from manufacturing of Automobile or automobile components as on 31st March 2021.
- iv. An applicant new Non-Automotive Investor company or its Group company(ies) must satisfy the entire eligibility criteria.

(c) **Minimum New Domestic Investment Conditions:**

Cumulative New Domestic Investment Condition of Performance (₹.Crore)

Cumulative new domestic investment to be achieved	Champion OEM (Except 2W & 3W)	Champion OEM 2W & 3W	Component Champion	New Non-Automotive investor(OEM)company or its Group company(ies)	New Non-Automotive investor (Component)company or its Group company(ies)
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	1400	700	175	1400	350

March 31, 2025					
Upto or before March 31, 2026	1750	875	220	1750	440
Upto or before March 31, 2027	2000	1000	250	2000	500

Note :

- i. New investments should be made from the same legal entity as the one applying for the incentive.
 - ii. Cumulative new domestic investment made starting 1st April 2021 shall be considered under this condition.
 - iii. The approved Company is required to meet the cumulative investment condition for each year.
 - iv. In the event, any approved 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.
 - v. In case the approved 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.
- (d) Preference will be given to eligible company 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.

4.2. Eligibility for incentive

4.2.1 Approved Applicants would be eligible for incentives subject to meeting specific criteria under the scheme, as prescribed.

4.2.2 Minimum 50% domestic value addition will be required. 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.

4.2.3 Pre-approved eligible product with minimum 50% domestic value addition will be eligible for incentive under this scheme.

4.2.4 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.

4.2.5 Champion OEM Incentive Scheme

4.2.5.1 Automotive OEM company or its Group company(ies) and new Non-Automotive investor company or its Group company(ies) are eligible to apply for the scheme.

4.2.5.2 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.

4.2.6. Component Champion Incentive Scheme

4.2.6.1 Automotive OEM company or its Group company(ies), Auto-component manufacturing company or its Group company(ies) and new Non-Automotive Investor company or its Group company(ies) are eligible to apply for the scheme.

4.2.6.2 Incentives are applicable on 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 and any other Advanced Automotive Technology component prescribed by MHI depending upon technical developments.

5. Application

5.1. 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 & supporting documents.

Note: 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 a statutory auditor.

5.2 The Application Form: The Application Form along with details of all necessary supporting documents, to be submitted at the time of application, will be notified separately by Ministry of Heavy Industries (MHI) in due course of time.

5.3 A non-refundable application fee would be payable for each application.

6. Online Portal

6.1. All applications will be submitted through an online portal maintained by the PMA. In case the portal is not available, applications may be submitted in physical form to the PMA.

6.2. Upon successful submission of an application, PMA will issue a unique Application ID to the applicant for all future references pertaining to the Scheme.

6.3. URL of the online portal will be made available on the website of the MHI, in due course.

6.4 The scheme will be data driven to ensure transparency, automaticity and prompt disbursement of incentives. The data will be captured in seamless manner and will make use of respective HS codes.

6.5 Provision for Online Application, Monitoring and Review for Approval of Advanced Automotive Technology product:

6.5.1 There will be provision in the Online Portal for making online application by the applicants for approval of their Advanced Automotive Technology product by the Testing Agency of MHI as per the list of Advanced Automotive Technology product prescribed by MHI from time to time.

6.5.2 Testing Agency will take final decision on the application for Approval of Advanced Automotive Technology product within 90 days.

- 6.5.3** Monthly review will be done at Secretary, MHI level for monitoring of timely disposal of the applications.
- 6.6** The disbursement mechanism will incorporate pre-approval of Advanced Automotive Technology vehicles & Advanced Automotive Technology components by MHI through its agencies as is being done under Phased Manufacturing Programme (PMP) in FAME-II scheme. Subsequently, there would be drop-down menu for submission of data for claims in the data driven system.
- 6.7** Pre-approval of Advanced Automotive Technology vehicles & Advanced Automotive Technology components will be done by Testing Agencies of MHI. Pre-approval will be done within 90 days from the date of application by the applicant.
- 6.8** MHI may separately issue detailed instructions for the use of online portal for the PLI scheme.

7. Project Management Agency (PMA)

- 7.1.** The Scheme will be implemented through a Project Management Agency (PMA) which will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MHI from time to time. Further, PMA will report to JS, MHI through the appropriate channel and will be under the overall control of AS&FA, MHI and will put up their all findings/observations/recommendations to the Administrative Mechanism created under FAME-II scheme in MHI.
- 7.2.** The PMA shall be responsible, inter alia, for:
- 7.2.1.** Receipt of applications, examination and processing of applications and issuing acknowledgements.
- 7.2.2.** Submission of a fortnightly statement to MHI about the status of applications received and processed under the Scheme.
- 7.2.3.** Making appropriate recommendations through appropriate channel for approval of applications under the Scheme.
- 7.2.4.** Verification of thresholds for determining eligibility for disbursement incentive.
- 7.2.5.** Examination of claims for disbursement of incentive and making appropriate recommendations through appropriate channel.
- 7.2.6.** Verification of the reconciliation of disbursement claims with prescribed documents.
- 7.2.7.** Compilation of data regarding progress and performance of the Scheme through Quarterly Review Reports and other information /documents, as required and approved by the competent authority.
- 7.2.8.** Providing secretarial and other support to MHI for carrying out its responsibilities.
- 7.2.9** Keep a check on any diversion arising out of any change in accounting policy or duplication of benefits on account of same activity under different schemes.
- 7.3.** The PMA may request for additional information, details and documents from the applicant as deemed necessary.

8. Approval under the Scheme

- 8.1.** The PMA will process the applications and make appropriate recommendations for approvals under the Scheme.
- 8.2.** MHI will consider applications, as recommended by PMA through appropriate channel, for approval under the Scheme.
- 8.3** To avoid any duplication and formation of multiple committees, the Administrative Mechanism created under FAME-II scheme in MHI will be used for granting approvals under Production Linked Incentive (PLI) Scheme for Automobile and Auto components.

- 8.4. All the applications will be finalized within 60 days from the date of submission of applications or receipt of clarification sought, if any.
- 8.5. After receiving approval, the PMA will arrange to issue a letter to the selected applicant within 5 working days, communicating approval under the Scheme.
- 8.6. If a selected applicant is found to be ineligible at any stage, or if it has not complied with notifications, orders, guidelines etc. of the Scheme, the envisaged incentive claim of such selected applicant shall be forfeited or recovered with interest, if already paid.

9. **Post Approval:** PMA shall monitor the progress of the applicants.

10. Calculation of Incentive

- 10.1 In order to receive the incentives, the approved companies need to upload their annual claims under the scheme, along with audited financial statements / supporting documents, as certified by a Chartered Accountant and any other document, as specified.
- 10.2. Annual payment to be initiated after review of claims and verification of meeting the criteria and thresholds.
- 10.3. The incentive applicable for the approved applicant shall be computed as follows:

10.3.1 Champion OEM incentive scheme

- I. The approved applicants will be entitled to receive incentives (% benefit) on Determined Sales Value subject to meeting other conditions of the scheme.
- II. For the approved New Non-Automotive Investor company (who is currently not in automobile or auto component manufacturing business) eligible sales value in the base year will be taken as zero.
- III. 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.
- IV. 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 viz. existing Automotive and New Non-Automotive Investor companies, to become eligible to receive incentive.
- V. In case the approved company fails to meet the threshold for increase in Determined Sales Value over the threshold for the first year i.e ₹125 crore, 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 from when the incentive under the scheme becomes applicable (FY 2022-23). This provision will provide level playing field to all approved companies viz. existing Automotive and New Non-Automotive Investor companies as well as safeguard the approved applicants who preferred to front load their investment, against adversities of the market demand conditions in subsequent years of the scheme.
- VI. The approved Companies that achieve a target cumulative increase in Determined sales of ₹ 10,000 crore across the duration of the scheme will receive an additional incentive of 2%. This additional 2% incentive is applicable on the cumulative increase in Determined Sales Value in excess of ₹ 10,000 crore.
- VII. Incentive proposed under this scheme to electric vehicle manufacturers will be independent of the incentives given under FAME II scheme where incentives are provided to customers who buy the vehicles and not to the manufacturers. Incentives can be claimed under this scheme for Battery Electric vehicles having Advanced Chemistry Cell (ACC) batteries for which incentives have been claimed under the PLI scheme for ACC.
- VIII. Incentive Slabs for Champion OEM and New Non-Automotive (OEM) Investor company:

**Table 1: Incentive Slabs for Champion OEM and New Non-Automotive (OEM)
Investor Company**

Determined Sales Value (in ₹ Crore)	Incentives (%age of Determined Sales Value)
<= 2,000	13%
> 2,000 to 3,000	14%
> 3,000 to 4,000	15%
> 4,000	16%
Cumulative Determined Sales Value of ₹10,000 Crores over 5 years	Additional 2%

Note: - i. Only those Battery Electric Vehicles will be eligible for incentives which meet the performance criteria of FAME-II scheme or as notified from time to time by MHI.

10.3.2 Component Champion incentive scheme

- I. The Approved applicants will be entitled to receive incentives (% benefit) on the Determined Sales Values of Advanced Automotive Technology components subject to meeting other conditions of the scheme.
- II. For the approved New Non-Automotive Investor company (who is currently not in automobile or auto component manufacturing business) eligible sales value in the base year will be taken as zero.
- III. 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.
- IV. Year on Year (YoY) growth of minimum 10% in Determined Sales Value of the first year i.e. ₹ 25 crore has to be achieved by all approved companies viz. existing Automotive and New Non-Automotive Investor companies on ₹25 crore, to become eligible to receive incentive.
- V. In case the approved company fails to meet the threshold for increase in Determined Sales Value over the threshold for the first year i.e ₹ 25 crore, 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 from when the incentive under the scheme becomes applicable (FY 2022-23). This provision will provide level playing field to all approved companies viz. existing Automotive and New Non-Automotive Investor companies as well as safeguard the approved applicants who preferred to front load their investment, against adversities of the market demand conditions in subsequent years of the scheme.
- VI. The approved Companies that achieve a target cumulative increase in Determined Sales Value of ₹ 1250 crore across the duration of the scheme will receive an additional 2% incentive. This 2% additional incentive is applicable on the cumulative increase in Determined Sales Value in excess of ₹ 1250 crore.
- VII. Additional incentive has also been provided for components of Battery Electric Vehicles (BEV) and Hydrogen fuel cell vehicles in order to promote future technology vehicles.

VIII. Incentive slab for Component Champion Incentive Scheme:

Table 2 : Incentive slab for Component Champion and New Non-Automotive (Component)**Investor company**

Determined Sales Value (in ₹ Crore)	Incentives (%age of Determined Sales Value)
<= 250	8%*
> 250 to 500	9%*
> 500 to 750	10%*
> 750	11%*
Cumulative Determined Sales Value of ₹1,250 Crore over 5 years.	Additional 2%
Battery Electric vehicles & Hydrogen fuel cell vehicles components	Additional 5%

***Multiplied by a factor of 0.9 in the fifth year for eligible sales relating to Internal Combustion Engine (ICE) vehicle components.**

Note: - i. On an annual basis, the approved component Champions will have to separately report break up of sales value of components specific to Battery-EV and Hydrogen fuel Cell vehicle produced in India as defined in the guidelines.

11. Disbursement of Incentives

- 11.1.** For claiming incentive under the Scheme, the approved applicants will be required to submit claims for disbursement of incentive to the PMA. The approved applicant must ensure that the claims are complete in all respects and are accompanied by all the required documents, as per the format approved by the Ministry.
- 11.3** The approved applicant may submit a claim for disbursement of incentive only on an annual basis, that is, for the eligible sales made and domestic investment done in the period of April to March, of the said financial year.
- 11.4** 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.
- 11.5.** The PMA will examine the disbursement claim as submitted by an approved applicant. The PMA will keep a check on any diversions arising out of any change in accounting policy or duplication of benefits on account of same activity under different Schemes. The PMA shall verify eligibility and assess incentive payable to an approved applicant based on the method laid down in these guidelines and arrange to issue the approval letter after necessary approvals, to the applicant accordingly.
- 11.6.** The PMA will have the right to verify any document(s) in relation to the claim for incentive, including, but not limited to, statutory auditor certificates and returns furnished to various Ministries / Departments / Agencies. The PMA shall also have the right to examine the end realization and settlement / payments corresponding to sales and investment, respectively, by way of auditor's certificate, bank statements etc. to the extent deemed necessary.

- 11.7.** In case of any doubt with respect to determining eligibility and incentive amount due, or any other matter in discharge of its duties and responsibilities, the PMA may refer such matter to MHI for clarification.
- 11.8.** The PMA shall process claims for disbursement of incentives within 60 days from the date of receipt of such claim (or receipt of clarification sought, if any) and make appropriate recommendations to the Joint Secretary, MHI through appropriate channel under the overall control of AS&FA, MHI.
- 11.9.** MHI will consider and approve claims for disbursement of incentive, as examined and recommended by the PMA through appropriate channel.
- 11.10.** The PMA shall arrange to disburse funds after completion of all pre-disbursal formalities by the applicant and approval from MHI.
- 11.11.** 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.
- 11.12.** 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.
- 11.13.** The PMA shall verify the aforesaid reconciliation. 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 (for the period between excess payment and date of refund by the applicant).
- 11.14.** If the PMA or MHI is satisfied that eligibility under the Scheme and / or disbursement of incentives have been obtained by misrepresentation of facts or falsification of information, MHI will ask the approved applicant to refund the incentives, along with interest calculated at 3 years SBI Marginal cost of funds-based lending rate (MCLR) prevailing on date of disbursement, compounded annually, after giving an opportunity to the applicant of being heard. This is without prejudice to any other action that may be taken under law.
- 11.15.** MHI shall make budgetary provisions for disbursal of incentives under the Scheme. The PMA will submit budgetary requirements to MHI as a consolidated amount on quarterly basis.
- 11.16.** The PMA shall furnish information to MHI with details of disbursement claims received for incentives, amount disbursed, reasons for rejection and delay in disbursement of the incentives, on a quarterly basis.

12. Review

- 12.1.** Periodic reviews will be undertaken by the EGoS with respect to progress and performance of the Scheme.
- 12.2.** All approved applicants shall be required to furnish self-certified Review Reports on a yearly basis.
- 12.3.** The guidelines can be reviewed and revised by the competent authority, if required.

13. Residual

- 13.1.** Approved applicant shall intimate the PMA of any change in the shareholding pattern during the tenure of the Scheme, after updation with the Registrar of Companies(RoC).
- 13.2.** Any change in the shareholding pattern of an approved applicant leading to a successor-in-interest during the tenure of the Scheme, shall be intimated by PMA for approval of MHI to consider for disbursal of incentives.
- 13.3.** All transactions by the selected applicant with Related Parties will be subject to provisions of relevant statutes and Accounting Standards — 18 and corresponding Ind-AS, as amended from time to time. In case of any proceedings under any Act leading to adjustment of pricing in the

transactions between related parties, effect shall be given in calculation of incentive and/or eligible threshold investment.

- 13.4.** To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide deterrence against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding addition of an Integrity Pact in the matter of procurement, it has been decided that Applicants shall furnish undertaking w.r.t. Integrity Compliance duly signed by its authorised signatory, as will be notified along with the Application Form.
- 13.5.** The undertaking shall be provided by all applicants whose applications or claims are under consideration for approval or disbursement of incentives. The applications or claims of those applicants who do not submit the undertaking shall not be processed and considered. The undertaking for confirming the compliance of integrity will be provided by applicants after the submission of claims for disbursement of incentive and in any case before release of funds. The release of incentives shall be withheld until the above-mentioned undertaking is provided.
- 14. Guidelines for PLI Scheme for Drone and Drone components:** Guidelines for the PLI scheme for Drone and Drone components shall be separately notified / published by Ministry of Civil Aviation (MoCA).
- 15. List of Advanced Automotive Technology products (Prescribed by MHI from time to time):**
- i. The list of Advance Automotive Technology Vehicles** – 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.	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.

- ii. The list of Advance Automotive Technology Components will be notified separately by MHI in due course of time.**

[F. No. 12 (11)/2020-AEI (21370)]

AMIT MEHTA, Jt. Secy.

Frequently Asked Questions (FAQs)

(For PLI Scheme for Automobile and Auto Component Industry)

Dated: 8th October, 2021

1. Who is an applicant under the scheme?

Ans: An applicant under the scheme is a

- i. Company incorporated/ registered in India under the Companies Act, 2013, engaged in automotive and/or auto component manufacturing sector or
- ii. New Non-Automotive Investor company (who are currently not in automobile or auto component manufacturing business) incorporated/ registered in India under the Companies Act, 2013

meeting the eligibility criteria specified under the scheme and making an application for seeking approval under the Scheme.

2. What are the circumstances under which an applicant may be ineligible for the scheme?

Ans: The applicants whose accounts are declared as Non-Performing Asset (NPA) as per RBI guidelines or defaulter or wilful defaulter as per RBI/CIBIL or SEBI debarred list or reported as fraud by any bank, financial institution or non-banking financial company etc. would be considered as ineligible. Further, there should not be any insolvency proceedings admitted against the Applicant in the National Company Law Tribunal (NCLT) etc.

3. Can an applicant have multiple manufacturing facilities?

Ans: An applicant can have multiple manufacturing facilities/ locations in India.

4. Are Greenfield projects and Brownfield projects both allowed under the scheme?

Ans: Yes, Greenfield projects and Brownfield projects both are allowed under the scheme.

5. Whether a Proprietorship, Partnership and Limited Liability Partnership (LLP) could avail PLI benefits?

Ans: No, Proprietorship, Partnership and LLPs are not allowed under the scheme. Any company incorporated in India and as defined in the Companies Act

2013, proposing to manufacture one or more eligible product(s) under the scheme, can be an applicant.

6. As per the scheme, the applicant should be a Company incorporated/ registered in India under the provision of the Companies Act. Does it mean that companies registered under Companies Act 1956 (old act) are not eligible for this PLI scheme?

Ans: Any company incorporated in India and as defined in the Companies Act 2013, proposing to manufacture one or more eligible product(s) under the scheme, can be an applicant. The Section 2(20) of the Companies Act, 2013, defines the term 'Company' as "Company means a company incorporated under this Act or under any previous company law." Hence, the companies incorporated under the Companies Act, 1956, are also eligible to file an application under PLI scheme.

7. Can a 100% foreign-owned company be eligible under PLI Scheme?

Ans: Yes, but it has to be registered in India to apply under the scheme.

8. Do the Value-Added Resellers and Trading companies which are not in manufacturing business qualify under the scheme?

Ans: Yes, any Company registered in India under the Companies Act can apply under the scheme subject to meeting the eligibility criteria and establishing a manufacturing facility for production of the eligible products under the scheme.

9. Can two or more companies of the Group apply through a single common Application?

Ans: Any number of companies of the Group is permitted to apply under this scheme as an individual applicant by submitting separate applications. However, they can use the global group revenue, gross block and net worth of the Group in their separate applications respectively.

10. How many components are there in this scheme?

Ans. There are two components in the scheme-

- i. Champion OEM incentive scheme
- ii. Component Champion incentive scheme

11. Can a company submit Multiple Applications as Applicant under different Categories?

Ans: An applicant eligible for applying under Champion OEM can also apply for Component Champion segment. However, an auto component manufacturer as applicant eligible for applying under Component Champion segment cannot apply under Champion OEM.

12. Can an applicant approved under both Champion OEM and Component Champion segment claim incentive for the same component under both segments?

Ans: 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 involved on this ground alone in addition to any other legal action as applicable under the law.

13. What is the budgetary outlay of the scheme?

Ans: The total budgetary outlay for the scheme is ₹25,938 crore.

14. In case the outlay of incentive exceeds, will the budgetary outlay be enhanced?

Ans. This is a fund limited scheme. In case the calculated incentive pay-out exceeds the budgetary outlay, the scheme could be exhausted earlier than 5 (Five) years period and incentive pay-out will be reduced on pro-rata basis as per the formulation developed across all PLIs.

15. Is there any segregation in the budgetary outlay based on vehicle power technology or fuel used like BEV, Hybrid, Hydrogen Fuel Cell, IEC Vehicle, Flex-Fuel vehicle etc.?

Ans. There is only one allocation in the scheme. There is no segregation on the basis of vehicle power technology in the scheme. Incentive is applicable based on Determined Sales Value of the eligible products.

16. Is there any segregation in the budgetary outlay based on vehicle segments like 2W, 3W, 4W, CV, Tractors and Vehicles used for military purpose etc.?

Ans. No. There is only one allocation in the scheme.

17. Is there any segregation in the budgetary outlay for vehicles and Auto components in the scheme?

Ans. No. There is only one allocation in the scheme.

18. Are eligible Advanced Automotive Technology components used in major Construction plants & equipments (like road making equipments, Earth moving equipments, Material lifting & handling equipments, etc.), Mining Machineries, Special Purpose Vehicles, Mobile Cranes, Dumpers, Excavators, Loaders and Un-loaders incentivized under this scheme?

Ans. Yes, eligible Advanced Automotive Technology components meant for Auto Sector and having usage in Construction plants & equipments Mining Machineries, Special Purpose Vehicles, Mobile Cranes, Dumpers, Excavators, Loaders and Un-loaders are also incentivized under this scheme subject to the condition that any AAT component will be incentivised only once in this scheme.

19. Is there any year wise limit on incentive pay-out in this scheme?

Ans. There is no year wise limit in this scheme. Entire scheme is based on the concept of front loading of investments and tapering off of incentive towards end of the scheme.

20. The year wise incentive outlay as mentioned in the scheme is fixed?

Ans: The yearly incentive pay-outs are **indicative** and can be changed depending upon the sales /market scenario, within the overall Financial Outlay (May please refer scheme clause No. 4.1 – Total Incentive table).

21. What is Threshold Determined Sales Value for any approved company year wise under this PLI scheme?

Ans: The year wise Threshold Determined Sales Value under the scheme is as follows:

(In ₹ crores)		
Scheme Year	Threshold Determined Sales Value for Champion OEM Incentive Scheme	Threshold Determined Sales Value for Component Champion Incentive Scheme
Year 1	125.00	25.00
Year 2	137.50	27.50
Year 3	151.25	30.25
Year 4	166.38	33.28
Year 5	183.01	36.60

22. What is the period for making an application under the Scheme?

Ans: The window for receiving applications through online portal of the scheme shall be 60 days starting from the date of Notice Inviting Applications.

23. When will the Notice Inviting Applications be available?

Ans: In accordance with Para 2.4 of the scheme guidelines, the notice inviting applications will be within 60 days of the notification of the scheme.

24. What is the tenure of the scheme?

Ans: The incentive under the scheme shall be starting from the FY 2022-23 which will be distributed in the following FY 2023-24 and so on for a total 05 consecutive Financial Years.

25. What is the base year for calculation of eligible sale value?

Ans: Financial Year 2019-20 shall be treated as base year for calculating eligible sale value (not applicable for approved new non-automotive investor company).

26. What is the application fee for making an application under the scheme?

Ans: There will be a non-refundable application fee payable at the time of filing the application form. The details of the bank account for remittance of the application fee and related terms & conditions shall be provided in the application form. The application fee would be accepted electronically only. The applicable fee is as follows:

Sl. No.	Application under	Application Fee payable
1.	Champion OEM Incentive Scheme	₹ 1,00,000/-
2.	Component Champion Incentive Scheme	₹ 25,000/-

27. What is the eligibility criteria for existing companies under automotive vehicle and component manufacturing?

Ans: The eligibility criteria for a company already into automotive vehicle and component manufacturing in India or globally is as follows:

Eligibility Criteria	Auto OEM	Auto Component
Global group Revenue (from automotive and/or auto component manufacturing)	Minimum ₹ 10,000 crore.	Minimum ₹ 500 crore.
Investment	Global Investment of Company or its Group Company(ies) in fixed assets (gross block) of ₹ 3,000 crore.	Global Investment of Company or its Group Company(ies) in fixed assets (gross block) of ₹150 crore.

Above Eligibility criteria to be met based on audited financial statements for year ending March 31, 2021. The global group revenue and investment are to be given on self-certification basis by the applicant and its group company(ies).

28. What is the eligibility criteria for new non-automotive investor company or its Group company(ies) that may want to participate in this scheme?

Ans: The eligibility criteria for new non-automotive investor company or its Group company(ies) is as follows:

Eligibility Criteria	New non-automotive investor company or its Group company(ies)
Global Net Worth	₹ 1,000 crore based on audited financial statements for year ending March 31, 2021.
Committed investment in India over five year period	As per Minimum New Domestic Investment Conditions mentioned in para – 4.1(c) of the scheme guidelines.

Non-Automotive company or its Group company(ies) can qualify for this scheme provided they present a clear business plan to invest in India and generate revenues from Advanced Automotive Technology vehicles or Advanced Automotive Technology components manufacturing. The business plan should state the projected Investment and Revenue in India, indicative list of proposed products to be manufactured, number of manufacturing facilities (along with location in India), employment generation, projected Domestic Value Addition and other related details. Further, the global net worth is to be given on self-certification basis by the applicant Non-Automotive company or its Group company(ies).

29. What are the Eligible products under PLI Scheme?

Ans: Support under the Scheme shall be provided to companies engaged in manufacturing of Advanced Automotive Technology products in India. The list of Eligible products are as under:

- i. The list of Advance Automotive Technology Vehicles – 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.

SI No.	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.

- ii. The list of Advance Automotive Technology Components will be notified separately by MHI in due course of time.

30. Can any applicant company claim incentive for any Automobile or Auto component manufactured by them?

Ans. No. The applicant company once selected and approved under the scheme can claim incentive on Determined sales value of eligible Advanced Automotive Technology products prescribed by MHI.

31. Can any approved company claim scheme incentive for all Advanced Automotive Technology (AAT) products manufactured by them?

Ans. Any approved company can claim incentive under the scheme for only those Advanced Automotive Technology products meeting the condition of minimum 50% domestic value addition.

32. Is there any cap on maximum incentive per company?

Ans. Yes. Total incentive per entire Group Company(ies) is kept at ₹6,485 crore i.e. 25% of total incentive outlay under this scheme.

33. How will the Global group Revenue of the applicant company (including its Group Companies), from auto OEM and/ or auto component manufacturing segments, be calculated if same group company is claimed and considered for two or more applicant companies?

Ans: In case the manufacturing revenue in Champion OEM and/ or Component Champion manufacturing segments, of an applicant company (including its Group Companies) is claimed and considered for two or more applicant companies, then the manufacturing revenue of such applicant company (including its Group Companies) will be considered fully for the applicant which is claiming revenue of such entity. Also, if another group company wants to apply under the scheme, it can also claim revenue of the group company which has already been considered by other applicant group company.

This would facilitate more number of applicants to participate under the scheme.

For example, Company A and B are group companies and both are in automobile manufacturing business. Company X (an SPV of the group) wants to apply under the scheme. Then X can use the revenue of A & B to qualify under the scheme under Champion OEM. However, there is one more SPV company say Company Z which also wants to apply under the scheme. Then Z can also use revenue of the group companies A & B.

However, Company X and Company Z have to separately meet the Minimum Cumulative Domestic Investment criteria and achieve Determined Sales value as individual applicants under this scheme.

34. What if the Global group Revenue of the applicant (including Group Companies) is available in currency other than Indian?

Ans: If the Global group Revenue of the applicant company (including Group Companies) is available in a currency other than Indian, the Indian currency equivalent amount may be computed by applying an average of the exchange rate notified by the Reserve Bank of India as on the 1st day and last day of the reporting period.

35. What does Cumulative Domestic Investment mean?

Ans: The Cumulative Domestic Investment shall mean the cumulative incremental Investment made by the applicant year wise on or after April 1, 2021.

36. Eligible Investment under the scheme will be considered from which date?

Ans: Investment made on or after 01/04/2021 and capitalized in the books of accounts of the company will only be considered under the scheme. Accordingly, invoice for the investment dated prior to 01/04/2021 and any Capital Work-in-Progress would not be considered under the scheme.

37. What does the Threshold Investment mean?

Ans: The amount of minimum Cumulative Domestic Investment to be made by the applicant in each financial year for respective components of the scheme as specified in the PLI Scheme Guidelines.

38. The PLI scheme requires investment to be spread over 5 years. However, given the nature of the industry, the incremental investment may not be allocated as per the PLI investment table and may be frontloaded with entire investment being made in first two-three years. Whether such investment will qualify for the scheme or not?

Ans: Front loaded investment will qualify as eligible investment subject to the same is equal to or more than the corresponding stipulated Cumulative Domestic investment and threshold investment for a respective financial year as prescribed in the scheme guidelines. However, eligibility of PLI shall be subject to achievement of thresholds of Determined sales value of Eligible Products for the respective financial year as detailed in the Scheme Guidelines.

39. What would be the bank rate for calculating the Net Present Value (NPV) of the front loaded investment by the eligible company?

Ans: The Bank Rate would be as advised by Reserve Bank of India as on 31/12/2021.

40. Since the Scheme is for five years and Applicants can invest periodically to satisfy the cumulative threshold investment criteria, there may be possibility that a selected applicant may like to put up another manufacturing facility at another location in India in addition to the existing location to cater to local demand or any other reason. In such case, what would be done?

Ans: Selected applicants would be allowed to submit the details of additional location with all relevant documents on commencing commercial production during the tenure of the Scheme with intimation to MHI.

41. Is eligibility under the Scheme for a given year achieved if one of the two threshold criteria namely Cumulative Domestic investment and Determined Sales Value of eligible products are met?

Ans: The applicant company will have to meet both threshold criteria i.e. Cumulative Domestic investment and Determined Sales Value of eligible products to be eligible for disbursement of incentive under the scheme for a given year.

42. What if an applicant company is not able to achieve threshold criteria for a given year?

Ans: Eligibility shall be subject to meeting thresholds of Cumulative Domestic investment and Determined Sales Value of eligible products. An applicant must meet threshold criteria to be eligible for disbursement of incentive for the year under consideration. In case an applicant does not meet threshold criteria for any given year, the applicant shall not be eligible for incentive in

that particular year. However, the applicant will not be restricted from claiming incentive in subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years.

43. Whether Interest During construction (IDC), Pre-operative expenses and Administrative expenses to purchase plant and machinery included in the eligible investment?

Ans: No, IDC, pre-operative expenses and administrative expenses are not included in eligible investment.

44. Whether capital goods purchased under 3-year credit period (open Letter of Credit and use buyer's credit) will be considered as part of PLI investments in the year of purchase?

Ans: In such case, only basic price i.e. the cash down price of capital goods will be considered as Investment but not the interest charged by supplier for the credit period.

45. Are taxes and duties included in the expenditure that is considered towards Investment in the Scheme?

Ans: All non-creditable taxes and duties would be included in such expenditure.

46. Is the expenditure incurred on Land and Building covered under the Scheme?

Ans: The expenditure incurred on land will not be considered for meeting the threshold criteria of Cumulative Minimum Domestic Investment. However, buildings of the main plant and utilities will be considered as part of the investment provided it does not exceed 10% of Minimum Cumulative Domestic Investment defined for a segment under the scheme.

47. Is the expenditure incurred on Engineering Research and Development (ER&D) and related cost allowed for the purpose of Investment under PLI Scheme?

Ans: Yes, the capital expenditure on ER&D and product design & development is allowed under the scheme.

48. If a parent company and its subsidiary company both are in the manufacturing of automobile and/or auto components business and only parent company applies under the scheme. Whether the investment and sales of the eligible products manufactured by the subsidiary company will be counted in the Cumulative Domestic investment and Determined Sales Value of the parent company under this scheme?

Ans: Yes. However, prior declaration by the applicant company has to be provided to PMA/MHI regarding such subsidiary company(ies).

49. If a parent company and its subsidiary company both are in the manufacturing of automobile and/or auto components business and both parent company and subsidiary company apply under the scheme. What would be the treatment of Cumulative Domestic investment and Determined Sales Value?

Ans: In such a case both the applicants will have to meet the criteria for Cumulative Domestic investment and Determined Sales Value individually to be eligible for incentive under the scheme. However, any eligible product will be incentivized only once under the scheme.

50. Applicant Company A and B apply under the scheme. Company A has not given any commitment for front loading of investment whereas Company B has been selected based on their commitment for front loading of investment. What will be the minimum Domestic Investment condition for both the companies in this scheme?

Ans: Minimum Domestic Investment condition for Company A will be as per the scheme. Whereas, minimum Domestic Investment condition for Company B will be as per the commitment of front loading of investment given by Company B in the application form provided the selection was on the grounds of commitment of front loading. Further, this front loading of investment by Company B will be part of Approval letter/Agreement.

51. Can new AAT products be added to the initial application over the course of time?

Ans: The Applicant can also include those AAT products which the Applicant is not manufacturing currently but intends to manufacture during the scheme period. If an approved company starts manufacturing a new AAT product covered in the list of AAT products prescribed by MHI, the same could be added for the approved applicant later also after due approval by Testing Agency of MHI.

52. Can an Applicant avail incentive under this scheme be eligible under other schemes of the Government?

Ans: Eligibility under PLI Scheme shall not affect eligibility under any other scheme and vice-versa. But investments made under any other PLI schemes will not be considered under this PLI.

Further, incentive proposed under this scheme to Battery Electric Vehicles will be independent of the incentives given under FAME II scheme where incentives are provided to customers who buy the vehicles and not to the manufacturers.

However, incentives can be claimed under this scheme for Battery Electric vehicles having Advanced Chemistry Cell (ACC) batteries for which incentives have been claimed under the PLI scheme for ACC.

53. Whether a beneficiary under other PLI Scheme of Government of India can avail benefits for the same products under this PLI scheme?

Ans: An applicant availing benefits under any other PLI scheme of Government of India for the same product(s) shall not be eligible under this PLI scheme except Advanced Chemistry Cell (ACC) and FAME scheme.

54. What are the consequence of furnishing incorrect data, which has a bearing on their being selected/ approved, by the Applicants in the online Application?

Ans: The Applicants are required to fill up correct information as it would impact their selection vis-à-vis other Applicants. Applications will be liable for rejection at any stage, if it is found that incorrect information having a bearing on the selection of the Applicant were furnished in the Application.

55. When can an applicant submit a claim for disbursements under PLI?

Ans: An applicant may submit a claim for disbursement of incentive within 6 (six) months from the end of the financial year to which the claim pertains or within 3 (three) months from the date of finalization of Audited Financial Statements for the same financial year, whichever is later. Claim for any financial year period shall be made only once, unless withdrawn, and no subsequent part claims shall be allowed for the said period.

56. When will the PLI be disbursed?

Ans: Actual disbursement of PLI for a respective year will be subsequent to that year.

57. What would happen if a selected applicant exits midway?

Ans: Midway exit by a selected applicant without fulfilling investment criteria will thwart the objectives of the scheme such as deep localization, energy

security, maximizing Gross Value Added to economy and also deprive selection opportunity to another Eligible Applicant under the scheme.

Therefore, all the approved applicants are required to submit a bank guarantee (BG) of ₹ 5,00,00,000/- (Rupees Five crore Only) for Champion OEM scheme and ₹1,00,00,000/- (Rupees One crore only) for Component Champion scheme, from any scheduled commercial bank only within 45 days from the date of the approval letter, having a validity till 31/03/2029.

Further, if any selected applicant exits under written intimation to MHI and/ or **does not make** any Cumulative Domestic Investment for two consecutive years at any stage of the scheme for reasons whatsoever; in such case, the bank guarantee furnished by the applicant shall be invoked and the applicant shall become ineligible for the rest of the tenure of Scheme.

58. Is there any penalty for not meeting the Cumulative Domestic Investment/ Determined Sales Value during the tenure of the scheme?

Ans: There is no further monetary penalty besides invoking bank guarantee (as mentioned in FAQ No 57) if an applicant **is not able to meet** the Cumulative Domestic Investment/ Determined Sales Value during the tenure of the scheme. However, the applicant shall become ineligible for that particular year of the scheme for claiming incentive if the criteria of Cumulative Domestic Investment and Determined Sales Value are not met.

59. What are the indicative list of documents that need to be submitted along with the information submitted in the application form?

Ans: The Applicant needs to upload the following indicative documents along with the information submitted in the application form:

- i. Certificate of Incorporation and Corporate Identification Number
- ii. Memorandum of Association
- iii. Article of Association
- iv. PAN Card
- v. GSTIN Registration Certificate
- vi. Importer Exporter Code (IEC) Registration Certificate; if any
- vii. Annual Report and/ or Audited Financial Statements for last three financials years
- viii. Certified Shareholding Pattern
- ix. Letter authorizing the signing authority
- x. Undertaking regarding bankruptcy and defaulter lists of RBI, SEBI etc.
- xi. Undertaking with respect to Integrity compliance

- xii. Consent for audit/verification of manufacturing sites and financial statements

Note: Any other document as may be sought by PMA / Testing Agency/ MHI for further verification/ clarifications.

60. What is Domestic Value Addition as per the Scheme?

Ans: Minimum 50% domestic value addition will be required. 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.

61. Whether change in Shareholding pattern of a company would be permitted or not?

Ans: Yes, with intimation to MHI.

62. Whether change in location of plant after getting approval permitted or not?

Ans: Yes, with intimation to MHI.

63. Is the incentive applicable on domestic sales or export sales of eligible products under the scheme?

Ans: This scheme is not distinguishing domestic and export sales of eligible products.

64. For electric mobility, if most of components are imported and it was not eligible for FAME II scheme. So can this PLI scheme help in that area?

Ans: No, minimum 50% Domestic Value Addition is mandatory.

65. If one year sales is not achieved, is there any provision to get the incentive in next year by considering two year sales added?

Ans: No, incentive for each year will be applicable for the Determined Sales Value for that particular year only.

66. For Auto components manufacturer, shall the revenue be considered for both OEM sales and aftersales market?

Ans: Yes.

67. Which are testing agency?

Ans: There are 4 testing agency of MHI are:

- i. Automotive Research Association of India (ARAI) at Pune (Maharashtra) in Central India.
- ii. International Centre For Automotive Technology (iCAT) at Manesar (Haryana) in Northern India.
- iii. Global Automotive Research Centre (GARC) at Oragadam near Chennai (Tamil Nadu) in Southern India.
- iv. National Automotive Test Tracks (NATRAX) at Pithampur near Indore (Madhya Pradesh) in Central India.

68. How the incentive will be calculated under this scheme?

Ans: The incentive calculation is being shown with the following examples for the scheme:

Example – 1: Champion OEM Incentive Scheme

(In ₹ crore)

Scheme Year	Eligible Sales Value	Determined Sales Value	13%	14%	15%	16%	Additional 2%	Total Incentive Year wise
Base Year	100.00	NIL						
Year 1	300.00	200.00	26.00					26.00
Year 2	1,600.00	1,500.00	195.00					195.00
Year 3	3,000.00	2,900.00	260.00	126.00				386.00
Year 4	3,500.00	3,400.00	260.00	140.00	60.00			460.00
Year 5	4,500.00	4,400.00	260.00	140.00	150.00	64.00	48.00	662.00
Total	12,900.00	12,400.00						1,729.00

Example – 2: Champion OEM Incentive Scheme

(In ₹ crore)

Scheme Year	Eligible Sales Value	Determined Sales Value	13%	14%	15%	16%	Additional 2%	Total Incentive Year wise
Base Year	100.00	NIL						
Year 1	500.00	400.00	52.00					52.00
Year 2	550.00	450.00	58.50					58.50
Year 3	600.00	500.00	65.00					65.00
Year 4	1,000.00	900.00	117.00					117.00
Year 5	3,100.00	3,000.00	260.00	140.00				400.00
Total	5,750.00	5,250.00						692.50

Example – 3: Champion OEM Incentive Scheme**(In ₹ crore)**

Scheme Year	Eligible Sales Value	Determined Sales Value	13%	14%	15%	16%	Additional 2%	Total Incentive Year wise
Base Year	NIL	NIL						
Year 1	NIL	NIL	NIL					NIL
Year 2	150.00	150.00	19.50					19.50
Year 3	110.00	110.00	NIL					NIL
Year 4	600.00	600.00	78.00					78.00
Year 5	1,500.00	1,500.00	195.00					195.00
Total	2,360.00	2,360.00						292.50

Frequently Asked Questions-II (FAQs-II)
For PLI Scheme for Automobile and Auto Component Industry
(PLI-AUTO or 'the Scheme')

Dated : 22nd December, 2021

1. Who is the Project Management Agency (PMA) for PLI-AUTO?

Ans: IFCI Limited (IFCI), having its Registered and Head/ Corporate Office at IFCI Tower, 61 Nehru Place, New Delhi – 110019, has been appointed as PMA for the Scheme. Email ID of the PMA is pliauto@ifcilttd.com

2. Where can the applicant access the details of the Scheme and make submission of the online application form?

Ans: The official portal of the Scheme is <https://pliauto.in/>. All the relevant information such as notifications on Scheme, Guidelines, FAQs, format of Application Form and List of Advanced Automotive Technology Products is available as public information on this portal. All applications are to be submitted through this online portal. The online application form shall be accessible after due registration by the applicant on the portal.

3. Applications will be invited within 60 days of notification of this scheme. The window for receiving applications through the Notice Inviting Applications will be for a period of 60 days. What is the duration of the Application Window? Is the Application Window open?

Ans: As per paragraph 5 of the notification dated 09/11/2021 regarding (i) Application Form and (ii) List of Advanced Automotive Technology Products, the window for receiving applications through the Notice Inviting Applications will be open for a period of 60 days from the date of its publication in the official Gazette. Accordingly, the window for receiving Applications is already open with effect from 11th November, 2021 till 23:59:59 hours IST on 9th January, 2022.

4. The scheme covers group companies. If two companies are having common one or more individual promoter(s), who is/ are directly or indirectly able to control such two companies by 26% or more voting rights or appointment of more than 50% Board members, can such two companies be treated as group companies under the scheme?

Ans: Yes, as per clause 2.17 of the guidelines, such companies shall be treated as group companies under the Scheme.

5. Can the revenue/ investment/ net worth of individual promoters of the companies/ group companies be considered under Global group revenue/ Global Investment/ Global net worth, respectively, for eligibility under the Scheme?

Ans: No. Revenue/ investment/ net worth of individual promoters will not be considered under Global group revenue/ Global Investment/ Global net worth, respectively, for eligibility under the Scheme because the scheme recognises company/ group company(ies), not individual promoters.

6. Whether expenditure related to Transfer of Technology (ToT) Agreements including the purchase of technology are covered as eligible investment under the scheme?

Ans: As per question 47 of the FAQs dated 8th October, 2021, the capital expenditure on Engineering Research & Development (ER&D) and product design & development is allowed under the scheme.

It is further clarified that the Capital expenditure on ER&D and product design & development related to the eligible products shall be allowed for the purpose of Investment under the Scheme. The term “**related**” here refers to all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include expenditure on in-house and captive ER&D, directly attributable to eligible products, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for ER&D) & license fees, expenditure on technology & transfer of technology (ToT) Agreements including the purchase of technology, IPR, Patents and copyrights for ER&D, subject to all relevant documents for same being submitted to MHI/ PMA.

7. Whether expenditure on royalty is covered as eligible investment under the scheme?

Ans: No. The expenditure on royalty is not covered under the scheme.

8. Will the Testing Agency of MHI follow approval procedure after the applicant approval from MHI or at the time of pre-approval stage?

Ans: Approved applicant (i.e. post receipt of Approval letter under the Scheme) shall apply for registration/ approval of their products as approved eligible Advanced Automotive Technology (AAT) products with Testing Agency of MHI on an ongoing basis.

9. Is there any restriction on selection of AAT products by the approved applicants under the Scheme?

Ans: An approved applicant under Champion OEM scheme will have option to seek incentive for any number of permissible AAT Vehicle products. Similarly, an approved applicant under Component Champion scheme will have option to seek incentive for any number of permissible AAT Component products. It may, however, be noted that Total Incentive per entire Group company(ies) is capped at ₹ 6,485crore (25% of total incentives outlay under this Scheme).

10. As per the notified application form, applicants are required to submit details of AAT products to be manufactured during the tenure of the Scheme. Will selected AAT products be part of approval letter to be issued by MHI/ PMA?

Ans: The information sought in the application form regarding AAT products is indicative only. There will not be any mention of AAT products in the approval letter to be issued by MHI/ PMA. The applicant once approved may change their selected AAT products at any time with intimation to MHI/ PMA. It may further be noted that post approval/ selection of applicant under the Scheme, the approved applicant will apply for registration of their products as eligible Advanced Automotive Technology (AAT) products to seek incentive in this scheme. Pre-approval of eligible product will be done by Testing Agency of MHI as AAT Product. Minimum 50% domestic value addition will be required. Applicant can register with Testing Agency for new AAT products on an ongoing basis.

11. In reference to Question-11 of FAQs dated 8th October, 2021, what would be the minimum threshold limit for Cumulative New Domestic Investment and Determined Sales Value for existing automotive manufacturing company applying under Champion

OEM Scheme ("Except 2W & 3W" plus "2W & 3W") and Component Champion Scheme?

Ans: Existing automotive manufacturing company (EAMC) applying under both Champion OEM Incentive scheme and Component Champion Incentive scheme, will have to meet minimum cumulative domestic investment condition of ₹2,000 crore for Champion OEM Incentive scheme **AND** of ₹250 crore for Component Champion Incentive scheme i.e. ₹2,250 crore in aggregate, by March 31, 2027.

Existing automotive manufacturing company applying under both Champion OEM Incentive scheme and Component Champion Incentive scheme will have to meet minimum threshold determined sales value of ₹125 crore for Champion OEM Incentive scheme **AND** of ₹25 crore for Component Champion Incentive scheme in the first year (i.e. FY2022-23).

12. In reference to Question-11 of FAQs dated 8th October, 2021, what would be the minimum threshold limit for Cumulative New Domestic Investment and Determined Sales Value for new automotive investor company applying under Champion OEM Scheme and Component Champion Scheme?

Ans: New Non-Automotive Investor Company (NNIC) applying under both Champion OEM Incentive scheme and Component Champion Incentive scheme, will have to meet minimum cumulative domestic investment condition of ₹2,000 crore for Champion OEM Incentive scheme **AND** of ₹500 crore for Component Champion Incentive scheme i.e. ₹2,500 crore in aggregate, by March 31, 2027.

New Non-Automotive Investor Company applying under both Champion OEM Incentive scheme and Component Champion Incentive scheme will have to meet minimum threshold determined sales value of ₹125 crore for Champion OEM Incentive scheme **AND** of ₹25 crore for Component Champion Incentive scheme in the first year (i.e. FY2022-23).

13. Is the minimum new domestic investment condition applicable per product or at consolidated level for all the AAT products?

Ans: The minimum new domestic investment condition is applicable for the eligibility of the applicant during the tenure of the scheme and it will be tested as per table at Para 3.2 (c) of the scheme. Further, as per para 2.19

of the guidelines, investment has to be made for **eligible products** under the Scheme. Accordingly, investment made for eligible products **at consolidated level** shall be considered for arriving at new domestic investment.

14. Is the threshold determined sales value condition applicable per product or at consolidated level for all the AAT products?

Ans: The threshold determined sales value condition shall be tested after aggregating the sales across all approved eligible AAT products (i.e. the products having minimum 50% DVA as approved by the Testing Agency of MHI) of the applicant. Further as per Q11 & Q12 above, the applicant has to meet minimum threshold determined sales value of ₹125 crore for Champion OEM Incentive scheme and of ₹25 crore for Component Champion Incentive scheme in the first year (i.e. FY2022-23). However, as per question 12 of the FAQs dated 08th October, 2021, any double claim of incentive for the same AAT product under component level and vehicle level can lead to disqualification of the legal entity on this ground alone.

15. As per Question-12 of FAQs dated 8th October, 2021, any product will be incentivized only once. How will the mechanism for this single incentive work?

Ans: As per question 12 of the FAQs dated 8th October, 2021, 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 involved on this ground alone in addition to any other legal action as applicable under the law.

It is further clarified that after approval by the Testing Agency of MHI, the List of all the approved applicants along with their approved eligible AAT products will be displayed at the MHI portal and the Scheme portal. All applicants are required to check if any of their suppliers have been approved under the PLI scheme and if so, then it will be the onus of the applicant to determine if any of such suppliers shall be making claim for incentive under the Scheme for a particular period. It will be the responsibility of the applicant to ensure deductions of the amounts pertaining to inputs/ raw-materials/ components, etc. for which their supplier(s) or the applicant itself (in case of captive consumption for manufacturing of approved eligible AAT products) shall be making a claim for incentive.

16. In reference to section 2.1 of the Application form, where parent is the main applicant and subsidiary's name is added as a joint applicant in the application, who will receive incentive for the sales made by the subsidiary?

Ans: As per question 48 of the FAQs dated 8th October, 2021, if a parent company and its subsidiary company both are in the manufacturing of automobile and/or auto components business and parent company applies under the scheme jointly with the details of subsidiary company (but subsidiary company does not separately apply under the scheme), then the sales of the approved eligible products manufactured by the subsidiary company will be considered in the Determined Sales Value of the parent company under the scheme. Accordingly, the incentive will be received by the parent company only.

17. The Company is evaluating to make investment for production of eligible AAT vehicles. With regard to hydrogen fuel cell vehicle, being new and developing technology, while hydrogen fuel vehicle manufacturing facility will be commissioned, there is a possibility that the sale of such vehicles may occur post 5 years. In this context, assuming that minimum determined sales value for each year will be achieved through the sale of other eligible AAT products (other than hydrogen fuel cell vehicles), we understand that the investment for production of hydrogen fuel cell vehicles made on or after 01/04/2021 and capitalized in the books of accounts of the company shall be eligible as investment under the PLI scheme. Please confirm?

Ans: As per paragraph 2.19 of the guidelines dated 23/09/2021, investment has to be made for eligible products under the Scheme. Accordingly, investment made for eligible products shall be considered for arriving at new domestic investment.

18. Can investment for purchase of asset within the group companies qualify for investment i.e. slump sale or any other restructuring resulting in investment by other company will qualify as investment for the purpose of scheme? Whether investment in second hand machinery is covered under the scheme?

Ans: As per paragraph 3.2.c & 4.2 of the Scheme Notification dated 23/09/2021, applicant has to meet cumulative new domestic investment condition.

Accordingly, slump sale/ second hand machinery would not be considered while calculating cumulative new domestic investment.

19. In reference to Question-60 of FAQs dated 8th October, 2021, is incentive applicable on PLI-Auto dependent on both schemes of PLI-Auto and FAME-II?

Ans: No. Incentive applicable under PLI Scheme for Automobile and Auto Component (PLI-Auto) is purely governed by its Scheme & Guidelines dated 23rd September, 2021. Sales of any eligible AAT Product with minimum 50% Domestic value addition (DVA) will be eligible for incentive under this scheme.

This scheme has reference of FAME-II Scheme for Performance Criteria of Battery Electric Vehicles (BEV) and "similar" Phased Manufacturing Programme (PMP). FAME-II Scheme is extended upto 31st Mar 2024 vide Gazette Notification No S.O. 2526(E) dated 25th Jun 2021.

Performance Criteria for Battery Electric Vehicles may be governed by FAME-II scheme or as notified from time to time by MHI. Since FAME-II Scheme is extended, therefore, Performance Criteria for BEV has been kept as per FAME-II scheme and has not been notified separately by MHI at present, for the purpose of this scheme.

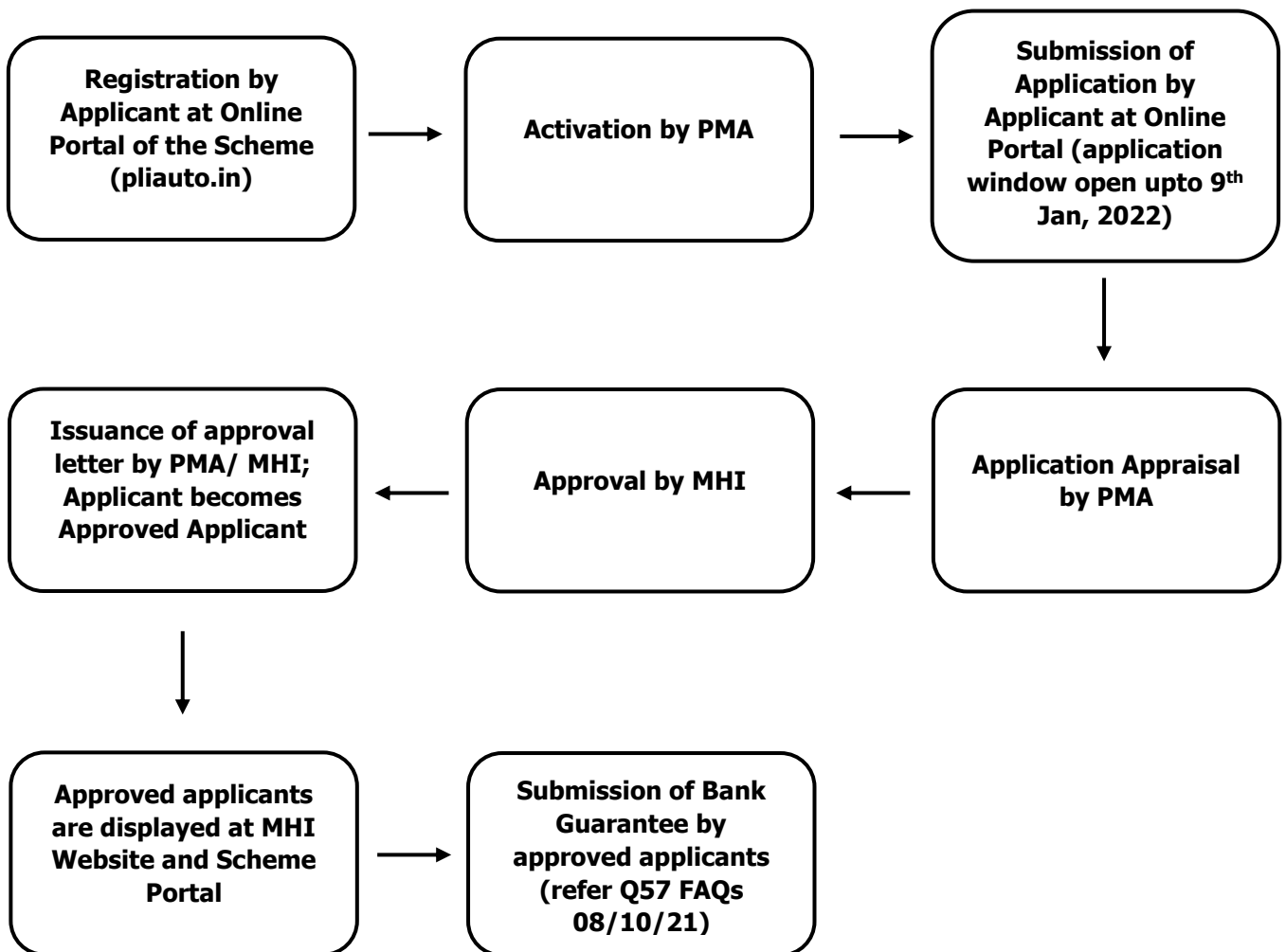
In FAME-II scheme, only BEVs meeting the criteria are eligible for Demand Incentive. Whereas list of AAT Products under PLI Auto covers BEV and its components. The PLI Auto scheme incentivises only those eligible AAT products for which minimum 50% DVA is achieved. Further, it is expected that DVA will gradually rise to more than 50% DVA during the tenure of this scheme. This scheme covers AAT products other than BEV as well Phased Manufacturing Programme (PMP) may be required for some challenging AAT Products. PMP will be issued based on the requirement. Other PLI Schemes like PLI Scheme for Advanced Chemistry Cell (ACC), Specialty Steel, etc. will also help in achieving higher DVA for Automobile and Auto Components.

20. For better understanding of the procedural aspects of the scheme, can it be displayed in form of Flow Chart with different stages?

Ans: Indicative stage-wise procedural flow chart of the scheme is produced below:

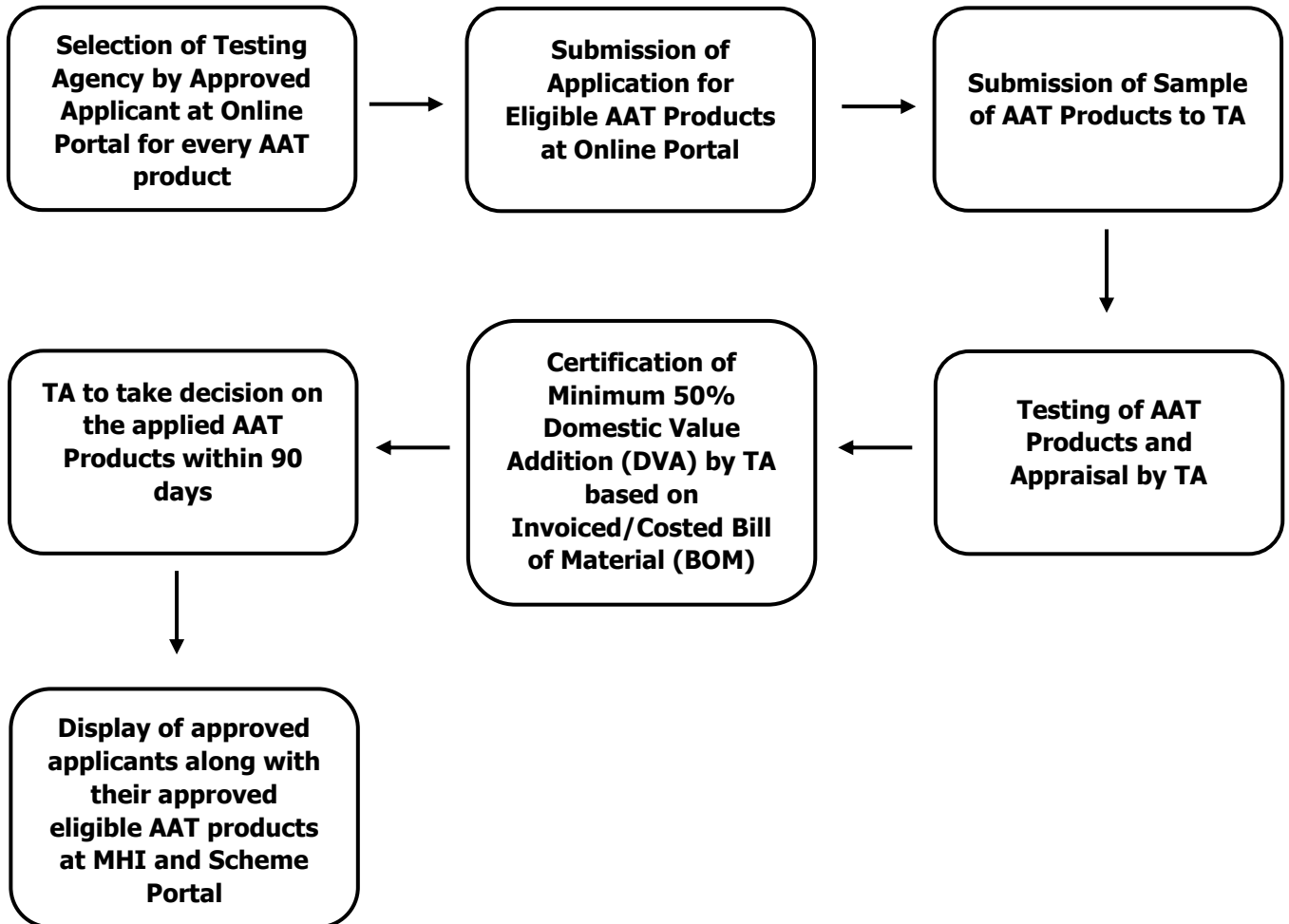
Indicative Stage-Wise Procedural Flow Chart for PLI-Auto

Stage - I: Application Submission, Appraisal and Approval of Applicants

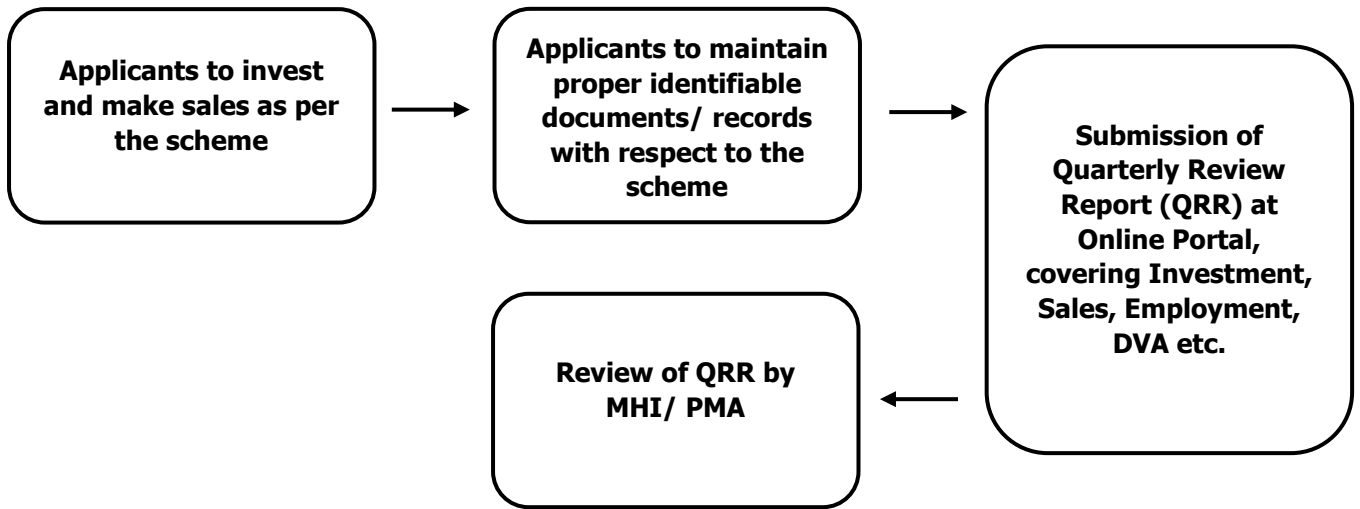


Stage - II: Operationalisation of the scheme

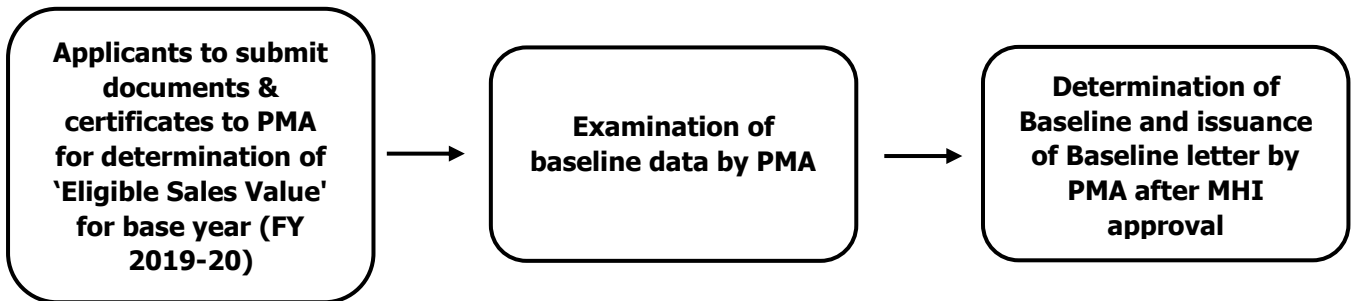
A. Approval of Eligible Advanced Automotive Technology (AAT) Products by Testing Agency (TA) of MHI



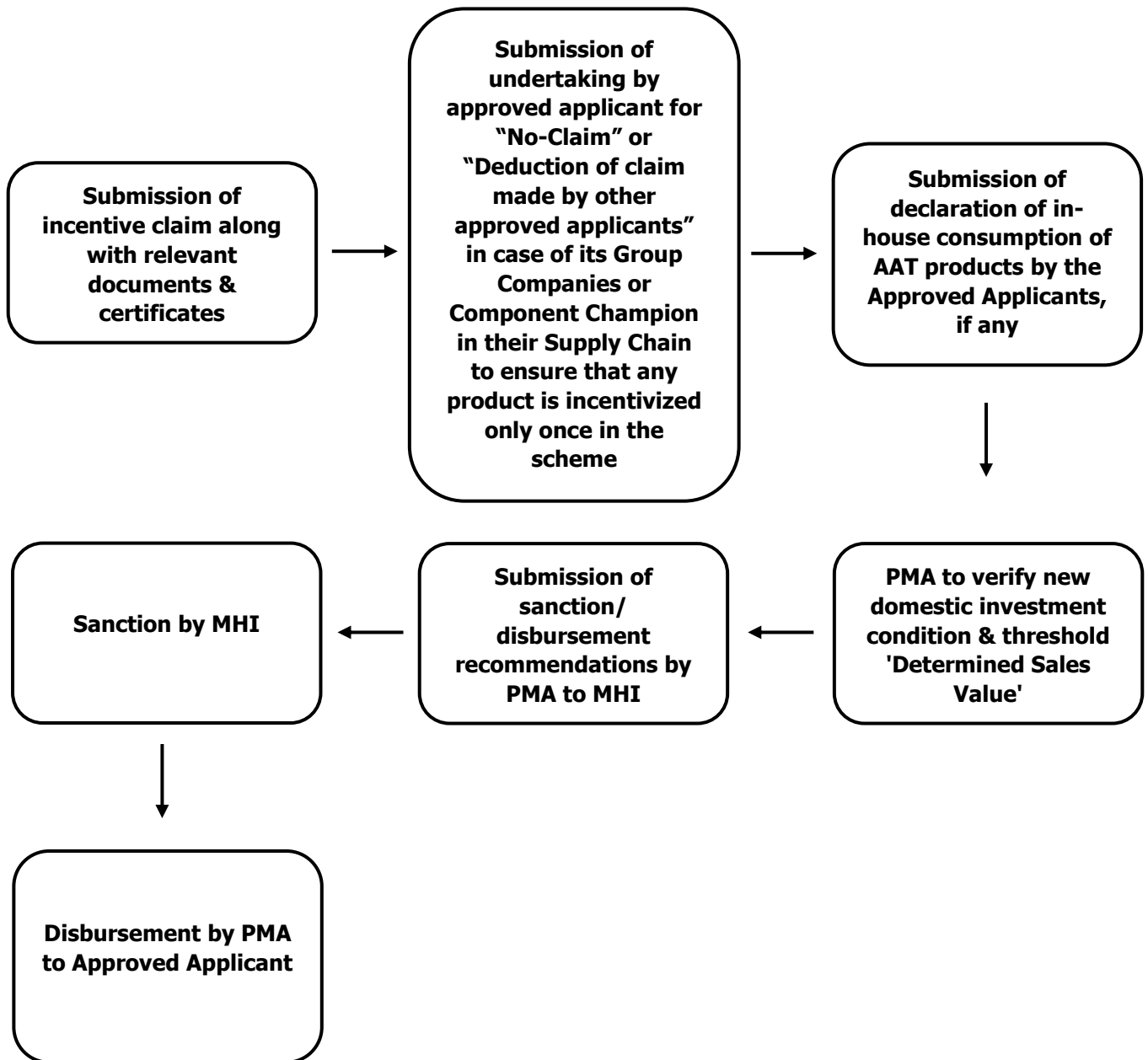
B. Quarterly Performance by Approved Applicants



C. Baseline determination



Stage-III: Incentive claim submission and Disbursement



21. In reference to Question-57 of FAQs dated 8th October, 2021, what will be the format for Bank Guarantee and related undertakings?

Ans: The format for A.) Bank Guarantee and B.) Undertaking for providing Bank Guarantee is provided below:

A.)

BANK GUARANTEE

(From any scheduled commercial bank)

This Deed of Guarantee executed on this _____ day of _____, 20-
at _____ by _____ (from any scheduled commercial bank), having its Head
Office / Registered Office at _____ and inter-alia a Branch Office
at _____ (hereinafter referred to as the Bank or 'the Guarantor',
which expression shall unless it be repugnant to the subject or context hereof be deemed to
include its successors and assigns).

In favour of

Ministry of Heavy Industries, Government of India, Udyog Bhawan, Rafi Marg, New Delhi –
110011 (hereinafter referred as MHI) represented by IFCI Limited, having its registered
office at IFCI Tower, 61 Nehru Place, New Delhi – 110019, acting as the Project Management
Agency (PMA) for Production Linked Incentive Scheme for Automobile and Auto Component
Industry (PLI-AUTO or 'the Scheme').

WHEREAS

- A. [.....], a Company within the meaning of the Companies Act, 2013 and having its Registered Office at [-----] (herein after referred to as 'the Applicant' which expression unless repugnant to the subject or context includes its successors. Legal representatives and permitted assigns) and has been awarded approval under the above scheme vide Letter Reference ----- dated -----.
- B. In terms of the undertaking dated ----- and question no. 57 of the FAQs dated 8th October, 2021, the Applicant has to provide a Bank Guarantee for an amount equivalent to Rs. ----- (Rupees -----) which is calculated in line with the undertaking.
- C. At the request of the Applicant, the Guarantor has agreed to provide this guarantee, being these presents, guaranteeing the due and punctual performance/ discharge by the Applicant of its obligations.

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

- A. The Guarantor hereby irrevocably guarantees the due and compliance of terms by the Applicant of all its obligation under the said undertaking and approval letter, as amended from time to time;
- B. The Guarantor shall, without demur, pay to MHI / PMA sums not exceeding in aggregate Rs. ----- (Rupees -----) within five (5) bank working days (as per the Reserve Bank of India) of receipt of a written demand thereof from MHI / PMA stating that the Applicant has failed to meet its obligations under the said undertaking. The Guarantor shall have not to go into the veracity of any breach or failure on the part of the Applicant or validity of the demand so made by MHI/ PMA and shall pay the amount specified in the demand notwithstanding any direction to the contrary given or any dispute whatsoever raised by the Applicant or any other person. The Guarantor's obligations hereunder shall subsist until all such demands are duly met and discharged in accordance with the provisions hereof;
- C. The Guarantor agrees that its liability under this guarantee shall in no manner be affected by any such variation, alteration, modification, waiver dispensation and that no further consent of the Guarantor is required for giving effect to any such variation, alteration, modification, waiver dispensation with or release of security;
- D. This Guarantee shall be irrevocable and shall remain in full force and effect till 31/03/2029;
- E. Until and unless discharged/ released earlier by MHI / PMA in accordance with the provisions of the said undertaking, the Guarantor's liability in aggregate shall be limited to a sum of Rs. ----- (Rupees -----);
- F. This Guarantee shall not be affected by any change in the constitution or winding up of the Applicant/ Guarantor or and absorption, merger or amalgamation of the Applicant/ Guarantor with any other person;
- G. The Guarantor has power to issue this Guarantee and discharge the obligations contemplated herein, and the undersigned is duly authorized to execute this Guarantee pursuant to the power granted under.

All future correspondence with reference to this Guarantee shall be made to.
..... (Bank Name and Address).

The jurisdiction in relation to this Guarantee shall be the Courts at New Delhi and Indian Law shall be applicable.

IN WITNESS WHEREOF THE GUARANTOR HAS SET ITS HANDS HEREUNTO ON THE: DAY, MONTH AND YEAR FIRST HEREINABOVE WRITTEN

SIGNED AND DELIVERED by-----Bank by
the hand of----- its-----and authorized
official.

B.)

UNDERTAKING FOR PROVIDING BANK GUARANTEE

(From applicant on its letterhead)

1. We, hereby, acknowledge that the incentive that would/ may be provided to us under the Production Linked Incentive Scheme for Automobile and Auto Component Industry (PLI-AUTO or 'the Scheme'), notified by Ministry of Heavy Industries (MHI) vide Gazette Notification CG-DL-E-23092021-229899 No. 3612 dated 23rd September, 2021 in Part-II, Section 3, Sub-section (ii) of the Gazette of India (EXTRAORDINARY) and other relevant guidelines, frequently asked questions (FAQs), communications from time to time, will be provided to us based on and after relying upon, the information provided by us to avail the said incentive.
2. We hereby confirm that the information provided by us for availing the said incentive is true, correct and complete in all respects and that no material fact/ information that may have an adverse impact on the information provided by us for availing the said incentive has been concealed.
3. We hereby confirm that the minimum cumulative new domestic investment in the project, as applicable as per the approval letter, is to be made by us within a specified period of time and that we shall comply with the terms as laid out at question 57 of FAQs dated 8th October, 2021.
4. With regard to the aforesaid transactions, we hereby undertake the following:
 - A. We undertake to provide Bank Guarantee from a schedule commercial Bank for the amount which is mentioned below:

Sr. No.	Particulars	Details
1.	Date of issuance of the Approval Letter	
2.	Validity period of BG	Up to 31/03/2029
3.	Applied Schemes:	
3A.	Champion OEM Scheme	Rs.5 crore

3B.	Component Champion Scheme	Rs.1 crore
3C.	Both Schemes	Rs.6 crore

- B. In case of loss, mutilation, force majeure or any other eventualities, with respect to Original BG (favouring MHI / PMA, held at PMA), MHI/ PMA will not be liable for the same and the onus would be with us to arrange for alternate/ duplicate BG in place of the original BG.
- C. We also understand that the BG will be released to us on completion of the scheme and/ or completion of the validity period.

Signature of the Authorised Signatory

Name & Designation with Address:

Date:

Place:

Frequently Asked Questions-III (FAQs-III)
For PLI Scheme for Automobile and Auto Component Industry
(PLI-AUTO or 'the Scheme')

Dated: 11th May, 2022

1. Answer to Question Number-20 (Stage II) of FAQ II dated 22.12.2021 is amended as below:

“Certification of Minimum 50% Domestic Value Addition (DVA) by Testing Agency (TA) based on Invoiced/Costed Bill of Material (BOM) by excluding Cell Price (required for assembly of Battery Power Pack) on actual cost basis or upto a maximum of 25% of the price of the Battery Electric Vehicles (Ex-factory) and for the period co-terminus with setting up of manufacturing facilities of ACC under the PLI ACC scheme in India. The approved applicant will submit the Domestic Value Addition certificate duly cost audited by External Auditor (Cost or Chartered Accountant) and self-certified by the authorized representative of the approved applicant through PLI Auto Portal in the prescribed format.”

2. The approved applicant will initially submit the Domestic Value Addition (DVA) certificate through PLI Auto Portal in the prescribed format for certification of minimum 50% Domestic Value Addition (DVA) by Testing Agency (TA). When will the approved applicant required to again submit DVA certificate under PLI Auto scheme?

Ans. Once certification of minimum 50% Domestic Value Addition (DVA) is issued by Testing Agency (TA), the approved applicant is required to re-submit DVA certificate duly cost audited by External Auditor (Cost or Chartered Accountant) and self-certified whenever there is a change in supply chain adversely affecting DVA for the selected AAT products.

However, Re-validation or Periodic Surveillance Assessment of the AAT Products shall be done by the concerned certificate issuing Testing Agency by selecting random samples from the production line, annually or as per requirement. The percentage (%) of DVA calculated during re-validation or periodic surveillance will be used to check that the concerned AAT Product continues to meet the requirement of minimum 50% DVA.

3. There may be cases in which any approved applicant has been initially issued minimum 50% Domestic Value Addition (DVA) by Testing Agency (TA) as per the prescribed procedure. Subsequently, there has been a reduction in DVA of the concerned AAT Products mainly due to fluctuation in raw material prices and/or currency in due course of time, without any significant change in the supply chain. In these cases, whether the initial certification of 50% DVA will remain valid in the PLI Scheme?

Ans. In these cases, the initial assessment of 50% or above DVA done by Testing Agency (TA) will remain valid in the PLI Scheme subject to there is no significant change in the supply chain by the approved applicant w.r.t initial assessment approval.

Frequently Asked Questions-IV (FAQs-IV)
For PLI Scheme for Automobile and Auto Component Industry
(PLI-AUTO or ‘the Scheme’)

Dated: 2nd November, 2022

1. Answer to Question Number-1 of FAQ III dated 11.05.2022 is amended as below:

(i) Advanced Chemistry Cell (ACC):

“Certification of Minimum 50% Domestic Value Addition (DVA) by Testing Agency (TA) based on Invoiced/Costed Bill of Material (BOM) by excluding Cell Price (required for assembly of Battery Power Pack) on actual cost basis or upto a maximum of 25% of the price of the Battery Electric Vehicles (Ex-factory) and for the period co-terminus with setting up of manufacturing facilities of ACC under the PLI ACC scheme in India”.

(ii) Semiconductors parts (Low Power IC, High Power IC and Microcontrollers):

“Certification of Minimum 50% Domestic Value Addition (DVA) by Testing Agency (TA) based on Invoiced/Costed Bill of Material (BOM) by excluding Critical Semiconductor Parts (Microcontroller, High Power IC and Low Power IC) on actual cost basis or upto a maximum of **X** % of the Ex-factory Price of the Auto Electronics (AE) AAT Component and for the period co-terminus with production of Semiconductors in India under the PLI Semiconductor scheme of MeitY or otherwise. The applicants seeking to take benefits are required to submit their plan for Capability Enhancement to achieve deep localization during the scheme period for Technology oriented child parts of the AAT Product and achieve the targets as per their plan.

Where,

X = 30% for first three years of the Scheme period i.e FY 2022-23, 2023-24 and 2024-25
and

X = 20% for last two years of the scheme period i.e. FY 2025-26 and 2026-27.”

(iii) Rare Earth Magnet (REM):

“Certification of Minimum 50% Domestic Value Addition (DVA) by Testing Agency (TA) based on Invoiced/Costed Bill of Material (BOM) by excluding Rare Earth Magnet (REM) as follows for the period till production of REM in India.

1. 15% of the ex-factory price of the Traction Motor and Wheel Rim integrated with Hub Motor (related AAT Components) or actual cost whichever is lower.
2. 7.5% of the ex-factory price of the E-axle and E-differential assembly (related AAT Components) or actual cost whichever is lower.”

The approved applicant will submit the Domestic Value Addition certificate duly cost audited by External Auditor (Cost or Chartered Accountant) and self-certified by the authorized representative of the approved applicant through PLI Auto Portal.

PLI Scheme for Textiles

Ministry of Textiles (MoT)



भारत का राजपत्र The Gazette of India

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CG-DL-E-27092021-229974

असाधारण
EXTRAORDINARY

भाग I—खण्ड 1
PART I—Section 1

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

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नई दिल्ली, सोमवार, सितम्बर 27, 2021/आश्विन 5, 1943

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वस्त्र मंत्रालय

अधिसूचना

नई दिल्ली, 24 सितम्बर, 2021

विषय: वस्त्र क्षेत्र के लिए उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजना।

फा. सं. 12015/03/2020-आईटी .—1. प्रस्तावना

सरकार ने एमएमएफ अपैरल, एमएमएफ फैब्रिक्स तथा तकनीकी वस्त्रों के उत्पादों के संवर्धन हेतु उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजनाको अनुमोदित किया है। यह योजना इस अधिसूचना की तारीख से लागू होगी। 10,683 करोड़ रुपए के बजटीय परिव्यय के साथ वित्त वर्ष 2024-25 से वित्त वर्ष 2028-29 की अवधि के दौरान प्राप्त किए गए वृद्धिक कारोबार पर वित्त वर्ष 2025-26 से वित्त वर्ष 2029-30 की अवधि के दौरान अर्थात् 5 वर्ष की अवधि हेतु योजना के तहत प्रोत्साहन उपलब्ध होंगे। तथापि, यदि कोई कंपनी एक वर्ष पहले ही निवेश और उत्पादन लक्ष्यों को प्राप्त करने में सक्षम होती है तो, वे वर्ष 2024-25 से प्रारंभ करके वर्ष 2028-29 तक 5 वर्ष की अवधि हेतु एक वर्ष पहले ही पात्र हो जाएंगे।

2. उद्देश्य

उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजना वस्त्र उद्योग को एक स्तर और आकार प्राप्त करने में सक्षम बनाने के लिए देश में एमएमएफ अपैरल तथा फैब्रिक और तकनीकी वस्त्र उत्पादों के उत्पादन को बढ़ावा देने; प्रतिस्पर्धी बनने और लोगों के लिए रोजगार अवसरों का सृजन करने के लिए लक्षित है।

3. उत्पाद विवरण

		उपरोक्त सभी फाइबर से बने मिश्रण (i) से (v) तक	68151090	आदि) पत्थर या अन्य खनिज पदार्थों के समान (कार्बन फाइबर, कार्बन फाइबर के समान और पीट के समान सहित) पीट), अन्य समानों में या अन्यत्र निर्दिष्ट में शामिल नहीं हैं: अन्य: अन्य
	चिकित्सा, रक्षा और विशेष उपयोग के लिए सक्रिय उपकरणों के साथ एम्बेडेड स्मार्ट वस्त्र।			स्मार्ट टेक्सटाइल्स एक नई पीढ़ी का विशिष्ट उत्पाद है। कोई भी स्मार्ट टेक्सटाइल उत्पाद इलेक्ट्रॉनिक्स के साथ एम्बेडेड पहनने योग्य सामग्रियों की किस्मों का एक संयोजन होगा। विवरण वर्तमान में किसी विशेष एचएसएन कोड में फिट नहीं है। इस उत्पाद के लिए 8-अंकों पर एक उपयुक्त एचएसएन कोड नए तरीके से बनाने की आवश्यकता है

MINISTRY OF TEXTILES

NOTIFICATION

New Delhi, the 24th September, 2021

SUBJECT: PRODUCTION LINKED INCENTIVE (PLI) SCHEME FOR TEXTILES

F. No. 12015/03/2020-IT.— 1. INTRODUCTION

The Government has approved the Production Linked Incentive (PLI) Scheme for promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles. The scheme will be implemented from the date of this notification. Incentives under the scheme will be available for 5 years period i.e. during FY 2025-26 to FY 2029-30 on incremental turnover achieved during FY 2024-25 to FY 2028-29 with a budgetary outlay of Rs. 10,683crore. However, if a company is able to achieve the investment and performance targets one year early then, they will become eligible one-year in advance starting from 2024-25 to 2028-29 i.e. for 5 years.

2. OBJECTIVE

The Production Linked Incentive (PLI) Scheme is intended to promote production of MMF Apparel & Fabrics and, Technical Textiles products in the country to enable Textiles Industry to achieve size and scale; to become competitive and a creator of employment opportunities for people.

3. PRODUCTS DETAILS

The scheme proposes to incentivise MMF Apparel listed at **Annexure-I**, MMF Fabrics listed at **Annexure-II** and 10 segments of Technical Textiles products listed at **Annexure-III**. Turnover of MMF Apparel, Fabrics and products of Technical Textiles will be counted based on product description in GST invoice at 8-digit HS Code.

4. SCHEME SEGMENTS AND INCENTIVES

4.1 Scheme Part- 1: Any person, which includes firm / company willing to invest a minimum ₹300 Crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of Notified lines, shall be eligible to apply for participation in this part of the scheme. However, applicant will form a separate company under Companies Act, 2013, before commencement of investment under this scheme. Such company under the scheme will be eligible to get incentive when they achieve a minimum of ₹600 Crore turnover by manufacturing and selling the products Notified under this scheme. Thus, for getting incentive, both the conditions of minimum investment and minimum turnover should be met. The participating company is expected to achieve this required turnover after a gestation period of two years, i.e. in FY 2024-2025, that will be termed as year 1 and a 15% incentive will be provided on attaining required turnover in the Notified lines of MMF and Technical Textiles. Incentive in the subsequent years will be provided on achieving a minimum

additional incremental turnover of 25% over the immediate preceding year's turnover up to year 5. However, the incentive will be reduced by 1% every year from year 2 onward till the year 5 i.e. 11% in the year 5. Only such sales will be counted, which are transacted through normal banking channel.

4.2 Scheme Part-2: Any person, which includes firm / company willing to invest a minimum ₹100 Crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of Notified lines, shall be eligible to apply for participation in this part of the scheme. However, the applicant will form a company registered under Companies Act, 2013, before commencement of investment. Such company under the scheme will be eligible to get incentive when they achieve a minimum of ₹ 200 Crore turnover by manufacturing and selling the products notified under this scheme. Thus, for getting incentives, both the conditions of minimum investment and minimum turnover should be met. The participating company is expected to achieve this required turnover after a gestation period of two years, i.e. in FY 2024-2025, that will be termed as year 1 and 11% incentive on turnover will be provided on attaining required turnover in the Notified lines of MMF and Technical Textiles. Incentive in the subsequent years will be provided on achieving a minimum additional incremental turnover of 25% over the immediate preceding year's turnover up to year 5. However, the incentive will be reduced by 1% every year from year 2 onward till the year 5 i.e. 7% in the year 5. Only such sales will be counted, which are transacted through normal banking channel.

5. Common Conditions for both parts of Scheme:

- (a) Notified products removed from the factory under GST Invoice shall only be taken into account for calculation of incremental turnover provided remittances against such trade are realised/received through normal banking channel;
- (b) There will be a provision of cap of 10% over the prescribed minimum incremental turnover growth of 25% for the purpose of calculation of incentives from Year 2 onward. Turnover achieved beyond that cap will not be taken into account for calculation of incentive. However, for Year 1 this cap of 10% will be applied over a turnover of two times of investment made under the scheme. Turnover achieved beyond two times of the investment + 10% shall not be accounted for calculation of incentives in Year 1;
- (c) Only manufacturing company registered in India will be eligible to participate under the scheme. Participating company will have to undertake processing and operation activities in their own factory premises as prescribed in the scheme guidelines. Only project proposals envisaging processing and operation activities able to enhance value by not less than 60% in integrated fibre/yarn to fabric, garment & technical textiles will be selected. However, for proposal of independent fabrics processing house, this required minimum value enhancement will be only 30%;
- (d) Turnover achieved from trading and outsourced job work will not be accounted. The goods which is manufactured by the company registered under the scheme shall only be eligible for the incentives. In other words, goods manufactured by other manufacturer or unit of same group company shall not be accounted for calculation of incremental turnover;
- (e) Selection of participating company will be done following a complete transparent process based on objective criteria e.g. relevant experience, financial & technical capacity, size of investment proposed, expected job opportunities creation potential, location of the manufacturing unit etc. The selected applicant (Participant Company) under the scheme will have to maintain separate accounts and balance sheet along with inventory of inputs and sales data of production under the Scheme;
- (f) Only one company of a group will be allowed to be registered for PLI for Textiles and none of their other group companies will be eligible for participation in this scheme as a second participant. However, the group may make more than one (1) application for consideration but they will have to take a decision at the time of selection regarding the proposal they want to take forward in case more than one (1) of their proposals are shortlisted on the basis of transparent selection process;
- (g) This Scheme does not preclude beneficiary for duty remission/duty exemption/duty neutralization provided by Government of India or for making application for State Government schemes;

(h) This scheme shall not be a permanent feature for the industry. The scheme is to support creation of a viable enterprise and competitive industry. So, only competent, sustainable industry players are to be supported through the scheme;

(i) The total fund outgo and duration of the scheme is fixed. In case of availability of funds, entry of new entrant in the scheme period will be allowed till 2022-23. In such cases, investment should be completed by FY 2023-24 and production must be started in FY 2024-2025 for receiving incentive for 5 years' duration. In case the prescribed conditions are not met in time, the incentive will be available for a lesser number of years but rate of incentive will be applicable as prescribed to first year of the scheme and so on for remaining period;

(j) In case any participant company fails to achieve the required turnover target in any of the years during scheme period, they will not get any incentive under this scheme for that year. However, incentive will be provided on achieving the prescribed target in subsequent years but within the scheme period. Such participants will get assistance for reduced number of years and at rates as explained in para(i) above.

6. SCHEME DURATION:

The scheme shall be valid upto 2029-30. The gestation period for both parts of the scheme will be of two (2) years i.e. FY: 2022-23 to FY: 2023-24.

7. FRAMEWORK OF THE SCHEME IMPLEMENTATION:

Scheme Part-1 & Part - 2

Year	Gestation Period	Performance year	Incentives claim year
*	FY 2022-2023		
*	FY 2023-2024		
1		FY 2024-2025	FY 2025-2026
2		FY 2025-2026	FY 2026-2027
3		FY 2026-2027	FY 2027-2028
4		FY 2027-2028	FY 2028-2029
5		FY 2028-2029	FY 2029-2030

8. SCHEME GUIDELINES

Detailed operational guidelines for inviting application, selection of eligible participants, effective monitoring of the scheme, releasing of incentives, and appropriate grievance redressal mechanism etc. will be finalised and notified after inter-ministerial consultations.

9. REVIEW AND MONITORING OF THE SCHEME

Empowered Group of Secretaries (EGoS), as constituted vide gazette Notification No. P 36017/144/2020- Investment & Promotion dated 10.06.2020 issued by DPIIT will monitor the implementation of the scheme. The composition of the EGoS for monitoring of PLI for Textiles will be as under:

1. Cabinet Secretary, Chairperson
2. CEO, NITI Aayog, Member
3. Secretary, Department for Promotion of Industry and Internal Trade, Member Convenor
4. Secretary, Department of Commerce, Member
5. Secretary, Department of Revenue, Member
6. Secretary, Department of Economic Affairs, Member
7. Secretary, Ministry of Textiles

The EGoS chaired by the Cabinet Secretary will monitor the progress of this PLI scheme; undertake periodic review of the outgo under the Scheme; ensure uniformity with other PLIs and take appropriate action to ensure that the expenditure is within the prescribed outlay. EGoS is also empowered to make any changes in the modalities of the scheme, and address any issues related to genuine hardship that may arise during the course of implementation, within the overall financial outlay of ₹10683 crore.

10. **Effect:** This notification shall come into force from the date of issuance. Investment made in anticipation after this Notification may be taken into account to meet investment criteria, in case that investor company is selected under the scheme.

VIJOY KUMAR SINGH, Addl. Secy.

Annexure-I

List of MMF Apparels				
Products will be primarily identified at 8 digits HS code				
Sl No.	6 digit HS code	Product description	8 digit HS code	Product description
1	611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	61103010	JERSEYS ETC OF SYN FIBRES
			61103020	JERSEYS ETC OF ARTIFICIAL FIBRES
2	620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres ...	62019300	OTHER SMLR ARTCLS OF MAN-MDE FBRS
3	620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres ...	62029310	WIND AND SKI-JACKETS, WIND CHEATERS
4	620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excluding ...	62034300	TROUSERS,BIB AND BRACE,OVERALLS,BREECHES AND SHORTS OF SYNTHETIC FIBRS,MENS OR BOYS
5	610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, ...	61046300	TROUSERS,BIB AND BRACE OVERALLS,BREECHES AND SHORTS OF SYNTHETIC FIBRES

6	620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres ...	62046300	TROUSERS, BIB AND BRACE OVERALLS, BREECHES AND SHORTS OF SYNTHETIC FIBRES
7	620213	Women's or girls' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made ...	62021300	OVERCOATS, RAINCOATS, CARCOATS, CAPES, CLOAKS AND SIMILAR ARTICLES OF MAN MADE FIBRES
8	610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excluding petticoats)	61044300	DRESSES OF SYNTHETIC FIBRES
9	611596	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	61159600	OTHER HOSIERY GOODS OF SYNTHETIC FIBRES
10	620433	Women's or girls' jackets and blazers of synthetic fibres (excluding knitted or crocheted, ...	62043300	JACKETS OF SYNTHETIC FIBRES
11	610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted ...	61034300	TROUSERS, SHORTS ETC OF SYNTHETIC FIBRES
12	611241	Women's or girls' swimwear of synthetic fibres, knitted or crocheted	61124100	WOMENS/GIRLS SWIMWEAR OF SYNTHETIC FIBRES
13	611430	Special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, ...	61143010	OTHER GARMENTS OF SYNTHETIC FIBRES
			61143020	OTHER GARMENTS OF ARTIFICIAL FIBRES
14	610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	61082210	BRIEFS AND PANTIES OF SYN FIBRES
			61082220	BRIEFS AND PANTIES OF ARTIFICIAL FIBRES
15	620333	Men's or boys' jackets and blazers of synthetic fibres (excluding knitted or crocheted, and ...	62033300	JACKETS AND BLAZERS OF SYNTHETIC FIBRES

16	621133	Men's or boys' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	62113300	OTHR GRMNTS OF MAN-MDE FBRS FR MENS/BOYS
17	620113	Men's or boys' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made ...	62011310	RAINCOATS OF MAN-MADE FIBRES
18	620453	Women's or girls' skirts and divided skirts of synthetic fibres (excluding knitted or crocheted ...	62045300	SKIRTS AND DIVIDED SKIRTS OF SYNTHETIC FIBRS
19	610230	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, ...	61023010	OVRCOAT ETC OF SYNTHETIC FIBRES
			61023020	OVRCOT ETC OF ARTIFICIAL FIBRES
20	620530	Men's or boys' shirts of man-made fibres (excluding knitted or crocheted, nightshirts, singlets ...	62053000	MENS OR BOYS SHIRTS OF MAN-MADE FIBRES
21	610832	Women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted (excluding ...	61083210	NIGHTDRESSES AND PYJAMAS OF SYN FIBRES
			61083220	NIGHTDRESSES AND PYAJAMAS OF ARTIFICIAL FIBRES
22	610620	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted ...	61062010	BLOUSE ETC OF SYNTHETIC FIBRES
			61062020	BLOUSE ETC OF REGNRTD FBRS(RAYON ETC)
23	610444	Women's or girls' dresses of artificial fibres, knitted or crocheted (excluding petticoats)	61044400	DRESSES OF ARTIFICIAL FIBRES

24	610433	Women's or girls' jackets and blazers of synthetic fibres, knitted or crocheted (excluding ...	61043300	JACKETS OF SYNTHETIC FIBRES
25	621430	Shawls, scarves, mufflers, mantillas, veils and similar articles of synthetic fibres (excluding ...	62143000	SHWLS,SCRVS,MUFFLERS ETC OF SYNTHTC FBRS
26	610892	Women's or girls' negligés, bathrobes, dressing gowns, house jackets and similar articles of ...	61089210	NEGLIGES ETC OF SYNTHETIC FIBRES
			61089220	NEGLIGES, BATHROBES ETC OF ARTIFICIAL FIBRES
27	611521	Pantyhose and tights of synthetic fibres, knitted or crocheted, measuring per single yarn <...	61152100	PANTY HOSE AND TIGHTS OF SYNTHTC FIBRES MSRNG PER SINGLE YRN LESS THN 67 DECITEX
28	610130	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets ...	61013010	OVRCOAT ETC OF SYNTHETIC FIBRES
			61013020	OVRCOT ETC OF ARTIFICIAL FIBRES
29	610712	Men's or boys' underpants and briefs of man-made fibres, knitted or crocheted	61071210	UNDERPANTS AND BRIEFS OF SYN FIBRES
			61071220	UNDERPANTS AND BRIEFS OF ARTIFICIAL FIBRES
30	611693	Gloves, mittens and mitts, of synthetic fibres, knitted or crocheted (excluding impregnated, ...	61169300	OTHER GLOVES ETC OF SYNTHETIC FIBRES
31	610453	Women's or girls' skirts and divided skirts of synthetic fibres, knitted or crocheted (excluding ...	61045300	SKIRTS AND DIVIDED SKIRTS OF SYNTHTC FIBRES
32	621111	Men's or boys' swimwear (excluding knitted or crocheted)	62111100	SWIMWEAR FOR MENS OR BOYS

33	620312	Men's or boys' suits of synthetic fibres (excluding knitted or crocheted, tracksuits, ski suits ...	62031200	SUITS OF SYNTHETIC FIBRES
34	611212	Track-suits of synthetic fibres, knitted or crocheted	61121200	TRACK SUITS OF SYNTHETIC FIBRES
35	620930	Babies' garments and clothing accessories of synthetic fibres (excluding knitted or crocheted ...	62093000	BABIES GRMNTS AND CLOTHNG ACCESS OF SYN FIBR
36	620892	Women's or girls' singlets and other vests, briefs, panties, négligés, bathrobes, dressing ...	62089210	DRESSING GOWNS AND BATHROBES
37	611522	Pantyhose and tights of synthetic fibres, knitted or crocheted, measuring per single yarn >= ...	61152200	PANTY HOSE AND TIGHTS OF SYNTHETIC FIBRES MSRNG PER SINGLE YRN 67 DECITEX OR MORE
38	610722	Men's or boys' nightshirts and pyjamas of man-made fibres, knitted or crocheted (excluding ...	61072210	NIGHTSHIRTS AND PYJAMAS OF SYN FIBRES
			61072220	NIGHTSHIRTS AND PYAJAMAS OF ARTIFICIAL FIBRES
39	611231	Men's or boys' swimwear of synthetic fibres, knitted or crocheted	61123100	MENS/BOYS SWIMWEAR OF SYNTHTC FBRS
40	621112	Women's or girls' swimwear (excluding knitted or crocheted)	62111200	SWIMWEAR FOR WOMENS OR GIRLS

Annexure-II

List of MMF Fabrics				
Products will be primarily identified at 8 digit HS Code				
Sl No.	6 digit HS code	Product Description	8 digit HS Code	Product description
1	540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	54075210	POLYESTER SHIRTINGS
			54075220	POLYESTER SIUTINGS

2	600632	Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excluding warp ...	60063200	OTHR KNITD OR CROCHETD FBRCS OF SYN FIBRS, DYED
3	540761	Woven fabrics of yarn containing >= 85% by weight of non-textured polyester filaments, incl. ...	54076110	POLYESTER SHIRTINGS
			54076120	POLYESTER SUITINGS
4	600192	Pile fabrics of man-made fibres, knitted or crocheted (excluding "long pile" fabrics)	60019200	OTHER PILE FABRICS OF MAN-MADE FIBRES
5	540754	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	54075420	POLYESTER SHIRTING
6	580632	Narrow woven fabrics of man-made fibres, with a width of <= 30 cm, n.e.s.	58063200	OTHER NARROW WOVEN FBRCS OF MAN-MADE FIBRE
7	551511	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	55151110	FBRC OF POLSTR,MXD WTH VISCOS RYON,UNBLCHD
			55151120	FBRC OF POLSTR,MXD WTH VISCOS RYON,BLCHD
			55151130	FBRC OF POLSTR,MXD WTH VISCOS RYON,DYED
			55151140	FBRC OF POLSTR,MXD WTH VISCOS RYON,PRINTD
8	600537	Dyed warp knit fabrics of synthetic fibres "incl. those made on galloon knitting machines", ...	60053700	OTHER, DYED
9	551614	Woven fabrics containing >= 85% artificial staple fibres by weight, printed	55161410	SPUN RAYON PRINTED SHANTUNG
			55161420	SPUN RAYON PRINTED LINEN
10	540742	Woven fabrics of filament yarn containing >= 85% nylon or other polyamides by weight, incl. ...	54074210	NYLON BRASSO
			54074220	NYLON GEORGETTE
			54074230	NYLON TAFETTA
11	551219	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed, made of yarn of different ...	55121910	OTHR WOVN FBRCS, DYED CNTNG POLYETR >= 85%

			55121920	OTHR WOVN FBRCS,PRINTD CNTNG POLYETR> =85%
12	540710	Woven fabrics of high-tenacity yarn, nylon, other polyamides or polyesters, incl. monofilament ...	54071013	UNBLECHD NYLON FURNISHG FBRCS
			54071015	UNBLECHD OTHR NYLON/POLYAMIDE FBRCS (FILAMENT)
			54071016	UNBLECHD POLYESTER SUITINGS
			54071019	UNBLECHD OTHR POLYESTER FABRICS
			54071023	BLECHD NYLON FURNISHN FBRCS
			54071025	BLECHD OTHR NYLON/POLYAMIDE FBRCS (FILAMENT)
			54071026	BLECHD POLYESTER SUITNGS
			54071033	DYED NYLON FURNISHG FBRCS
			54071035	DYED OTHR NYLON/POLYAMIDE FBRCS (FILAMENT)
			54071036	DYED POLYESTER SUITNGS
			54071043	PRINTED NYLON FURNISNG FBRCS
			54071045	PRINTED OTHR NYLON/POLYAMIDE FBRCS (FILAMENT)
			54071046	PRINTED POLYESTER SUITNGS
			54071049	PRINTED OTHR POLYESTER FBRCS
			54071093	OTHR NYLON FURNISNS FBRCS
			54071096	OTHR POLYESTER SUITNGS
			54071099	OTHR POLYESTER FBRCS NES
13	540720	Woven fabrics of strip or the like, of synthetic filament, incl. monofilament of >= 67 decitex ...	54072010	UNBLECHD WVEN FBRCS FROM STRIP/THE LIKE
			54072020	BLECHD WVEN FBRCS FROM STRIP/THE LIKE

			54072030	DYED WVEN FBRCS FROM STRIP/THE LIKE
			54072040	PRINTED WVEN FBRCS FROM STRIP/THE LIKE
14	540769	Woven fabrics of yarn containing >= 85% by weight of mixtures of textured and non-textured ...	54076900	WOVN FBRCS CONTNNG 85% OR MORE BY WT OF OTHR THN NN-TXTRD POLYSTR FLMNTS

Annexure-III

<p style="text-align: center;">List of Technical Textiles Products (HS Code mentioned are indicative) (Final products list with 8 digit HS code level will be Notified along with Scheme Guidelines)</p>				
S.No	Segments	Products	Indicative HSN Code	Description
1	Geo-textiles	Geo-grids	56039400	Non-woven -OTHER : weighing more than 150 g/m ²
		Geo-nets	54079110	Other Woven fabrics : unbleached or bleached : unbleached
			54077110	Other Woven fabrics, containing 85% or more by weight of synthetic filaments : unbleached or bleached : unbleached
		Geo-membranes	54071099	Woven Fabrics obtained from high tenacity yarn of nylon or other polyamides or of polyesters : other :other
			54071019	Unbleached other polyester fabrics
		Geo-tubes/Geo-bags	63059000	Sacks and bags, of a kind used for the packing of goods of other textile materials
			39174000	Fittings for tube pipes and hoses of plastic
	Geo-textiles made from natural fibres	53110015	Woven fabrics of other vegetable textile fibres ; Woven fabrics of paper yarn : Of coir including log form and geotextiles	
2	Agro- textiles	Shade-nets	60059000	Warp knit fabrics (including those made on galloon knitting machines), other
			94060011	Green house- in ready to assemble sets
		Mulch-mats	56031200	Nonwovens, whether or not impregnated, coated, covered or

				laminated weighing between 25G/SQM and 70 G/SQM - man-made filament WGHNG>25g /sqm
		Anti-hail/Anti-bird/Anti-fog protection nets	60059000	warp knitted fabrics of wool or fine animal hair
		Fishing nets	56075010	Nylon Fish Net Twine
		Crop covers	56031100	Coated, covered or laminated non-woven made from manmade filament with weight less than 25 g/ sqm
		Turf protection nets	56031300	Coated, covered or laminated non-woven made from manmade filament with weight between 70 to 150 G/ SQM
3	Medical/ Hygiene Textiles	Body Diapers, Adult Diapers, Incontinence Diapers, Sanitary Napkins	96190010	Sanitary towels (pads) or sanitary napkins
			96190020	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material : Tampons
			96190030	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material : Napkins and Napkin liners for babies
			96190040	Clinical Diapers
			96190090	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material : Other
		Surgical Dressings, Bandages, wound care products	59061000	Adhesive Tape Of A Width Not Exceeding 20 cm.
			30051010	Adhesive Gauze Bandage
			30051020	Adhesive Tape (Medicinal)
			30059040	Bandages Without Adhesive Layer
			30059050	Burn Therapy Dressing Soaked In Protective Gel
			56012200	Wadding; Other Articles Of Cotton Wadding; Other (Of man-made fibres)
			56012900	Wadding Of Textile Materials And Articles Thereof; Textile Fibres, Not Exceeding 5 Mm In

				Length (Flock), Textile Dust And Mill Neps: Wadding Of Man-Made Fibres (other)
		Compression stockings for varicose veins	61151000	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted : Graduated compression hosiery (for example, stockings for varicose veins)
		Surgical Sutures	30061010	Sterile, surgical catgut and similar sterile suture materials(including sterile absorbable surgical or dental yarns) and sterile tissue adhesives for surgical wound closure
4	Defence Textile	Bullet Proof Jackets, Vests and Uniforms	62104010	Garments, Made Up Of Fabrics Of Heading 5602, 5603, 5903, 5906 Or 5907 - Other Mens Or Boys Garments : Bullet Proof jacket, Bomb Disposal Jacket And The Like
		Nuclear, Biological and Chemical Warfare Suits		
		High visibility clothing and Infra-red clothing for military use		
		High Altitude clothing	62102010	Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907 - other garments, of the type described in subheadings 6201 11 to 6201 19 : outer garments, of rubberised textile fabrics
			62102020	
		Fighter Aircraft Clothing	62103010	Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907 - other garments, of the type described in subheadings 6201 11 to 6201 19 : outer garments, of fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives and other artificial plastic materials
		Sub-marine clothing	62104090	Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907 - other garments, of the type described in subheadings 6202 11 to 6202 19 : outer garments, of fabrics impregnated, coated, covered or laminated with preparations of cellulose

				derivatives and other artificial plastic materials
				Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907 - other mens or boys garments : other
		Tents, Parachutes, collapsible textiles housing for military use	63062200	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods tents: of synthetic fibres
		Special masks including Gas masks	90200000	Other Breathing Appliances And Gas Masks, Excluding Protective Masks Having Neither Mechanical Parts Nor Replaceable Filters
		Helmets and safety equipment (textile compared) for military use	65061010	Other Headgear, Whether Or Not Lined Or Trimmed Safety Headgear: Speed Glass Welding Helmets Or Other Helmets
5	Mobile Textiles:	Safety airbags for automobiles	87089500	Parts and accessories of the motor vehicles of headings 8701 to 8705 - other parts and accessories -- safety airbags with inflater system; parts thereof
		Automobile Tyre cords	56041000	Rubber Thread And Cord, Textile Covered
			56075020	Nylon Tyre Cord
			56075030	Viscose Tyre Cord
			59021010	Tyre Cord Fabric Of High Tenacity Yarn Of Nylon Or Other Polyamides: Impregnated With Rubber
			59021090	Tyre cord fabric Of nylon or other polyamides: Others
			59022010	Tyre Cord Fabric Of Polyester: Impregnated With Rubber
			59022090	Tyre cord fabric Of polyesters: Others
			59029010	Tyre Cord Fabric Of Others: Impregnated With Rubber
			59029090	Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polysters or viscose rayon: Others
		Seat webbing for automobiles and aircrafts	87082100	Parts and accessories of the motor vehicles of headings 8701 to 8705 : Other parts and accessories of bodies (including cabs) : Safety seat belts

		Air and oil filters for automobiles, railways coach, aircraft	84212300	Centrifuges, Including Centrifugal Dryers; Filtering Or Purifying Machinery And Apparatus, For Liquids Or Gases Filtering Or Purifying Machinery And Apparatus For Liquids: Oil Or Petrol-Filters For Internal Combustion Engines
6	Sports Textiles	Parachute fabrics/Ballooning fabric for sports use	54071011	Unbleached Parachute Fabrics
			54071021	Bleached Parachute Fabrics
			54071031	Dyed Parachute Fabrics
			54071041	Printed Parachute Fabrics
			54071091	Other Parachute Fabrics
		Sailing cloth	63061990	Other Tarpaulins, Awnings And Sunblinds; Tents; Sails For Boats, Sailboards Or Landcraft; Camping Goods
		Protective equipment for cricket, boxing and other sports (Leg guard, Batting gloves, Thigh pad)	95069110	Articles And Equipment For General Physical Exercise, Gymnastics Or Athletics: Boxing Equipment
	95069920		Articles And Equipment For General Physical Exercise, Gymnastics, Athletics, Other Sports:Other : Leg Pads And Bats For Cricket	
95069990	Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including tabletennis) or Out-door games, not specified or included elsewhere in this chapter; swimming pools and paddling pools - other : -other : other			
7	Protective Textiles (other than defence textiles):	Personal Protective Equipment for medical use	62102010	Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907 - other garments, of the type described in subheadings 6201 11 to 6201 19 : outer garments, of rubberised textile fabrics
		Fire retardant/Fire protection clothing		62105000
		Chemical/Petrochemical protection clothing	62103010	Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907 - other garments, of the type described in
		Electric Arc protection clothing		subheadings 6202 11 to 6202 19 : outer garments, of fabrics impregnated, coated, covered or
		Fire retardant fabrics		

				laminated with preparations of cellulose derivatives and other artificial plastic materials
		Industrial gloves, Industrial protection clothing including high visibility clothing for non-military use	61161000	Gloves, Mittens And Mitts, Knitted Or Crocheted Impregnated, Coated Or Covered With Plastics Or Rubber
		N-95 and N-99 Masks (FFP-2 and FFP-3 masks), Gas Masks	90200000	Other Breathing Appliances And Gas Masks, Excluding Protective Masks Having Neither Mechanical Parts Nor Replaceable Filters
8	Building/ Construction Textiles:	Architectural Membranes	39219099	Other plates, sheets, film, foil and strip, of plastics - other : other : other
		Wall coverings	59050090	Textile Wall Coverings: Other
			59050010	Textile Wall Coverings: Fixed On The Backing Of Any Material
		Awnings & canopy	63061200	Tarpaulins, Awnings and Sunblinds etc.: Of Synthetic Fibres
			63061920	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods tarpaulins, awnings and sunblinds: of other textile materials: blinds or awnings of coir
		Floor Coverings for special purposes such as fire retardant, fire resistant, chemical resistant, anti-static and dust resistant / and composite Board for train coaches.	39181010	FLOOR COVERINGS OF PLASTICS, WHETHER OR NOT SELF-ADHESIVE, IN ROLLS OR IN THE FORM OF TILES; WALL OR CEILING COVERINGS OF PLASTICS, AS DEFINED IN NOTE 9 TO THIS CHAPTER-Of polymers of vinyl chloride: Wall or ceiling coverings combined with - knitted or woven fabrics, nonwovens or felt
			39189020	FLOOR COVERINGS OF PLASTICS, WHETHER OR NOT SELF-ADHESIVE, IN ROLLS OR IN THE FORM OF TILES; WALL OR CEILING COVERINGS OF PLASTICS, AS DEFINED IN NOTE 9 TO THIS CHAPTER-Of other plastics: Wall or ceiling coverings combined with - knitted or woven fabrics, nonwovens or felt

			57032010	CARPETS AND OTHER TEXTILE FLOOR COVERINGS, TUFTED, WHETHER OR NOT MADE UP, Of nylon or other polyamides; Carpets, carpeting and rugs
			57033010	CARPETS AND OTHER TEXTILE FLOOR COVERINGS, TUFTED, WHETHER OR NOT MADE UP, Of other man-made textile materials Carpets, carpeting and rugs
9	Specialty Fibres & Composites:	Carbon Fibre	68159990	Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of peat), not elsewhere specified or included other articles: other:
			68151090	Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of peat), not elsewhere specified or included non-electrical articles of graphite or other carbon: other
		Aramids, Meta Aramids, Para-Aramids, Kevlar	70191900	Glass Fibres (Including Glass Wool): Other (Silvers, Yarn)
		Nylon 66	54061000	Man-Made Filament Yarn (Other Than Sewing Thread), Put Up For Retail Sale Synthetic Filament Yarn
		Glass Fibres, Basalt Fibres	70191100	Glass Fibres (Including Glass Wool): Chopped Strands Of A Length Not More Than 50 mm
			70191200	Glass Fibres (Including Glass Wool): Rovings
			70191900	Glass Fibres (Including Glass Wool): Other (Silvers, Yarn)
			70193100	Glass Fibres (Including Glass Wool): Glass Mats
			70193200	Glass Fibres (Including Glass Wool): Glass Thin Sheets (Voils)
			70193900	Glass Fibres (Including Glass Wool): Other (Webs Mattresses Boards etc)
		70194000	Glass Fibres (Including Glass Wool): Woven Fabrics Of Rovings	

			70195100	Glass Fibres (Including Glass Wool) Woven Fabrics (Excluding Rovings) Of a Wdth Not More Than 30 Cm
			70195200	Glass Fibres (Including Glass Wool) Woven Fabrics (Excluding Rovings) Of a Width More Than 30 Cm Plain Weave, Weighing Less Than 250 g/sqm, Of Filaments Measuring Per Single Yarn Not More Than 136 Tex
			70195900	Other Woven Fabrics of glass
			70199090	Other Made-Up Articles Of Glass Fibres (Fibre Glass
		Ultra High Molecular Weight Polyethylene	54061000	Man-Made Filament Yarn (Other Than Sewing Thread), Put Up For Retail Sale Synthetic Filament Yarn
		Composites made out of all above fibres (i) to (v)	70191900	Glass Fibres (Including Glass Wool): Other (Webs Mattresses Boards etc)
			68151090	Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of Peat), not elsewhere specified or included other articles: other: other
10	Smart Textiles embedded with active devices for medical, defence and special uses.			Smart Textiles is a new generation niche product. Any Smart Textiles product will be a combination of varieties of wearable materials embedded with electronics. The description does not fit into any particular HSN Code at present. A suitable HSN Code at 8-digit need to be created afresh for this product

File No. 12015/03/2020-IT
Government of India
Ministry of Textiles

Dated: 28th December, 2021

Operational Guidelines for Production Linked Incentive (PLI) Scheme for Textiles for Promoting MMF and Technical Textiles segments in terms of Para 8 of the Notification dated 24.09.2021.

1. Introduction

- 1.1. **Objective:** The PLI Scheme is intended to promote production of MMF Apparel & Fabrics and Technical Textiles products in the country to enable textile industry to achieve size and scale; to become globally competitive and a creator of employment opportunities for people. The scheme is to support creation of a viable enterprise and competitive textile industry.
- 1.2. Production Linked Incentive (PLI) Scheme for Textiles has been Notified vide Notification No. 12015/03/2020-IT dated 24.09.2021 and published on 27.09.2021 in the Gazette of India. This scheme envisages incentive for production of MMF Apparel, MMF Fabrics and Technical Textiles Products manufactured in India. The list of Notified Product(s) is at **Appendix-IA, IB and IC**. The Scheme has come into effect from the date of its Gazette Notification.
- 1.3. After having due consultations with all stakeholders including DPIIT, NITI Aayog, Department of Commerce, Department of Expenditure, Department of Revenue, Export Promotion Councils and Trade bodies, these Scheme Guidelines are being issued for effective operation and smooth implementation in pursuance of Para 8 of the said Notification.
- 1.4. Empowered Group of Secretaries (EGoS), as constituted and Notified vide gazette Notification No. P 36017/144/2020-Investment & Promotion dated 10.06.2020 by the DPIIT will monitor the implementation of the scheme. The composition of the EGoS for monitoring of PLI for Textiles will be as under:
 1. Cabinet Secretary, Chairperson
 2. CEO, NITI Aayog, Member
 3. Secretary, Department for Promotion of Industry and Internal Trade, Member Convenor
 4. Secretary, Department of Commerce, Member

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5. Secretary, Department of Revenue, Member
6. Secretary, Department of Economic Affairs, Member
7. Secretary, Ministry of Textiles, Member

The EGoS chaired by the Cabinet Secretary will monitor the progress of this PLI scheme; undertake periodic review of the outgo under the Scheme; ensure uniformity with other PLIs and take appropriate action to ensure that the expenditure is within the prescribed outlay. EGoS is also empowered to make any changes in the modalities of the scheme, and address any issue related to genuine hardship that may arise during the course of implementation, within the overall financial outlay of ₹10,683 crore.

2. Definitions

- 2.1. **Applicant:** Means any person including a company/firm/LLP/trust incorporated in India and interested in operating under the Scheme. The Applicant once selected under the scheme shall be required to form a new/separate company under Companies Act, 2013, and the new entity will be known as **Participant**.
- 2.2. **Application:** Means an application submitted by an applicant on the Ministry's PLI portal developed for this purpose in the prescribed format.
- 2.3. **Application Approval:** Means the approval by the Ministry of Textiles(MoT) selecting the eligible entity under the scheme.
- 2.4. **Auditor's Certificate:** Means the certificate issued by Statutory Auditor to verify the correctness of turnover declared, products manufactured, taxes paid, refund claimed and input tax credit availed, and to assess all required compliances.
- 2.5. **Consumption and inventory Register:** Means register for maintaining inventory and consumption of inputs and output records by the Participant;
- 2.6. **Capital Goods:** Mean, Goods the value of which is capitalised in the books of account of the Participant and which are used or intended to be used in the course or furtherance of business;
- 2.7. **Chartered Accountant (CA):** Means CA as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949;
- 2.8. **Cost Accountant:** Means cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959;
- 2.9. **Company Secretary:** Means Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries

Act, 1980;

- 2.10. **Date of Commercial production:** Means the date on which the Participant raises the first GST invoice for the sale of Notified Product(s) manufactured by the participant under the Scheme.
- 2.11. **Financial Year:** Means a year that begins on 1st April of a year and ends on 31st March of the following year.
- 2.12. **Gestation Period:** Means period allowed to the participating company for establishing the manufacturing and for commencement of production of Notified Products by investing minimum prescribed investment as declared in the application. Under the Scheme FY: 2022-23 to FY: 2023-24 will be the gestation period for Part-1 and Part-2.
- 2.13. **Group Companies:** As defined Companies Act, 2013.
- 2.14. **Incentive:** Means incentive to be provided to Participants under the Scheme as per the notified rates.
- 2.15. **Input: Means** any goods other than capital goods used or intended to be used for manufacturing of resultant notified products;
- 2.16. **Investment:** Means an amount of total investment in plant, machinery, equipment and civil works excluding land and administrative building cost, to be made by participant for setting up factory for manufacturing of Notified Products.
- 2.17. **Letter of Approval:** Means a letter issued by MoT for authorizing investment and commencement of production under the Scheme.
- 2.18. **Manufacturing:** In accordance with Central Goods and Services Tax (CGST) Act, 2017, manufacturing shall mean processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly. Trading/job-working shall not fall under the definition of manufacturing.
- 2.19. **Notified Product(s):** Specified HS lines of Manmade Fibre (MMF) Apparel and MMF Fabrics at 8 digits and products of Technical Textiles as detailed in **Appendix-IA, IB and IC which are eligible for incentive under the scheme.**
- 2.20 **Person:** Both natural and legal and includes an individual, firm, LLP, society, company, corporation or any other legal person;
- 2.21 **Performance Year:** Means the year in which minimum/threshold turnover or incremental turnover is achieved. 1st Performance year is FY 2024-2025; 2nd is 2025-2026; 3rd is 2026-2027, 4th is 2027-2028; and 5th is 2028-2029.
- 2.22 **Project Management Agency (PMA):** Means an agency appointed by Ministry of Textiles for assistance/support in implementation of the

scheme.

- 2.23 Related Party(ies):** Means as defined u/s 2(84) of the GST Act.
- 2.24 Minimum Investment:** Means a threshold prescribed investment as per the Scheme.
- 2.25 Minimum Turnover:** Means a threshold prescribed turnover for Performance Year 1.
- 2.26 Minimum Incremental turnover:** Means a prescribed 25% incremental turnover over immediate preceding year from Performance Year 2 onwards. in the subsequent year.
- 2.27 Value-Addition formula:**
- $$VA = \frac{A-B}{B} \times 100$$
- A= Products sale value declared in GST Invoice excluding GST
B= Purchase value of Inputs/raw materials excluding Duties/Tax/Cess
- 2.28 Raw material:** Means input(s) required/used for manufacturing of Notified finished Products. These inputs may either be in a raw/ natural / unrefined/ unmanufactured or manufactured state;
- 2.29 Signatory:** Means a person authorized to sign an application.
- 2.30 Minimum Value Addition:** For the purpose of this Scheme, minimum value addition means 60% value addition in India for integrated or fibre/ yarn to fabric or fabric to garment; and technical textiles. However, for independent fabrics processing industry (dyeing and printing etc.) the required minimum value addition is 30%.
- 2.31 Turnover:** Means sale turnover of a Company certified by the Statutory Auditor net of taxes. Value of products cleared under GST Invoices through normal banking channel from the sale of Notified Products would be taken into account for the purpose of this scheme. The Auditor certified turnover will have to be reconciled with audited balance sheet before end of 12 months for the year under audit.

3. Duration of the Scheme:

- 3.1 The Scheme is in operation from 24.09.2021 (Date of Notification) to 31st March 2030 and the incentive under the Scheme will be payable for a period of 5 years only.

Table1: Scheme Part-1 & Part - 2

Year	Gestation Period	Performance year	Incentives claim year
*	FY 2022-2023		
*	FY 2023-2024	Optional*	Optional*
1		FY 2024-2025	FY 2025-2026
2		FY 2025-2026	FY 2026-2027
3		FY 2026-2027	FY 2027-2028
4		FY 2027-2028	FY 2028-2029
5		FY 2028-2029	FY 2029-2030

- 3.2 In case of fast paced investment when threshold investment and threshold turnover is achieved by FY 2023-24, incentive may be payable in FY 2024-25 itself. However, in such cases, benefits of the Scheme shall be available upto FY 2027-28 only i.e. a total of 5 years only.

4 Scheme Details

- 4.1 **Scheme Part- 1:** Any person including Company/Firm/LLP/Trust willing to create a separate manufacturing company under Companies Act 2013, and invest minimum ₹300 Crore (excluding land and administrative building cost) to manufacture Notified Products. Such company will be eligible to get incentive when they achieve a minimum of ₹600 Crore turnover by manufacturing and selling the Notified products by the first Performance Year.
- 4.2 **Scheme Part- 2:** Any person including Company/Firm/LLP/Trust willing to create separate manufacturing company under Companies Act 2013, and invest minimum ₹100 Crore (excluding land and administrative building cost) to manufacture Notified Products. Such company will be eligible to get incentive when they achieve a minimum of ₹200 Crore turnover by manufacturing and selling the Notified products by the first Performance Year.
- 4.3 The Participant shall be eligible for the incentives on achieving threshold investment and threshold/incremental turnover.
- 4.4 Incentive shall be calculated on achieving threshold turnover as mentioned above in para 4.1/ 4.2 under the respective scheme in the first Performance Year. In case the prescribed conditions are not met in time, the incentive will be available from the year these are met, for a lesser number of years but rate of incentive applicable will be as prescribed to first year of the scheme and so on for remaining period.

4.5 Manufacture and sale of textile Products will be considered as permitted activities. However, turnover /sale of only Notified Products shall be considered for computation and availing incentive under the scheme. Account for both Notified and non-Notified Products will be maintained separately.

5. Incremental turnover and Incentive Rate:

5.1 Incentive under the Scheme will accrue on fulfilling conditions of minimum investment and minimum turnover

5.2 Rate of Incentives for a particular performance year are as indicated in Table 2.

5.3 Incentives in a particular year will be provided on achieving turnover as prescribed in Table 2 below for that year and, 25% additional incremental turnover over the immediate preceding year's turnover, subject to a cap of maximum 35% admissible incremental turnover.

5.4 In case the participant company fails to achieve the prescribed turnover or 25% increase in turnover over immediate preceding year's turnover, they will not get any incentive under this scheme for that year.

5.5 Such participants will get incentive only when they achieve both, i.e. the prescribed turnover target for the year and 25% increase in turnover over immediate preceding year's turnover, in subsequent year for reduced number of years.

Table 2: Prescribed Turnover and Rate of incentive

Year	Gestation Period	Performance year	Incentives claim year	Scheme Part 1		Scheme Part 2	
				Minimum Prescribed Turnover	Rate of incentive	Minimum Prescribed Turnover	Rate of incentive
*	FY 2022-2023						
*	FY 2023-2024	Optional*	Optional*				
1	Year 1	FY 2024-2025	FY 2025-2026	600 Cr	15%	200 Cr	11%
2	Year 2	FY 2025-2026	FY 2026-2027	750 Cr	14%	250 Cr	10%
3	Year 3	FY 2026-2027	FY 2027-2028	937.5 Cr	13%	312.5 Cr	9%

4	Year 4	FY 2027-2028	FY 2028-2029	1171.87 Cr	12%	390.63 Cr	8%
5	Year 5	FY 2028-2029	FY 2029-2030	1464.84 Cr	11%	488.2 Cr	7%

5.6 Illustrative but not exhaustive, examples are at Appendix III for ease of understanding and implementation.

6 Maximum Cap on incentive:

6.1 There will be a provision of cap of 10% over and above the prescribed minimum incremental turnover growth of 25% for the purpose of calculation of incentives from Year 2 onward. Turnover achieved beyond that cap will not be taken into account for calculation of incentive. However, for Year 1 the cap of 10% will be applied over and above turnover of two times of the investment made under the Scheme up to 2024-25. Turnover achieved beyond two times of investment + 10% shall not be accounted for calculation of incentives in Year 1. This shall apply to both Schemes Part 1 & 2.

6.2 Indicative illustrations are at Appendix III:

7. General conditions

- 7.1 The Applicant once selected under the Scheme shall form a new company under the Companies Act, 2013 before commencement of investment. This new company will be called "Participant" under the Scheme.
- 7.2 Investment made in anticipation from the date of Scheme Notification shall also be accounted for calculation of threshold investment provided their proposal is approved for participation under the Scheme. In case the required investment is not completed in gestation period then, balance committed investment can be made during first performance year, provided the required turnover is achieved simultaneously in the same year.
- 7.3 There will be no restriction for making higher investment for enhancing manufacturing capabilities and achieving growth target.
- 7.4 If multiple applications are filed by the same group companies, the entity will have to indicate their preference for proposal to be taken forward at the time of selection. Only one project under PLI will be approved for any group of companies.
- 7.5 The Applicant should have PAN/GST/DIN.
- 7.6 Participating company shall have to do minimum value addition as required under the scheme, in their own registered factory premises.
- 7.7 The Applicant shall declare the Notified ITC HS lines/ Technical

Textiles Products as applicable they shall manufacture in the new participant company. Lines/Products once selected should be adhered to till Scheme duration. In case of any changes, prior approval of MoT will be required.

- 7.8** Turnover achieved from trading and job work will not be accounted for incentives under the Scheme.
- 7.9** Notified goods/Products manufactured by the registered company under the Scheme shall be eligible for the incentives. In other words, goods/Products manufactured by a company other than registered one, even of same group shall not be accounted for calculation of incremental turnover.
- 7.10** Notified Products sold under GST Invoice indicating 8 digit HS code shall only be taken into account for calculation of threshold/incremental turnover.
- 7.11** Participants are eligible to apply for other applicable Schemes administered by Government of India or the State Governments for example, duty remission, duty exemptions, duty drawback etc..
- 7.12** Foreign (non-resident) investment in the Participant's Company shall be in compliance with the norms delineated under the Consolidated FDI Policy 2020, as amended from time to time.
- 7.13** Participant should commit for setting up of manufacturing facilities to manufacture Notified Product(s) along with appropriate quality and testing facilities having conformity to prescribed BIS Standards or any other International Standard.
- 7.14** The Participant, while dispatching Notified Products out of factory, shall ensure to put "Made in India" tag on each product.
- 7.15** The Applicant and its group company(ies) should neither have been declared as bankrupt or defaulter or reported any fraud by any bank or financial institution or non-banking financial company or placed under black list/denied entity list by any state or central Government department/agencies.
- 7.16** The sample scrutiny of claims of accounts and cost audit of companies (if required) shall be done by Ministry of Textiles through cost auditor. The Consent for audit of their manufacturing site/offices has to be submitted by the company.
- 7.17** The Participant shall maintain consumption and inventory register for inputs and use of raw materials for manufacturing Notified Products. The records shall be preserved for five years after availing incentive for each year or till audit is completed by Ministry, whichever is later.

7.18 The Participant shall indicate proper value of the product in the GST invoice on the basis of prevailing market value of the same products. Over-invoicing of products for gaining undue advantage of the Scheme would be viewed seriously and appropriate penalty will be imposed.

7.19 The Participant shall submit an undertaking duly Affirmed and Notarized while making application for incentives that statement and documents submitted are true and genuine.

8 Selection Criteria:

8.1 Ministry of Textiles shall invite applications from industry for selecting Participants for the Scheme. After screening of the applications, MoT shall publish the list of selected entities on the basis of recommendation of a Selection Committee under the Chairmanship of Secretary Textiles.

8.2 For examination of the application for selection, following grading system will be adopted by the Selection Committee:

Table-3

SL No	Criteria	Grading		Marks for Preference
1.	Financial Capacity of the Applicant	Based on Turnover and Reserves & Surplus in the balance sheet (50:50%)		0 to 10
2.	Relevant Experience & Technical Capacity of the Applicant	Based on Experience in MMF, Technical Textiles, Weaving/Processing/Garmenting etc and General Technical Capacity (50:50%)		0 to 10
3.	Location of the Manufacturing Activity. (#)	Preference to Investment in Aspirational Districts and Category "C" cities, as Notified by Ministry of Housing & Urban Affairs, (*)		0 to 15
		Category A		05
		Category B		10
		Category C & Aspirational District		15
4.	Investment	Part-1	Part-2	
		300-400	100-200	10
		401 and above	201 and above	20
5.	Additional Direct Employment in 1 st Performance Year	500 – 2500		5
		2501-5000		10
		5001-7500		15
		7501 – 10000		20

	onward	Above 10000	25
6.	Product line	Single segment investment only (such as only MMF Apparel or only MMF Fabrics or only Technical Textiles)	10
		investment in Integrated Weaving & Processing or Fabrics to garmenting	20
	Total Maximum		100

Change in location from Category A will be allowed to Category B or C and applicant in Category B will be allowed to change to Category C only and not vice-versa. However, if any proposed unit desires to shift the location of their investment in upcoming PM-MITRA Park, then that will be permitted under this Scheme without any change in time period under the Scheme. The participant is required to seek prior permission of MoT before changing the location.

* Category of Cities are as under:

Group 'A' cities	Group 'B' cities	Group 'C' cities
1. Greater Mumbai	1. Ahmedabad	All other cities in India except Group A & B Cities
2. Delhi NCR	2. Bhubaneswar	
3. Kolkata	3. Chandigarh	
4. Chennai	4. Coimbatore	
5. Bengaluru	5. Indore	
6. Hyderabad	6. Jaipur	
7. Pune	7. Kochi	
	8. Lucknow	
	9. Madurai	
	10. Mangalore	
	11. Nagpur	
	12. Thiruvananthapuram	
	13. Tiruchirappalli	
	14. Vadodara	
	15. Vishakhapatnam	

8.3 "Letter of Approval" will be issued to the participant only after forming new company, as prescribed in para 7.1. and it is not transferable.

9. Selection Committee:

The Selection Committee will have the authority to select the applicants eligible to be the participants under the scheme. The Selection Committee will have the final authority in taking a decision on admissible turnover and

eligibility for incentives or any other issue arising during the implementation of the Scheme

The composition of Selection Committee shall be as under:

1. Secretary Textiles-Chairman
2. Additional Secretary, Ministry of Textiles - Member
3. Additional Secretary and Financial Advisor-Member
4. Representative from NITI Aayog - Member
5. Representative DPIIT at the level of JS - Member
6. Trade Advisor-Member Secretary
7. Economic Advisor-Member

10 Condition of Investment

- 10.1 Plant, Machinery and Equipment:** Investment in Plant, Machinery and Equipment under these guidelines shall include Investment on new plant, machinery, equipment and associated utilities as well as tools, dies, molds, 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 manufactured Notified Product(s). It shall also include expenditure on packaging, freight / transport, insurance, and erection and commissioning of plant, machinery, equipment, and associated utilities. Associated utilities would include captive power and effluent treatment plants, essential equipment required in operations areas such as Water & Power supply and control systems. Associated utilities would also include Information Technology (IT) and Information Technology enabled Services (ITeS) infrastructure related to manufacturing including servers, software and ERP solutions. Such investments shall be used for determining eligibility under the Scheme.
- 10.2** The Plant, Machinery and Equipment should be purchased or leased in the name of the Participant. In cases where these are being leased, the lease should be in the nature of a financial lease within the meaning of Accounting Standard 19 - Leases or Indian Accounting Standard (Ind-AS)-116 Leases, as may be applicable to the Participant, as Notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.
- 10.3** The Plant, Machinery and Equipment should be procured or leased through legally valid documents after payment of applicable taxes and duties.
- 10.4** The Plant, Machinery and Equipment of the Project approved under the Scheme shall be used in regular course for manufacturing of the Notified Product(s) that are approved in the "Letter of Approval" issued by MoT. This does not preclude the usage of such machinery for manufacturing of other goods.

- 10.5 Building and Civil Construction:** Investment made in construction of factory building (except Administrative building and residential building) connecting road inside factory etc. shall be taken into account for calculation of investment threshold.
- 10.6** Participant Company can set up more than one manufacturing unit for production of Notified Products under this Scheme. They will have to declare intent in the application.
- 10.7 Investment in R&D and Testing Laboratory:** Investment upto 10% of total project cost in R&D and Testing laboratory for development of Notified Products and maintaining quality shall be allowed and accounted for threshold investment. The software associated with R&D should have been procured or licensed through legally valid document after payment of applicable taxes and duties.

11. Associated Utilities

- 11.1** Use of existing associated utilities is permitted. However, investment already made in such existing utilities shall not be counted under the Scheme for threshold investment.
- 11.2** Fresh investment in associated utilities commensurate with the manufacturing of Notified Product(s) shall be considered as investment for determining eligibility under the Scheme.

12. Ineligible investment:

Investments in land and administrative building e.g. office and guest house building will not be covered under the Scheme.

13. Time schedule for Application for selection procedure

- 13.1** Application window for registration under the Scheme shall be opened for the period from 1st January, 2022 to 31st January, 2022 (inclusive) on on-line portal. No application shall be accepted after the closure of the application window. However, in case of insufficient number of eligible applications, application window for selecting new applicants will be re-opened.
- 13.2** The applicant, in its application, shall declare and inform the PMA/MoT regarding their Annual Investment Plan, expected Sales Turnover & expected Employment Generation and Exports during the tenure of the Scheme.
- 13.3** An Application shall be made through the on-line portal <http://PLI.texmin.gov.in> and in the format provided therein. The Applicant has to submit the Undertaking as prescribed.

- 13.4** A non-refundable application processing fee Rs 50,000/= shall be paid electronically by the applicant.
- 13.5** Upon successful submission of an application, acknowledgement with a unique Application ID number shall be communicated to the applicant over email as well as through SMS. This acknowledgement shall not be construed as approval under the Scheme. In case documents are found to be incomplete or deficient, MoT/PMA will issue query letter within 10 days from the date of online application and the applicant must submit required information/documents within 10 days from the date of receipt of such queries. In case the applicant fails to provide such information/documents in time, the application may be liable to be treated as rejected.

Table-4 Schedule for receipt of application

Opening of PLI Application window	Last date for application	Last date for raising query	Last date for compliance
01.01.2022	31.01.2022	10 days from the date of on line submission of application	10 days from the date of receipt of queries through email

14. Procedure for selection under the Scheme

- 14.1 The applications will be appraised as per the provisions of the Scheme guidelines.
- 14.2 Selection Committee constituted by MoT for this purpose will consider applications for approval as per the criteria and budgetary limitations.
- 14.3 Selection of applicants will be finalized within 60 days from the date of closure of application window.
- 14.4 After receiving approval, MoT will issue communication with necessary details to the selected and waitlisted applicants within 5 working days from the date of finalization of the list of selected applicants.
- 14.5 Only the selected Participants will be issued a “Letter of Approval” as per **Appendix-II** and other eligible applicants will be waitlisted.
- 14.6 If a selected applicant is found to be ineligible at any stage, or if it has not complied with provisions of notifications, orders, guidelines or their own commitments made during application process of the Scheme, or declines the offer under the Scheme at any stage for

any reason, the envisaged incentive claim of such selected applicant shall be withdrawn, and the approval issued to the applicant shall be liable to be cancelled. In such a case, the offer may be extended to the waitlisted applicants.

15 Application fee:

- 15.1 Applicant shall pay Rs. 50,000/- (Rupees Fifty Thousand) for registration under the Scheme.
- 15.2 Application fee once paid shall be non-refundable.
- 15.3 Fee shall be paid through NEFT/RTGS/Credit Card/Debit Card/UPI in the head of Account of MoT. The details of Bank Account for fee payment shall be provided on the PLI portal <http://PLI.texmin.gov.in>.

16. Eligibility criteria and conditions for claiming incentive

- 16.1 Selected participants meeting the criteria of threshold investment and threshold/ incremental turnover, as prescribed, shall be eligible to claim incentive. The Application Form for disbursement of Incentives is specified on the portal <http://PLI.texmin.gov.in>. The participant shall also furnish all prescribed information.
- 16.2 In case any Participant fails to achieve threshold incremental turnover for any given year, the Participant shall not be eligible for claiming incentive for that particular financial year. However, the Participant will not be restricted from claiming incentive for subsequent years up to Performance Year 5 and for performance up to FY: 2028-29, provided prescribed and incremental turnover targets are achieved in subsequent financial years.
- 16.3 The incremental turnover of Notified Product(s) should be commensurate with created production capacity under the Scheme.

17 Criteria for Calculation of Incentive

- 17.1 The incentive shall be computed as follows:

Net Incremental Sales within cap of Notified Product(s) excluding taxes x Rate of Incentive in percentage for the Performance Year

Where,

- (i) Notified Product(s) shall be as defined in this Scheme and stated in the "Letter of Approval" issued to the selected Participant.
- (ii) Net Incremental Sales shall be Turnover of the Participant in the Notified Product(s) manufactured by the Participant company minus the Turnover for Notified Products of the Participant in the

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immediate preceding year during Scheme period.

- (iii) In case of captive consumption of Notified Product(s) or sale of Notified Product (s) by the applicant to group companies, the gross turnover of Notified Product(s) shall be computed as under:
 - (a) Notified Products invoiced as per GST rules for sale shall only be considered for incremental turnover. In case of captive consumption of upstream products manufactured by the Participant, no incentive will be payable.
 - (b) In case a Participant is selling the Notified Products to a group company and also to a non-group company, sale price offered to group or non-group company, whichever is lower, shall be considered for determining total value of transaction between the related parties.
- iv. Invoices generated from 1st April to 31st March of Performance Years shall be taken into account for the calculation of incentives for that Financial Year.
- v. The onus of realization of sales' proceeds through normal banking channels shall be with the Participant. Ministry of Textiles reserves the right to verify the documents evidencing realization of sale proceeds which will be counted for computing Participant's turnover and incentives, and take suitable recovery and penal action in case of any default on realization of sale proceeds.

18. Procedure and time schedule for Disbursement of Incentives

- 18.1** An Application for claiming incentives complete in all respect shall be filed online by the applicant by 31st December of immediate subsequent financial year of the Performance Year. The Participant shall file its claim along with account details audited by Statutory Auditor of the Company. For example: For Performance Year 2024-2025, application for claim of incentive shall be made by 31.12.2025.
- 18.2** The applicant shall submit a claim for disbursement of incentive on annual basis for the sales made in a performing financial year along with its audited financial statements.
- 18.3** The PMA shall process claim for disbursement of incentive within 45 days from the date of receipt of such claim along with all supporting documents and will make appropriate recommendations to MoT.
- 18.4** Upon approval of claims by Sanctioning Authority, the disbursement of incentive shall be done by way of Direct Bank Transfer through PFMS or through any other mechanism of adjustment in the account of Participant Company only by Pay and Account Officer (PAO) within 15

days from the date of approval of the competent authority.

18.5 In case of excess claims disbursed inadvertently, the applicant shall suo-moto refund the same to MoT immediately. In case the Participant fails to refund the excess amount then he will be liable for refund along with 15% simple interest per annum to be calculated from the date of disbursement of incentive and up to actual date of refund by the Participant. The payment shall be made in the head of account of MoT. The details of Bank Account shall be provided on the PLI portal.

18.6 The company shall furnish the Output-Outcome details as per prescribed format on the PLI portal <http://PLI.texmin.gov.in>.

19. Project Management Agency (PMA)

The Scheme will be implemented with the assistance of a Project Management Agency (PMA) which will be responsible for providing secretarial, managerial and implementation support and carrying out responsibilities as assigned by MoT from time to time.

20. General Terms and Conditions of investment

20.1 Expenditure and Investment:

- (I) Expenditure on consumables and raw material used for manufacturing shall not be considered as Investment.
- (II) The date of capitalization of the investment in the audited financial statement of the selected applicant shall be considered as the date of investment under the Scheme.
- (III) The heads of Investment, based on which eligibility is being determined, should be capitalized in the audited financial statement of the applicants as certified by the Statutory Auditor.
- (IV) No second hand/ used/ refurbished plant, machinery, equipment, utilities shall be allowed under threshold investment.

20.2 Insurance: The Participants are advised to secure adequate insurance cover on all movable and immovable assets against natural or man-made disasters like floods, cyclones, earthquakes, tsunamis etc. MoT will not be liable to compensate for any losses in such situation.

20.3 Conformity to Quality Standards: All Notified Products manufactured by the Participants shall be in conformity with applicable regulatory norms, quality standards and guidelines issued by the concerned authorities from time to time. If Ministry of Textiles may deem necessary, it may ask for quality reports from the internationally accredited laboratories and testing centers.

21. Certifications:

- 21.1 During the application and claim process, PMA will rely on, *inter alia*, various certificates to be submitted by the Participants from Statutory Auditors, Chartered Engineers, valuer, Chartered Accountant etc. as defined under the Scheme guidelines. The cost of such certificates as stipulated and to be submitted along with the application and claim process will be borne by the Participants.
- 21.2 Apart from the above, any costs / expenses in respect of any professional expertise or obtaining documents / certificates / information for the purpose of appraisal or verification of an application, including but not limited to, costs of any Chartered Engineer, Chartered Accountant, Cost Accountant, Company Secretary, Lawyer, or any other professional, or due diligence through Ministry of Corporate Affairs (MCA) or equivalent or reports from CIBIL and/or Dun and Bradstreet and/or equivalent, and cost of inspections / site visit etc., shall be borne by the Participant. In case any such costs are incurred by the PMA, then the same shall be reimbursed by the Participant to the PMA along with the applicable taxes.
- 21.3 The Participant shall furnish the following certificate from Chartered Engineer in respect of:
- i. Investment relating to plant & machinery
 - ii. Investment relating to Transfer of Technology Agreements.
 - iii. Cost of technology, Intellectual Property Rights (IPRs), patents and copyrights along with purchase agreements
 - iv. Investment related to associated utilities.
- 21.4 The Participant shall submit the following certificates from Institution of Engineers India (IEI) registered Chartered Engineer (CE):
- (i) Confirming utilization of the Plant, Machinery and Equipment for manufacturing of Notified Product(s) under target segment for each financial year for which the applicant is claiming incentive under the Scheme.
 - (ii) Committed Investment made by the applicant- after carrying out the physical inspection of the manufacturing facilities
- 21.5 The selected Applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs), within 30 days from the end of

each quarter in the specified format provided on the PLI portal <http://PLI.texmin.gov.in>. Incentive claims for a particular financial year shall be considered only if all QRRs for the period have been submitted by the Applicants within the prescribed timelines.

22. Undertakings:

The Applicant/ Participant shall furnish undertakings as prescribed alongwith the application for selection as well as for claiming benefits duly signed by its authorised signatory.

23. Change in Ownership:

- 23.1 A Participant shall intimate the PMA of any change in the shareholding pattern during the tenure of the Scheme, after updating with the Registrar of Companies (RoC) and the resultant change in Successor-in Interest, if any shall be intimated by PMA for approval of MoT to consider disbursal of incentives.
- 23.2 In case of change in successor-in-interest, all Investments undertaken by the Participant shall be considered for determining eligibility of the successor-in-interest, subject to approval and compliance with any other condition stipulated by the MoT, as may be deemed appropriate. Achievement of prescribed incremental turnover after completion of benchmark investment will determine the eligibility under the Scheme for the successor company.

24 Risk Management System (RMS) and Internal Audit Mechanism

- 24.1 **Risk Management System:** A Risk Management System shall be put in place by MoT. MoT will create a team of officers for inspection of Participant companies as and when required. The teams will conduct inspection on random basis as per computer generated list of the Participants.
- 24.2 **Recovery mechanism and penal provision:**

An internal Audit mechanism shall be put in place. On scrutiny of documents under post audit mechanism, if it is found that excess claim has been made and/ or excess payments has been made to the Participant, MoT will raise demand on the Participant for the recovery. The Participant shall be liable to refund the same within 30 days from the date of receipt of the demand Notice failing which 15% simple interest per annum will be charged from date of disbursement.

If it is established at later stage that claim under the Scheme has been availed by mis-declaration or by submitting fabricated documents, Joint Secretary/Trade

Advisor will adjudicate such cases after issuing Show Cause Notice to the Participant company following the Principles of Natural Justice. The Participant in such cases shall be liable for penal action and amount of penalty shall not be less than the excess payment made and may go up to 5 times of excess claim value. Other action as deemed appropriate under laws of the land will also be taken in such cases.

Penalty amount shall be deposited in the Consolidated Fund of India account. In case the penalty amount is not paid, the same shall be recovered as an arrear of land revenue through respective District Collector and Magistrate under whose jurisdiction the entity falls.

- 25 Appellate Authority and dispute redressal:** An appeal against the order passed by Joint Secretary/Trade Advisor shall be placed before the Appellate Committee to be constituted under the Chairmanship of Secretary Textiles with Additional Secretary, Additional Secretary & Financial Adviser as members.

(Vijoy Kumar Singh)

Additional Secretary to the Government of India

Tel No. 011-23010494

Email: vk.singh90@ias.gov.in

New Delhi

Dated:

Copy to:

1. All concerned Ministries / Departments of Government of India
2. All States/ Union Territories

Product List of MMF Apparels (Products will be primarily identified at 8 digits HS code)				
Sl No	6 digit HS code	Product description	8 digit HS code	Product description
1	611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	61103010	JERSEYS ETC OF SYN FIBRES
			61103020	JERSEYS ETC OF ARTIFICIAL FIBRES
2	620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres ...	62019300	OTHER SMLR ARTCLS OF MAN-MDE FBRS
3	620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres ...	62029310	WIND AND SKI-JACKETS, WIND CHEATERS
4	620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excluding ...	62034300	TROUSERS,BIB AND BRACE OVERALLS,BREECHES AND SHORTS OF SYNTHETIC FIBRS,MENS OR BOYS
5	610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, ...	61046300	TROUSERS,BIB AND BRACE OVERALLS,BREECHES AND SHORTS OF SYNTHETIC FIBRES
6	620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres ...	62046300	TROUSERS,BIB AND BRACE OVERALLS, BREECHES AND SHORTS OF SYNTHETIC FIBRES
7	620213	Women's or girls' overcoats, raincoats, car	62021300	OVERCOATS,RAINCOATS,CAR COATS,CAPES,CLOAKS AND

		coats, capes, cloaks and similar articles, of man-made ...		SIMILAR ARTICLES OF MAN MADE FIBRES
8	610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excluding petticoats)	61044300	DRESSES OF SYNTHETIC FIBRES
9	611596	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	61159600	OTHER HOSIERY GOODS OF SYNTHETIC FIBRES
10	620433	Women's or girls' jackets and blazers of synthetic fibres (excluding knitted or crocheted, ...	62043300	JACKETS OF SYNTHETIC FIBRES
11	610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted ...	61034300	TROUSERS, SHORTS ETC OF SYNTHETIC FIBRES
12	611241	Women's or girls' swimwear of synthetic fibres, knitted or crocheted	61124100	WOMENS/GIRLS SWIMWEAR OF SYNTHETIC FIBRES
13	611430	Special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, ...	61143010	OTHER GARMENTS OF SYNTHETIC FIBRES
			61143020	OTHER GARMENTS OF ARTIFICIAL FIBRES
14	610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	61082210	BRIEFS AND PANTIES OF SYNTHETIC FIBRES
			61082220	BRIEFS AND PANTIES OF ARTIFICIAL FIBRES
15	620333	Men's or boys' jackets and blazers of synthetic fibres (excluding knitted or crocheted, and ...	62033300	JACKETS AND BLAZERS OF SYNTHETIC FIBRES

16	621133	Men's or boys' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	62113300	OTHR GRMNTS OF MAN-MDE FBRS FR MENS/BOYS
17	620113	Men's or boys' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made ...	62011310	RAINCOATS OF MAN-MADE FIBRES
18	620453	Women's or girls' skirts and divided skirts of synthetic fibres (excluding knitted or crocheted ...	62045300	SKIRTS AND DIVIDED SKIRTS OF SYNTHETIC FIBRS
19	610230	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, ...	61023010	OVRCOAT ETC OF SYNTHETIC FIBRES
			61023020	OVRCOT ETC OF ARTIFICIAL FIBRES
20	620530	Men's or boys' shirts of man-made fibres (excluding knitted or crocheted, nightshirts, singlets ...	62053000	MENS OR BOYS SHIRTS OF MAN-MADE FIBRES
21	610832	Women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted (excluding ...	61083210	NIGHTDRESSES AND PYJAMAS OF SYN FIBRES
			61083220	NIGHTDRESSES AND PYAJAMAS OF ARTIFICIAL FIBRES
22	610620	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted ...	61062010	BLOUSE ETC OF SYNTHETIC FIBRES
			61062020	BLOUSE ETC OF REGNRTD FBRS(RAYON ETC)

23	610444	Women's or girls' dresses of artificial fibres, knitted or crocheted (excluding petticoats)	61044400	DRESSES OF ARTIFICIAL FIBRES
24	610433	Women's or girls' jackets and blazers of synthetic fibres, knitted or crocheted (excluding ...	61043300	JACKETS OF SYNTHETIC FIBRES
25	621430	Shawls, scarves, mufflers, mantillas, veils and similar articles of synthetic fibres (excluding ...	62143000	SHWLS,SCRVS,MUFFLERS ETC OF SYNTHTC FBRS
26	610892	Women's or girls' negligés, bathrobes, dressing gowns, house jackets and similar articles of ...	61089210	NEGLIGES ETC OF SYNTHETIC FIBRES
			61089220	NEGLIGES, BATHROBES ETC OF ARTIFICIAL FIBRES
27	611521	Pantyhose and tights of synthetic fibres, knitted or crocheted, measuring per single yarn <...	61152100	PANTY HOSE AND TIGHTS OF SYNTHTC FIBRES MSRNG PER SINGLE YRN LESS THN 67 DECITEX
28	610130	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets ...	61013010	OVRCOAT ETC OF SYNTHETIC FIBRES
			61013020	OVRCOT ETC OF ARTIFICIAL FIBRES
29	610712	Men's or boys' underpants and briefs of man-made fibres, knitted or crocheted	61071210	UNDERPANTS AND BRIEFS OF SYN FIBRES
			61071220	UNDERPANTS AND BRIEFS OF ARTIFICIAL FIBRES
30	611693	Gloves, mittens and mitts, of synthetic fibres,	61169300	OTHER GLOVES ETC OF SYNTHETIC FIBRES

		knitted or crocheted (excluding impregnated, ...		
31	610453	Women's or girls' skirts and divided skirts of synthetic fibres, knitted or crocheted (excluding ...	61045300	SKIRTS AND DIVIDED SKIRTS OF SYNTHETIC FIBRES
32	621111	Men's or boys' swimwear (excluding knitted or crocheted)	62111100	SWIMWEAR FOR MENS OR BOYS
33	620312	Men's or boys' suits of synthetic fibres (excluding knitted or crocheted, tracksuits, ski suits ...	62031200	SUITS OF SYNTHETIC FIBRES
34	611212	Track-suits of synthetic fibres, knitted or crocheted	61121200	TRACK SUITS OF SYNTHETIC FIBRES
35	620930	Babies' garments and clothing accessories of synthetic fibres (excluding knitted or crocheted ...	62093000	BABIES GARMENTS AND CLOTHING ACCESSORIES OF SYN FIBRE
36	620892	Women's or girls' singlets and other vests, briefs, panties, negligés, bathrobes, dressing ...	62089210	DRESSING GOWNS AND BATHROBES
37	611522	Pantyhose and tights of synthetic fibres, knitted or crocheted, measuring per single yarn \geq ...	61152200	PANTY HOSE AND TIGHTS OF SYNTHETIC FIBRES MEASURING PER SINGLE YARN \geq 67 DECITEX OR MORE
38	610722	Men's or boys' nightshirts and pyjamas of man-made fibres, knitted or crocheted (excluding ...	61072210	NIGHTSHIRTS AND PYJAMAS OF SYNTHETIC FIBRES
			61072220	NIGHTSHIRTS AND PYJAMAS OF ARTIFICIAL FIBRES
39	611231	Men's or boys' swimwear of synthetic fibres, knitted or	61123100	MENS/BOYS SWIMWEAR OF SYNTHETIC FIBRES

		crocheted		
40	621112	Women's or girls' swimwear (excluding knitted or crocheted)	62111200	SWIMWEAR FOR WOMENS OR GIRLS

Product List of MMF Fabrics (Products will be primarily identified at 8 digit HS Code)				
SI No.	6 digit HS code	Product Description	8 digit HS Code	Product description
1	540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	54075210	POLYESTER SHIRTINGS
			54075220	POLYESTER SIUTINGS
2	600632	Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excluding warp ...	60063200	OTHR KNITD OR CROCHETD FBRCS OF SYN FIBRS, DYED
3	540761	Woven fabrics of yarn containing >= 85% by weight of non-textured polyester filaments, incl. ...	54076110	POLYESTER SHIRTINGS
			54076120	POLYESTER SUITINGS
4	600192	Pile fabrics of man-made fibres, knitted or crocheted (excluding "long pile" fabrics)	60019200	OTHER PILE FABRICS OF MAN-MADE FIBRES
5	540754	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	54075420	POLYESTER SHIRTING
6	580632	Narrow woven fabrics of man-made fibres, with a width of <= 30 cm, n.e.s.	58063200	OTHER NARROW WOVEN FBRCS OF MAN-MADE FIBRE
7	551511	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	55151110	FBRC OF POLSTR,MXD WTH VISCOS RYON,UNBLCHD
			55151120	FBRC OF POLSTR,MXD WTH VISCOS RYON,BLCHD
			55151130	FBRC OF POLSTR,MXD WTH VISCOS RYON,DYED
			55151140	FBRC OF POLSTR,MXD WTH VISCOS RYON,PRINTD

8	600537	Dyed warp knit fabrics of synthetic fibres "incl. those made on galloon knitting machines", ...	60053700	OTHER, DYED
9	551614	Woven fabrics containing >= 85% artificial staple fibres by weight, printed	55161410	SPUN RAYON PRINTED SHANTUNG
			55161420	SPUN RAYON PRINTED LINEN
10	540742	Woven fabrics of filament yarn containing >= 85% nylon or other polyamides by weight, incl. ...	54074210	NYLON BRASSO
			54074220	NYLON GEORGETTE
			54074230	NYLON TAFETTA
11	551219	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed, made of yarn of different ...	55121910	OTHR WOVN FBRCS, DYED CNTNG POLYETR >= 85%
			55121920	OTHR WOVN FBRCS,PRINTD CNTNG POLYETR> =85%
12	540710	Woven fabrics of high-tenacity yarn, nylon, other polyamides or polyesters, incl. monofilament ...	54071013	UNBLECHD NYLON FURNISHG FBRCS
			54071015	UNBLECHD OTHR NYLON/ POLYAMIDE FBRCS (FILAMENT)
			54071016	UNBLECHD POLYESTER SUITINGS
			54071019	UNBLECHD OTHR POLYESTER FABRICS
			54071023	BLECHD NYLON FURNISHN FBRCS
			54071025	BLECHD OTHR NYLON/POLYAMIDE FBRCS (FILAMENT)
			54071026	BLECHD POLYESTER SUITNGS
			54071033	DYED NYLON FURNISHG FBRCS
			54071035	DYED OTHR NYLON/POLYAMIDE FBRCS

				(FILAMENT)
			54071036	DYED POLYESTER SUITNGS
			54071043	PRINTED NYLON FURNISNG FBRCS
			54071045	PRINTED OTHR NYLON/POLYAMIDE FBRCS (FILAMENT)
			54071046	PRINTED POLYESTER SUITNGS
			54071049	PRINTED OTHR POLYESTER FBRCS
			54071093	OTHR NYLON FURNISNS FBRCS
			54071096	OTHR POLYESTER SUITNGS
			54071099	OTHR POLYESTER FBRCS NES
13	540720	Woven fabrics of strip or the like, of synthetic filament, incl. monofilament of ≥ 67 decitex ...	54072010	UNBLECHD WVEN FBRCS FROM STRIP/THE LIKE
			54072020	BLECHD WVEN FBRCS FROM STRIP/THE LIKE
			54072030	DYED WVEN FBRCS FROM STRIP/THE LIKE
			54072040	PRINTED WVEN FBRCS FROM STRIP/THE LIKE
14	540769	Woven fabrics of yarn containing $\geq 85\%$ by weight of mixtures of textured and non-textured ...	54076900	WOVN FBRCS CONTNNG 85% OR MORE BY WT OF OTHR THN NN-TXTRD POLYSTR FLMNTS

Product List of Technical Textiles Products with HSN code

In case of some products HSN Code is under development and, Product Description as indicated will be used for Application and Selection

S.No.	Segment	Name of the product	HSN Code	Description
1	Geotextiles	Geo-grids		To be notified
		Geo-nets		
		Geo-membranes		
		Geo-tubes/Geo-bags		
		Geo-textiles made from natural fibres		
2	Agro-textiles	Shade-nets		To be notified
		Mulch-mats		
		Anti-hail/Anti-bird/Anti-fog protection nets		
		Fishing nets		
		Crop covers		
		Turf protection nets		
3	Medical / Hygiene Textiles	Body Diapers, Adult Diapers, Incontinence Diapers, Sanitary Napkins	96190010	Sanitary towels (pads) or sanitary napkins
			96190020	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material : Tampons
			96190030	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material : Napkins and Napkin liners for babies
			96190040	Clinical Diapers
			96190090	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any

				material : Other
		Surgical Dressings, Bandages, wound care products	59061000	Adhesive Tape Of A Width Not Exceeding 20 cm.
			30051010	Adhesive Gauze Bandage
			30051020	Adhesive Tape (Medicinal)
			30059010	Cotton Wool, Medicated
			30059030	Medicated Lint (Lint, medicated)
			30059040	Bandages Without Adhesive Layer
			30059050	Burn Therapy Dressing Soaked In Protective Gel
			56012200	Wadding; Other Articles Of Cotton Wadding: Other (Of man-made fibres)
		Compression stockings for varicose veins	61151000	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted : Graduated compression hosiery (for example, stockings for varicose veins)
		Surgical Sutures	30061010	Sterile, surgical catgut and similar sterile suture materials(including sterile absorbable surgical or dental yarns) and sterile tissue adhesives for surgical wound closure
4	Defence Textile	Bullet Proof Jackets, Vests and Uniforms	62104010	Bullet proof jacket, bomb disposal jacket and the like
		Nuclear,		To be notified

		Biological and Chemical Warfare Suits		
		High visibility clothing and Infra-red clothing for military use		
		High Altitude clothing		
		Fighter Aircraft Clothing		
		Sub-marine clothing		
		Tents, Parachutes, collapsible textiles housing for military use.	54071041	Woven Fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404. 54071041 - Printed Parachute Fabrics 54071042 - Printed Tent Fabrics 54071091 - Other Parachute Fabrics 54071092 - Other Tent Fabrics
			54071042	
			54071091	
			54071092	
		Special masks including Gas masks	90200000	Other Breathing Appliances And Gas Masks, Excluding Protective Masks Having Neither Mechanical Parts Nor Replaceable Filters
		Helmets and safety equipment (textile component) for military use	To be notified	
5	Mobile Textiles:	Safety airbags for automobiles	87089500	Parts and accessories of the motor vehicles of headings 8701 to 8705 - other parts and accessories -- safety airbags with inflater system; parts thereof
		Automobile Tyre cords	56041000	Rubber Thread And Cord, Textile Covered
			56075020	Nylon Tyre Cord

			56075030	Viscose Tyre Cord
			59021010	Tyre Cord Fabric Of High Tenacity Yarn Of Nylon Or Other Polyamides: Impregnated With Rubber
			59021090	Tyre cord fabric Of nylon or other polyamides: Others
			59022010	Tyre Cord Fabric Of Polyester: Impregnated With Rubber
			59022090	Tyre cord fabric Of polyesters: Others
			59029010	Tyre Cord Fabric Of Others: Impregnated With Rubber
			59029090	Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polysters or viscose rayon: Others
		Seat webbing for automobiles and aircrafts	87082100	Parts and accessories of the motor vehicles of headings 8701 to 8705 : Other parts and accessories of bodies (including cabs) : Safety seat belts
		Air and oil filters for automobiles, railways coach, aircraft	84212300	Centrifuges, Including Centrifugal Dryers; Filtering Or Purifying Machinery And Apparatus, For Liquids Or Gases Filtering Or Purifying Machinery And Apparatus For Liquids: Oil Or Petrol- Filters For Internal Combustion Engines
6	Sports Textiles	Parachute fabrics/Balloon ing fabric for sports use	54071011	Unbleached Parachute Fabrics
			54071021	Bleached Parachute Fabrics
			54071031	Dyed Parachute Fabrics

			54071041	Printed Parachute Fabrics
			54071091	Other Parachute Fabrics
		Sailing cloth	63061990	Other Tarpaulins, Awnings And Sunblinds; Tents; Sails For Boats, Sailboards Or Landcraft; Camping Goods
		Protective equipment for cricket, boxing and other sports (Leg guard, Batting gloves, Thigh pad)	95069110	Articles And Equipment For General Physical Exercise, Gymnastics Or Athletics: Boxing Equipment
			95069920	Articles And Equipment For General Physical Exercise, Gymnastics, Athletics, Other Sports: Other : Leg Pads And Bats For Cricket
			95069990	Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table- tennis) or Out-door games, not specified or included elsewhere in this chapter; swimming pools and paddling pools - other : - other : other
7	Protective Textiles (other than defence textiles):	Personal Protective Equipment for medical use	To be notified	
		Fire retardant/Fire protection clothing		
		Chemical/ Petrochemical protection clothing		
		Electric Arc protection clothing		
		Fire retardant fabrics		
		Industrial gloves, Industrial		

		protection clothing including high visibility clothing for non-military use		
		N-95 and N-99 Masks (FFP-2 and FFP-3 masks).		N-95 and N-99 masks (FFP-2 & FFP-3) masks To be notified.
		Gas Masks	90200000	Apparatus: Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters.
8	Building/ Construction on Textiles:	Architectural Membranes		To be notified
		Wall coverings	59050090	Textile Wall Coverings: Other
			59050010	Textile Wall Coverings: Fixed On The Backing Of Any Material
		Awnings & canopy	63061200	Tarpaulins, Awnings and Sunblinds etc.: Of Synthetic Fibres
			63061920	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods tarpaulins, awnings and sunblinds :of other textile materials: blinds or awnings of coir
		Floor coverings for special purposes such as fire retardant, fire resistant, chemical resistant, anti -static and dust resistant/and composite board for train coaches.		To be notified
9	Specialty Fibres &	Carbon Fibre		To be notified
		Aramids, Meta		

	Composites	Aramids, Para-Aramids, Kevlar	
		Nylon 66	
		Glass Fibres, Basalt Fibres	
		Ultra High Molecular Weight Polyethylene	
		Composites made out of all above fibres (i) to (v)	
10	Smart Textiles embedded with active devices for medical, defence and special uses.		To be notified

Appendix -II

Ministry of Textiles
Udyog Bhawan, New Delhi
Note: Please refer Clause 8.3 of the Guidelines

Letter of Approval

This is certified that the Participant namely, M/s.....is eligible for participation in 'PLI Scheme for Textiles" Notified vide Notification No 12015/03/2020/-IT dated 24.09.2021 for producing Notified Product(s), as per the list attached. Investment made from the date of Notification of the Scheme, shall be accounted for calculating threshold investment. However, eligibility for incentive will depend upon meeting the required level of performance both in terms of threshold investment and threshold turnover/incremental turnover as prescribed in the Scheme guidelines.

This certificate is issued on the basis of prescribed documents submitted by the applicant. This Approval shall be liable to be cancelled, if any information furnished by the applicant is found to be incorrect or misleading.

The Participant shall submit quarterly investment/progress/production report positively by end of the immediate next month of relevant quarter (April-June, July-September, Oct-December and January- March) by uploading the same on portal of MoT in prescribed format.

List of Notified Products to be manufactured by the Participant is attached.

Date:

Name and designation

Place:

Office seal

These are some of the case scenarios for computing incentives. These are only illustrative and not exhaustive.

Principle Applicable to both Part 1 and Part 2(with applicable rates of incentive)

Case Scenario 1: Unit of turnover is ₹ in crore

Performance Year	Scheme Part-1		Scheme Part-2	
	Threshold/ incremental turnover (In crores)	25% Incentive = eligible turnover* rate	Prescribed threshold/ 25% incremental turnover (in Rs. Crores)	Incentive =eligible turnover* rates
Year 1	600	600*15%	200	200*11%
Year 2	750	150*14%	250	50*10%
Year 3	937.5	187.5*13%	312.5	62.5*9%
Year 4	1171.875	234.4*12%	390.63	78.13*8%
Year 5	1464.84	292.97*11%	488.28	97.65*7%

Case Scenario 2: Unit of turnover is ₹ in crore

Performance Year	Scheme Part-1 Investment of ₹ 350 crore		Scheme Part-2 Investment of ₹ 150 crore	
	Prescribed Turnover with cap of 10%	Incentive=admissible turnover*rate	Admissible Turnover with cap of 10%	Incentive=admissible turnover*rate
Year 1	770	770*15%	330	330*11%
Year 2	1039.50	269.50*14%	445.5	115.5*10%
Year 3	1403.33	363.83*13%	601.42	155.93*9%
Year 4	1894.49	491.16*12%	811.92	210.50*11%
Year 5	2557.56	663.07*11%	1096.09	284.17*7%

Case Scenario 3: Unit of turnover is ₹ in crore

Investment of ₹ 300 crore			
Performance Year	Minimum Prescribed Turnover	Actual turnover (₹ crore)	Admissible Incentive (₹ crore)
Year 1	600	660 (600-660)	660*15%= 99
Year 2	750	750 (825-891)	No incentive will be paid for the year as 25% incremental growth over the immediate preceding year turnover is not met.
Year 3	937.50	937.5 (937.5-1012.5)	(937.5-750)*14%=26.25 Incentive will be paid for the year as both the incremental target of 25% over immediate preceding year turnover and prescribed turnover for the year i.e. 937.50 are met.
Year 4	1171.88	800 (1171.88-1265.63)	No incentive will be paid for the year as both the targets are not met.
Year 5	1464.84	1200 (1000-1080)	No incentive will be paid for the year as minimum prescribed turnover for the year is not met.

Case Scenario 4: Unit of turnover is ₹ in crore

Investment of ₹ 400 crore			
Performance Year	Minimum Prescribed Turnover	Actual turnover (₹ crore)	Admissible Incentive (₹ crore)
Year 1	600.00	700 (600-880)	$700 \times 15\% = 105$
Year 2	750.00	891 (875-945)	$(891-700) \times 14\% = 26.74$
Year 3	937.50	1202.85 (1113.75-1202.85)	$(1202.85-891) \times 13\% = 40.54$
Year 4	1171.88	1700 (1503.56-1623.85)	$(1623.85-1202.85) \times 12\% = 50.52$
Year 5	1464.84	2300 (2125-2295)	$(2295-1700) \times 11\% = 65.45$

Case scenario 5 : Unit of turnover is ₹ in crore

Investment of ₹ 500 crore			
Performance Year	Minimum Prescribed Turnover	Actual turnover (₹ crore)	Admissible Incentive (₹ crore)
Year 1	600.00	900 (600-1100)	$900 \times 15\% = 135$
Year 2	750.00	800 (1125-1215)	No incentive will be paid for the year as the incremental target of 25% over the immediate preceding year turnover i.e. 1125 is not met.
Year 3	937.50	1050 (1000-1080)	$(1050-800) \times 14\% = 35$ Incentive will be paid for the year as both the targets are met.
Year 4	1171.88	1100 (1312.5-1417.50)	No incentive will be paid as both the targets are not met.
Year 5	1464.84	1500 (1375-1485)	$(1485-1100) \times 13\% = 50.05$ Incentive will be paid as both the targets are met and cap of 35% is invoked.

PLI scheme for Drones and Drone Components

Ministry of Civil Aviation (MoCA)



भारत का राजपत्र The Gazette of India

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असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

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NEW DELHI, THURSDAY, SEPTEMBER 30, 2021/ASVINA 8, 1943

नागर विमानन मंत्रालय

अधिसूचना

नई दिल्ली, 30 सितम्बर, 2021

विषय: भारत में ड्रोन और ड्रोन कलपुर्जों के लिए उत्पादन संबद्ध प्रोत्साहन (पीएलआई)

का.आ. 4044(अ).—

1. परिचय

- 1.1. ड्रोन अर्थव्यवस्था के लगभग हर क्षेत्र को व्यापक लाभ पहुंचाते हैं, जिसमें - कृषि, अवसंरचना, आपातकालीन सहायता, परिवहन, भू-स्थानिक मैपिंग, मीडिया और मनोरंजन, कानून प्रवर्तन और देश की रक्षा आदि, मैपिंग और खतरनाक और बार- बार किए जाने वाले कार्यों को स्वचालित करके मैपिंग द्वारा वैज्ञानिक अनुसंधान के कार्य और इन गतिविधियों को पारदर्शी, कुशल और लागत-प्रभावी (cost-effective) विधि से निष्पादित करने में सक्षम बनाना शामिल हैं।
- 1.2. आत्मनिर्भर भारत अभियान के तहत भारत को अनुसंधान और विकास, परीक्षण, निर्माण और ड्रोन के संचालन के लिए एक वैश्विक केंद्र बनाने के लिए, केंद्र सरकार ने ड्रोन हेतु विकास-उन्मुख नियामक फ्रेमवर्क तैयार करने की योजना बनाई है। तदनुसार, केंद्र सरकार ने दिनांक 25 अगस्त, 2021 को उदारीकृत ड्रोन नियम, 2021 जारी किये हैं। इन नियमों का स्वागत किया गया है, और इस उच्च संभावनाओं वाले क्षेत्र में महत्वपूर्ण विकास हो सकते हैं।

- 9.2 सभी आवेदन पीएमए द्वारा अनुरक्षित एक ऑनलाइन पोर्टल के माध्यम से जमा किए जाएंगे। यदि पोर्टल उपलब्ध नहीं है, तो आवेदन पीएमए को भौतिक रूप में प्रस्तुत किए जा सकते हैं।
- 9.3 आवेदक द्वारा प्रोत्साहन के संवितरण हेतु दावा वित्तीय वर्ष के अंत से छह महीने के भीतर वार्षिक आधार पर दायर किया जाएगा, जिससे दावा संबंधित है।
10. उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजना की मॉनीटरिंग – दिनांक 11 नवंबर, 2020 को मंत्रिमंडल द्वारा यथाअनुमोदित, मंत्रिमंडल सचिव की अध्यक्षता में सचिवों का शक्तिप्रदत्त समूह (दिनांक 10 जून, 2020 की राजपत्र अधिसूचना द्वारा मंत्रिमंडल द्वारा गठित) उत्पादन संबद्ध प्रोत्साहन (पीएलआई) योजना की निगरानी करेगा और समय-समय पर समीक्षा करेगा। योजना के तहत व्यय, सभी पीएलआई योजनाओं की एकरूपता सुनिश्चित करें और यह सुनिश्चित करने के लिए उचित कार्रवाई करें कि व्यय निर्धारित परिव्यय के भीतर है। इसके अलावा, उपर उल्लिखित योजना के तौर-तरीकों में कोई भी बदलाव इस शर्त के अधीन है कि कुल वित्तीय परिव्यय 120 करोड़ रूपए की निर्दिष्ट सीमा के भीतर रहता है, सचिवों के अधिकार प्राप्त समूह के विचार के लिए रखा जाएगा।
11. योजना के लिए दिशानिर्देश - योजना के प्रभावी क्रियान्वयन के लिए विस्तृत दिशानिर्देश अलग से अधिसूचित किए जाएंगे। योजना के साथ दिशानिर्देशों को पढ़ा जाए। योजना और दिशानिर्देशों के बीच किसी भी विसंगति के मामले में, योजना के प्रावधान मान्य होंगे।

[फा.सं. एवी-29017/37/2021-एसडीआईटी-एमओसीए]

अम्बर दुबे, संयुक्त सचिव

**MINISTRY OF CIVIL AVIATION
NOTIFICATION**

New Delhi, the 30th September, 2021

Subject: Production Linked Incentive (PLI) scheme for drones and drone components in India

S.O. 4044(E). —

1. Introduction

- 1.1. Drones offer tremendous benefits to almost every sector of the economy, including but not limited to, agriculture, infrastructure, emergency response, transportation, geospatial mapping, media and entertainment, law enforcement and national defence etc. mapping and scientific research by automating dangerous and repetitive tasks and enabling these activities to be performed in a transparent, efficient and cost-effective manner.
- 1.2. In order to make India a global hub for the research and development, testing, manufacturing and operation of drones under the Atmanirbhar Bharat Abhiyan, the Central Government plans to create a growth-oriented regulatory framework for drones. Accordingly it released the liberalised Drone Rules, 2021 on 25th August 2021. The rules have been well received and may lead to significant growth in this high potential sector.
- 1.3. In order to facilitate further growth, the Government has approved the Production Linked Incentive (PLI) scheme for drones and drone components in India ('the scheme').

2. Objective - The objective of this scheme is to incentivise manufacturing of drones and drone components in India so as to make them self-sustaining and globally competitive.

3. Eligibility

- 3.1. All manufacturers of drones in India shall be eligible for this scheme subject to compliance with other requirements specified herein.
- 3.2. All manufacturers of the following drone components shall be eligible, subject to compliance with other requirements specified herein:

- a) Airframe, propulsion systems (engine and electric), power systems, batteries and associated components, launch and recovery systems;
 - b) Inertial Measurement Unit, Inertial Navigation System, flight control module, ground control station and associated components;
 - c) Communications systems (radio frequency, transponders, satellite-based etc.);
 - d) Cameras, sensors, spraying systems and related payload etc.;
 - e) 'Detect and Avoid' system, emergency recovery system, trackers etc. and other components critical for safety and security.
- 3.3. The list of eligible drones and drone components may be modified by the Central Government from time to time.
- 3.4. All manufacturers of drones and drone components whose annual sales turnover is above the following threshold shall be eligible for claiming PLI:

Minimum annual sales turnover for claiming PLI			
Indian MSME and startups		Indian Non-MSME	
Drone (INR Cr)	Component (INR Cr)	Drone (INR Cr)	Component (INR Cr)
2	0.5	4	1

- 3.5. For new investors, the annual sales turnover from sale of drones and drone components should be above the threshold mentioned under the eligibility norms.
- 3.6. Manufacturing shall have the same meaning as defined in the Central Goods and Services Tax Act, 2017.
- 3.7. Component manufacturers shall have to establish that the drone components for which PLI is being claimed is used solely in the manufacturing of a drone.

4. Tenure of the scheme

- 4.1. The tenure of this scheme shall be three years starting from the financial year 2021-22.
- 4.2. The PLI for a particular financial year will be claimed and disbursed in the subsequent financial year.
- 4.3. An approved applicant shall be eligible for benefits for three consecutive financial years but not beyond financial year 2023-24.

5. Computation of the incentive

- 5.1. Eligible sales turnover is defined as the total sales turnover achieved in a financial year (net of GST) from the sale of drones and drone components as stated in such manufacturer's GST returns.
- 5.2. Eligible purchase cost is defined as the total cost (net of GST) incurred in a financial year for purchase of drones and drone components as stated in such manufacturer's GST returns.
- 5.3. Eligible value addition in India in a financial year shall be eligible sales turnover minus the eligible purchase cost as defined above.
- 5.4. For ample clarity, developers of software for drones and drone components are also eligible for the PLI, subject to the eligibility norms and guidelines of this scheme.
- 5.5. The PLI rate applicable to the eligible value addition in India shall be 20% for the entire tenure of the scheme.

- 5.6. The eligible PLI for a manufacturer of drones and drone components shall be the product of the eligible value addition in India and the PLI rate as illustrated in the following table for a sample year (FY 2021-22):

Illustrative PLI calculation for a manufacturer (for sample year FY 2021-22)					
Claim year	Sales - Net of GST (INR cr)	Purchase - Net of GST (INR cr)	Eligible value addition in India (INR cr)	PLI rate for value addition (%)	Applicable PLI (INR cr)
FY 21-22	100	60	40	20%	8

- 5.7. The PLI shall be provided only if the manufacturer achieves an eligible value addition in India of at least 40% of the eligible sales turnover for the financial year.
- 5.8. In case a manufacturer fails to meet the threshold for the eligible value addition in India for a particular financial year, he shall not receive any PLI for the said financial year. He will however be eligible to receive the said PLI in the subsequent year subject to him making up the said shortfall in rupee terms in the subsequent year. For ample clarity, if a manufacturer has a sale of INR 100 crore and a purchase cost of INR 65 crore in say, FY 2021-22, the value addition is INR 35 crore. The value addition is INR 5 crore less than the minimum requirement of INR 40 crore (i.e. 40% of 100 crore). Such manufacturer shall not be eligible for PLI in the said financial year. In the next financial year 2022-23, if his eligible sales and purchases are INR 200 crore and INR 110 crore respectively, his value addition works out to INR 90 crore, which is more than the minimum value addition requirement of INR 80 crore (i.e. 40% of INR 200 crore). Such manufacturer may then claim PLI for the previous year, since he has covered up the value addition shortfall of INR 5 crore of the previous financial year and his reduced value addition of INR 85 crore (i.e. INR 90 crore less INR 5 crore) for FY 2022-23 is also above the value addition threshold of INR 80 crore (i.e. 40% of the eligible sales).

6. Financial outlay

- 6.1. The total financial outlay of the PLI scheme for drones and drone components is INR 120 crore (Rupees one hundred and twenty crore only). The estimated payout schedule over a period of three financial years is as estimated below:

Estimated payout schedule of PLI for drones and drone components						
Claim year	Sales - Net of GST (INR cr)	Purchase - Net of GST (INR cr)	Eligible value addition in India (INR cr)	PLI rate for value addition (%)	Applicable PLI (INR cr)	Disbursement year
FY 21-22	200	120	80	20%	16	FY 22-23
FY 22-23	400	240	160	20%	32	FY 23-24
FY 23-24	900	540	360	20%	72	FY 24-25
TOTAL	1500	900	600	20%	120	

- 6.2. The total financial outlay during three years of the PLI scheme for drones and drone components is capped at INR 120 crore. In case the calculated incentive payout under this scheme exceeds the budget, it will be reduced on pro-rata basis.
- 6.3. The administrative expenses for the scheme will be absorbed within the overall limit of INR 120 crore.
- 6.4. Total PLI per manufacturer is capped at INR 30 crores which is 25% of the total financial outlay of INR 120 crores.
- 6.5. Multiple claims by a manufacturer under different PLI schemes of Government of India may lead to disqualification of such manufacturer, in addition to legal action as applicable under the law.
7. **Project Management Agency** - The scheme would be implemented through a Project Management Agency (PMA) appointed by the Ministry of Civil Aviation. The PMA would provide secretarial, managerial and implementation support and carry out other responsibilities, as assigned by the Ministry of Civil Aviation from time to time. The broad responsibilities of PMA would, inter alia, include the following:
- Appraisal of applications and verification of eligibility;
 - Examination of claims eligible for disbursement of PLI;
 - Compilation of data regarding progress and performance of the scheme, including incremental investment and incremental sales and purchase of drones and drone components;
 - To keep a check on any diversions arising out of any change in accounting policy or duplication of benefits on account of the same activity under different PLI schemes.
8. **Audit** - The scheme shall have provision for audit by an external auditor (Chartered Accountant or Cost Accountant) appointed by Ministry of Civil Aviation.
9. **Approval and disbursement of PLI**
- 9.1. Application under the scheme can be made by any company registered in India, engaged in the manufacturing of drones and drone components.
- 9.2. All applications will be submitted through an online portal maintained by the PMA. In case the portal is not available, applications may be submitted in physical form to the PMA.
- 9.3. Claim for disbursement of incentive shall be filed on an annual basis by the applicant within six months from the end of the financial year to which the claim pertains.
10. **Monitoring of the PLI scheme** - As approved by the Cabinet on 11th November 2020, the Empowered Group of Secretaries chaired by Cabinet Secretary (constituted by the Cabinet vide Gazette notification dated 10th June 2020) will monitor the PLI scheme, undertake periodic review of the outgo under the scheme, ensure uniformity of all PLI schemes and take appropriate action to ensure that the expenditure is within the prescribed outlay. In addition, any changes required in the modalities of the scheme mentioned above subject to the condition that the total financial outlay remains within the specified limit of INR 120 crore, will be placed for consideration of the Empowered Group of Secretaries.
11. **Guidelines to the scheme** - For the effective implementation of the scheme, the detailed guidelines shall be notified separately. The guidelines are to be read along with the scheme. In case of any inconsistency between the scheme and the guidelines, the provisions of the scheme shall prevail.

F. No. AV-29017/37/2021-SDIT-MoCA]
AMBER DUBEY, Jt. Secy.

F. No. AV-29017/37/2021-SDIT-MOCA-Part(4)
Government of India
Ministry of Civil Aviation

'B' Block, Rajiv Gandhi Bhawan, New Delhi - 110003
29 November 2022

Subject: Operational Guidelines of the Production Linked Incentive (PLI) scheme for drones and drone components – regarding.

The Government has approved the Production Linked Incentive (PLI) scheme for drones and drone components for implementation during 2022-23 to 2024-25 with an outlay of Rs 120 crores. The scheme is being implemented by Ministry of Civil Aviation

2. Based on the consultations/ meetings with the stakeholders, including the industry representatives and the concerned departments, the operational guidelines of PLI scheme for drones and drone components have been finalised.
3. These operational guidelines are hereby notified for the information of all the stakeholders and general public.



(Piyush Srivastava)

Senior Economic Adviser to the Govt. of India

Tel:011-24629322

File No. AV-29017/37/2021-SDIT-MOCA-Part(4)
Government of India
Ministry of Civil Aviation (MoCA)
(SDIT Section)

Dated: 29/11/2022

Subject: Guidelines for the Operation of Production Linked Incentive Scheme (PLI) for Drones and Drone Components

1. Introduction

1.1. Objective – The objective of this scheme is to incentivise manufacturing of drones and drone components in India so as to make them self-sustaining and globally competitive. In order to make India a global hub for the research and development, testing, manufacturing and operation of drones under the Atmanirbhar Bharat Abhiyan, the liberalised Drone Rules, 2021 were released to create a growth-oriented regulatory framework for drones. To facilitate further growth, the Government has approved Production Linked Incentive (PLI) Scheme for Drones and Drone Components in India.

1.2. The Production Linked Incentive Scheme (PLI) for Drones and Drone Components (hereinafter referred to as ‘Scheme’) has been notified vide notification No. CG-DL-E-30092021-230076 dated 30/09/2021 in the Gazette of India. The Scheme has come into effect from the date of its Gazette Notification.

1.3. In pursuance of Para 11 of said notification and for the effective operation and smooth implementation of the Scheme, the following Guidelines are being laid down that are to be read along with the Scheme. In case of any inconsistency between the Scheme and the Guidelines, the provisions of the Scheme shall prevail.

1.4. These Guidelines have been prepared after detailed consultations with industry and other relevant stakeholders. The Scheme Guidelines inter-alia cover the following:

1.4.1. Definitions

1.4.2. Qualification and Eligibility

1.4.3. Application and Online Portal

1.4.4. Project Management Agency (PMA), Empowered Group of Secretaries (EGoS) and Competent Authority

Page 1 of 26



1.4.5. Approval under PLI and Determination of Baseline

1.4.6. Calculation and Disbursement of Incentives

2. Definitions

2.1. Applicant: An Applicant for the purpose of the Scheme are the companies registered in India that are manufacturing –

- a. Drones, and/or,
- b. Drone Components

The aforesaid manufacturing can be carried out at one or more locations in India.

2.2. Target Segment – Target Segment covers the drones and drone components. The Target Segment / Eligible Products shall mean drones and drone components under the Scheme. The drone components include-

- 2.2.1. Airframe, propulsion systems (engine and electric), power systems, batteries and associated Components, launch and recovery systems;
- 2.2.2. Inertial Measurement Unit, Inertial Navigation System, flight control module, ground control station and associated components;
- 2.2.3. Communications systems (radio frequency, transponders, satellite-based etc.);
- 2.2.4. Cameras, sensors, spraying systems and related payload etc.;
- 2.2.5. 'Detect and Avoid' system, emergency recovery system, trackers etc. and other components critical for safety and security.
- 2.2.6. Software for drone and drone components.

The list of eligible drones and drone components may be modified by the Central Government from time to time.

2.3. Application: An application submitted/ to be submitted by an applicant along with supporting documents and application fee.

2.4. Application Acknowledgement Date: The date on which an application is acknowledged by MoCA after carrying out initial scrutiny in this regard.

2.5. Application Approval Date: The date on which, based on an application, approval under the Scheme is issued by the Project Management Agency (PMA)/MoCA.



2.6. Project Management Agency (PMA): Refers to the Financial Institution(s) or any other authority(ies) appointed by MoCA for secretarial, managerial and implementation support and carry out other responsibilities, as assigned by MoCA from time to time.

2.7. Empowered Group of Secretaries (EGoS): EGoS is the Committee chaired by the Cabinet Secretary (constituted by the Cabinet vide Gazette notification dated 10/06/2020). The EGoS will monitor the Scheme, undertake periodic reviews of the outgo under the Scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay as approved by the Cabinet.

2.8. Eligible Sales Turnover: Total sales turnover achieved in a financial year (net of GST) from the sale of drones and drone components as stated in such manufacturer's GST returns. Such turnover should be net of credit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose), taxes applicable, returns and write-offs.

2.9. Financial Year: Financial Year begins on the 1st of April of a year and ends on 31st March of the following year.

2.10. Eligible Purchase Cost: Total cost (net of GST) incurred in a financial year for purchase of items used in the manufacturing of drones and drone components as stated in such manufacturer's GST returns. Such purchase cost should be net of debit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose), taxes applicable and expenses pertaining to freight, etc.

2.11. Manufacturing: In accordance with Central Goods and Services Tax (CGST) Act, 2017; manufacturing shall mean processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character, HSN and use and the term "manufacturer" shall be construed accordingly.

2.12. Employment: Jobs which are directly involved in the production process or with related activities beginning from when materials enter a production facility and up until the resultant manufacturing good leaves the production facility. Such employment shall include on-roll, contractual and apprentice workforce in the country only.

2.13. Non-Originating Material and Services: Material and Services whose country of origin is other than the country in which that material /

service is used in manufacturing and any material / service whose origin cannot be determined.

2.14. Eligible Value Addition in India: Eligible Value Addition in India shall be computed by subtracting Eligible Purchase Cost (net of GST) from Eligible Sales Turnover (net of GST).

2.15. Successor-in-Interest: Successor-in-Interest shall mean the new or re-organized entity formed after the merger, demerger, acquisition, transfer of business or significant change in ownership of an applicant.

2.16. Related Party(ies): The term related party shall be as defined in Accounting Standard 18/ Ind-AS-24 Related Party Disclosure, as may be applicable to the applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.

2.17. Force Majeure: Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable / seasonal rain and any other events specifically excluded).

2.18. Competent Authority: Competent Authority under the Scheme shall be defined as per OM F.No. 32(03)/PF-II/2020 dated 01.10.2020 issued by Department of Expenditure, Ministry of Finance, or any subsequent modifications thereof.

2.19. Group Company(ies): Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:

- i. Exercise twenty-six percent or more of voting rights in other enterprise; or
- ii. Appoint more than fifty percent of members of board of directors in the other enterprise.

As defined in the FDI Policy Circular of 2020.

2.20. Startups - 'Startups' shall mean organisations that possess a valid Certificate of Recognition issued by the Department for Promotion of Industry and Internal Trade.

2.21. MSME - 'MSME' shall mean organisations that are registered as Micro, Small & Medium Enterprises ('MSME') with the Ministry of MSME, Government of India under the MSMED Act, 2006 read with relevant rules and regulations.

2.22. Trading - Trading shall mean sale of goods that have been sold without any value addition or processing or any manufacturing activity. This shall, however, not include loose spare parts included as part of a drone package; provided that the total value of such loose spare parts does not exceed 5% of the invoice value of the drone package.

2.23. Tenure of the scheme:

- i. The tenure of this shall be 3 years starting from the financial year 2021-22.
- ii. The PLI for a particular financial year will be claimed and disbursed in the subsequent financial year.
- iii. An approved applicant shall be eligible for benefits for 3 consecutive financial years but not beyond financial year 2023-24.

3. Qualification and Eligibility

3.1. Support under the Scheme shall be provided only to companies engaged in manufacturing of drones and drone components in India. The drone components are mentioned in Para 2.2 above.

3.2. Eligibility shall be subject to qualification criteria as under:

Minimum annual sales turnover for claiming PLI			
Indian MSME and startups		Indian Non-MSME	
Drone (Rs. in crore)	Component (Rs. in crore)	Drone (Rs. in crore)	Component (Rs. in crore)
2	0.5	4	1

3.3. In terms of Clause 3.7 of the Scheme Notification, the component manufacturers shall have to provide self-certificates that the drone components for which PLI is being claimed is used solely in the manufacturing of a drone. The certificate shall also be obtained from the Statutory Auditor of the selected applicant and MD of the selected applicant.

3.4. If the Applicant is MSME as per the definition above, they need to provide Udyam Aadhar Certificate.

3.5. As per Para 6.5 of the Scheme Notification dated 30/09/2021, "Multiple claims by a manufacturer under different PLI schemes of Government of India may lead to disqualification of such manufacturer, in

addition to legal action as applicable under the law.” The Applicants need to submit an undertaking that they are not claiming incentives or benefits under any other PLI schemes of GoI for the same products or any of its components.

3.6. Developers of software for drones and drone components are also eligible for the PLI, subject to the eligibility norms and guidelines of the Scheme.

3.7. The total financial outlay during three years of the PLI Scheme for drones and drone components is capped at Rs. 120 crore. In case the calculated incentive payout under this scheme exceeds the budget for a particular year it will be reduced on pro-rata basis for each applicant.

3.8. The administrative expense for the scheme will be absorbed within the overall limit of Rs.120 crore.

3.9. Total PLI per manufacturer is capped at Rs.30 crore which is 25% of the total financial outlay of Rs.120 crore.

4. Related Party Transactions

All transactions with Related Parties will be subject to provisions of relevant statutes and Accounting Standard 18/ Ind AS 24 as amended from time to time.

5. Application

5.1. The Scheme may be reopened for applications anytime during its tenure as notified by MoCA from time to time.

5.2. An application under the Scheme can be made to MoCA / Project Management Agency (PMA) by any company registered in India.

5.3. The number of applications allowed per applicant for support under the Scheme shall be restricted to one (1).

5.4. PMA shall appraise the applications received as prescribed in the format in **Annexure-1** of these Guidelines.

5.5. The application fee as mentioned in **Annexure-2** of these Guidelines, shall be accepted electronically and shall be non-refundable.

5.6. PMA may ask for desired information to carry out the Appraisal. PMA would provide recommendation to MoCA for final selection of Applicant and issuance of Letter of Approval by PMA.

6. Online Portal

6.1. All applications received/to be received will be through an online portal maintained by MoCA/PMA. In case the online portal is not functional, the same may be obtained in offline mode till such time the portal is fully operational.

6.2. Upon successful submission of an application, MoCA/PMA shall issue a unique Application ID to the applicant for all future activities pertaining to the Scheme. All applicants may refer to this unique ID for any future correspondence on the subject.

7. Project Management Agency (PMA)

7.1. The Scheme will be implemented through a Nodal Agency as mentioned in Para 7 of the Scheme Notification dated 30/09/2021. Such nodal agency shall act as a Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MoCA from time to time.

7.2. The PMA would be responsible for inter-alia:

7.2.1. Appraisal of applications and verification of eligibility;

7.2.2. Examination of claims eligible for disbursement of PLI;

7.2.3. Compilation of data regarding progress and performance of the scheme, including incremental investment and incremental sales and purchase of drones and drone components;

7.2.4. To keep a check on any diversions arising out of any change in accounting policy or duplication of benefits on account of the same activity under different PLI schemes.

7.3. The PMA may request for additional information, details, undertakings, certificates and documents from the applicant as deemed necessary.

8. Audit – The scheme shall have a provision for audit by an external auditor (Chartered Accountant or Cost Accountant) appointed by PMA/ MoCA. Cost to be borne by selected Applicant under the Scheme.

9. Empowered Group of Secretaries (EGoS)

9.1. An Empowered Group of Secretaries (EGoS) has been constituted by the Central Government vide Order No. P 36017/144/2020-Investment

Promotion published in the Gazette of India. The composition of the EGoS is as follows:

- (i) Cabinet Secretary, **Chairperson**
- (ii) CEO, NITI Aayog
- (iii) Secretary, Department for Promotion of Industry and Internal Trade, **Member Convenor**
- (iv) Secretary, Department of Commerce
- (v) Secretary, Department of Revenue
- (vi) Secretary, Department of Economic Affairs
- (vii) Secretary, Ministry of Civil Aviation

9.2. The Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary will monitor the Scheme, undertake periodic review of the outgo under the scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay as approved by the Cabinet.

9.3. The EGoS will conduct periodic reviews of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

9.4. The EGoS may revise incentive rates, ceilings, target segment(s) and eligibility criteria as deemed appropriate during the tenure of the Scheme.

10. Competent Authority/ Committee at MoCA:

10.1. Competent Authority for exercising the financial powers under the Scheme shall be defined as per OM F.No. 32(03)/PF-II/2020 dated 01.10.2020 issued by Department of Expenditure, Ministry of Finance, or any subsequent modifications thereof.

10.2. The MoCA will constitute a committee as mentioned hereunder for selection of Applicants, Sanctions and release of funds:

- i. Secretary, MoCA (Chairperson)
- ii. Senior Economic Advisor/ Joint Secretary in charge of drones, MoCA
- iii. Joint Secretary & Financial Adviser, MoCA
- iv. Deputy Secretary, SDIT, MoCA (Member Secretary)

10.3. The Committee at MoCA will consider applications, as recommended by the PMA for approval under the Scheme. The Committee may seek such additional information, as necessary for approval.

10.4. The Committee at MoCA will consider claims for disbursement, as examined, and recommended by the PMA, for disbursement of incentive.

10.5. In case of a Force Majeure event, the Committee at MoCA may amend, modify, or withdraw any clauses under the Scheme Guidelines.

10.6. The Committee at MoCA will also be authorized to carry out any amendments in Scheme Guidelines.

11. Approval under PLI

11.1. The Project Management Agency (PMA) appointed by MoCA, will appraise the applications, as received. The PMA shall accordingly make appropriate recommendations to the Competent Authority/MoCA for approvals under the Scheme.

11.2. After receiving approval from the Competent Authority, the PMA/MoCA shall issue a letter to the applicant within 10 working days of approval by the Approval Committee of MoCA, communicating approval under the Scheme. The approval letter shall clearly state the following:

11.2.1. Name of the Applicant

11.2.2. Category

11.2.3. Target Segment

11.2.4. Proposed Product(s) to be manufactured

11.2.5. Proposed Investment

11.2.6. Minimum/ Threshold Net Sales

11.2.7. Proposed Net Sales of drones or drone components, over the Scheme Period

11.2.8. Plan for Eligible Value Addition during the tenure of the Scheme

11.2.9. Plan for Employment Generation in India during the tenure of the Scheme.

11.2.10. Plan for Proposed Export of Drones and Drone Components, over the Scheme Period.

11.3. The aforesaid approval letter shall not be construed as a guarantee for disbursement of incentive as the same will be dependent upon verification of eligibility after submission of disbursal claim and other criteria defined in these Guidelines.

12. Calculation of Incentive

12.1. The incentive applicable for an approved applicant shall be computed as follows:

Eligible Value Addition (EVA) * 20%

Where

- i. EVA= Eligible Sales Turnover (net of GST) – Eligible Purchase Cost (net of GST)
- ii. EVA should be at least 40% of the eligible sales turnover for the year
- iii. In case of return of sales, the Gross Sales shall be reduced by the amount corresponding to such return of sales. If the corresponding sales have been considered for claim processing for the earlier period, the sales return shall be adjusted with Gross Sales for the period in which the actual sales return takes place.
- iv. In case a manufacturer fails to meet the threshold for the eligible value addition in India for a particular financial year, he shall not receive any PLI for the said financial year. He will however be eligible to receive the said PLI in the subsequent year subject to him making up the said shortfall in rupee terms in the subsequent year.
- v. The total financial outlay of the PLI scheme for drones and drone components is Rs.120 crore, inclusive of the administrative expenses. The total financial outlay during three years of the PLI scheme for drones and drone components is capped at Rs.120 crore. In case the calculated incentive payout under this scheme exceeds the budget for a particular year, it will be reduced on pro-rata basis for each applicant. The total incentive per manufacturer under the Scheme is capped at Rs.30 crore which is 25% of the total financial outlay of Rs.120 crores.
- vi. **Excess incentive paid to any applicant (due to any reason, like sales return in the subsequent year or some other reason) will be adjusted in the incentives payable in the next year(s). If there are no incentives payable in the next year(s), the applicant has to return the incentive along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, for the number of days of holding the excess incentive.**

13. Approval and Disbursement of Incentives

13.1. Claim for disbursement of incentive shall be filed on an annual basis by the applicant within twelve months from the end of the financial year for the claims pertaining to FY 2021-22 and within six months from the end of the financial year to which the claim pertains for remaining tenure of the Scheme.

13.2. For claiming incentives under the Scheme, applicants will be required to submit claims for disbursement of incentive to the PMA. Applicants must ensure that the claims are complete in all respects and are accompanied by all the documents required as per format prescribed in **Annexure-3** of these Guidelines.

13.3. Claims for any period shall be made only once, unless withdrawn, and no subsequent part claims shall be allowed for the said period.

13.4. The PMA will examine the disbursement claims as submitted by an applicant. The PMA shall verify eligibility and assess incentive payable to an applicant based on the method laid down in these Guidelines and the approval letter issued to the applicant.

13.5. The PMA will have the right to verify any document(s) in relation to the claim for incentives including but not limited to statutory auditor certificates / chartered engineer certificates and returns furnished to various Ministries / Departments / Agencies. The PMA shall also have the right to examine the end realization and settlement / payments corresponding to sales and investment respectively by way of auditor's certificate, bank statements etc. to the extent deemed necessary.

13.6. In case of any doubt with respect to determining eligibility and incentive amount due, or any other matter in discharge of its duties and responsibilities, the PMA may refer to MoCA for clarification. The decision of MoCA will be final in this regard.

13.7. The PMA shall process claims for disbursement of incentive and make appropriate recommendations to the Competent Authority.

13.8. The Competent Authority will consider claims for disbursement, as examined, and recommended by the PMA, for disbursement of incentive.

13.9. The PMA shall disburse funds after completion of all pre-disbursal formalities by the applicant and approval from Competent Authority.



13.10. The disbursement of incentives may be in the form of Direct Bank Transfer, or through any other mechanism of adjustment in the name of the applicant only.

13.11. The PMA shall verify the aforesaid reconciliation. In case of excess claims disbursed, the applicant shall reimburse MoCA for any incentive amount refundable along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually (for the period between excess payment and date of refund by the applicant).

13.12. If the PMA or MoCA is satisfied that eligibility under the Scheme and / or disbursement of incentives have been obtained by misrepresentation as to an essential fact or furnishing of false information, MoCA may ask the applicant to refund the incentives along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, after giving an opportunity to the applicant of being heard, subject to satisfaction of MoCA.

13.13. MoCA shall make budgetary provisions for disbursal of incentives by the PMA under the Scheme. The PMA will submit budgetary requirements to MoCA as a consolidated amount on a quarterly basis.

13.14. The PMA shall furnish information to MoCA with details of disbursement claims received for incentives, amount disbursed, reasons for rejection / delay in disbursement of the incentives on a quarterly basis.

14. Review

14.1. Periodic reviews will be undertaken by the Empowered Group of Secretaries (EGoS) to conduct a periodic review of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

14.2. All approved applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter in the format provided in **Annexure-4** of these Guidelines.

15. Residual:

15.1. An applicant shall intimate the PMA of any change in the shareholding pattern during the tenure of the Scheme, after updation with the Registrar of Companies (RoC).

15.2. Any change in the shareholding pattern or ownership of an applicant leading to a successor-in-interest or having the effect of change in nature of



company or nature of partnership during the tenure of the Scheme, shall be intimated by PMA for approval of the Competent Authority to consider for disbursal of incentives.

15.3. In case of a successor-in-interest or having the effect of change in category, all Incremental Investment undertaken by the applicant to whom approval was accorded under the Scheme, would be considered for determining eligibility, subject to approval and compliance with any other condition stipulated by the Competent Authority, as may be deemed appropriate.

15.4. To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from applicants under the Scheme.

15.5. Two formats of undertakings are enclosed as Format-A and Format-B in **Annexure-5**. These undertakings are to be furnished by applicants, duly signed by CEO / MD / Director, and depicting the designation along with authorization to do so.

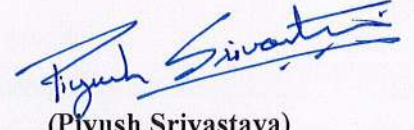
15.6. The first undertaking (Format-A) shall be provided by all applicants whose applications or claims are under consideration for approval or disbursement of incentives. The applications or claims of those applicants who do not submit the undertaking shall not be processed and considered. The second undertaking (Format-B) for confirming the compliance of integrity will be provided by applicants after the submission of claims for disbursement of incentive and in any case before release of funds. The release of incentives shall be withheld until the above-mentioned undertaking is provided.

15.7. These Guidelines may be amended/ modified at any time during the continuance of the scheme and such amendment/ modifications shall be bunding to all the applicants including selected applicants during the tenure of the scheme.

15.8. Any dispute arising out of any conditions stipulated in the Guidelines, selection of proposals and issues arising during implementation



under the scheme will be subject to Courts/ Tribunals having jurisdiction over Delhi.




(Piyush Srivastava)
Senior Economic Adviser to the Government of India
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New Delhi, Dated:

Copy to:

1. All Concerned Ministries / Departments of Government of India
2. All States / Union Territories
3. Cabinet Secretariat
4. PMO
5. NITI Aayog
6. Comptroller and Auditor General of India
7. AS&FA, Ministry of Civil Aviation
8. Industry Associations
9. Internal circulation



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Annexure-1

Criteria: Documents / Information to be checked for preliminary assessment of application

1. Submission of prescribed Application Fee.
2. Products proposed are covered under the Target Segment.
3. Qualification and Eligibility of Applicant
4. Proposed Sales of Manufactured Goods (covered under the Target Segment)

Note: It may be noted that acknowledgement based on above does not qualify an applicant for claiming incentives under the Scheme. The applicant would be eligible for incentives after approval, baseline determination and achieving eligibility as per procedure defined in the Scheme Guidelines



Application Fee for Application under PLI:

An amount of Rs. 10,000/- (Rupees Ten thousand only) is hereby notified under Para 5.5 of the said Guidelines as application fees, which shall be paid electronically through NEFT / RTGS to the MoCA / PMA.



**Disbursement Claim Form: Production Linked Incentive Scheme (PLI) for
Drones and Drone Components**

1. Name of Applicant
2. Category
3. Target Segment
4. Product(s)
5. Date of Acknowledgement
6. Ref. No. and Date of Approval
7. Yearly Sales of Manufactured Goods (covered under the Target Segment)
8. Period for which Incentives are being sought
9. Applicable Ceilings as per Approval Letter
10. **Certificate from Statutory Auditor covering details in the format below:**

S. No.	Particulars	Unit	FY 2021-22	Period of Claim
1	Investment Actualized (Cumulative)	<i>Rs. in Crore</i>		
	a) Land			
	b) Building			
	c) Plant, Machinery, Equipment & Associated Utilities			
	d) Transfer of Technology			
	d) Others			
2	Employment as on Date of Filing Claim (Cumulative)	<i>Numbers</i>		
	a) On-roll labour / employees			
	b) Contractual			
	c) Apprentice			
3A	Revenue from Operations –Domestic Sales [net of credit notes, discounts, and taxes applicable and expenses pertaining to advertisement and sales promotion, and brand royalty]	<i>Rs. in crore</i>		
	a) Manufacturing Activity			



	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Trading Activity			
	i. Target Segment			
	ii. Other Goods			
	c) Services Activity			
3B	Revenue from Operations – Exports [net of credit notes, discounts, and taxes applicable and expenses pertaining to advertisement and sales promotion, and brand royalty]			
	a) Manufacturing Activity			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Trading Activity			
	i. Target Segment			
	ii. Other Goods			
	c) Services Activity			
3C	Total Revenue from Operations (Domestic Sales & Exports)			
4	Sales Quantity [net of credit notes, discounts, and taxes applicable and expenses pertaining to advertisement and sales promotion, and brand royalty]	<i>Numbers</i>		
	a) Manufacturing Activity			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Trading Activity			
5	Details of Purchase Cost (net of GST)	<i>Rs. in crore</i>		
	a) Raw Material / Parts / Components			



	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Spare Parts			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	c) Finished Goods			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	d) Capital Goods			
	i. Target Segment			
	iii. Other Goods			
	e) Import of Services – Target Segment			
6	Eligible Value Addition (%) As per definition in Para 2.14			

11. Certificates / undertakings stating / covering the following:

- No deviation in the product(s) manufactured as per Eligible Product and Target Segment

12. Certificate(s) from Company Secretary stating:

- All clearances required by law like statutory clearances, environmental clearances etc. have been obtained

13. Certificate(s) from Statutory Auditor stating / covering:

- Value addition of Net Sales of Manufactured Goods (covered under the Target Segment) applicable has been achieved for the year in consideration

14. List of documents to be submitted post approval of claim

- An undertaking from the applicant as per format given in Appendix
- An agreement / indemnity bond on prescribed formats from the applicant that if at a later stage its claim is found to be false or excessive it would be liable to return the amount disbursed with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually.

- Board resolution to the effect that the applicant agrees by the terms and conditions as laid down in the PLI Scheme and Guidelines while securing the incentive amount



FORMAT OF UNDERTAKING

(Undertaking from the Applicant on letterhead)

1. We,, hereby, acknowledge that the incentives that would / may be provided to us under the Production Linked Incentive Scheme (PLI) for Drones and Drone Components, notified by Ministry of Civil Aviation vide Notification X, will be provided to us based on, and after relying upon, the information provided by us to avail the said incentives.
2. We hereby confirm that the information provided by us for availing the said incentives is true, correct, and complete in all respects and that no material fact / information that may have an adverse impact on the information provided by us for availing the said incentives has been concealed. We acknowledge and confirm that the foregoing averment is on an on-going basis and further undertake to immediately apprise the Ministry of Civil Aviation about any change in the status of the information provided by us to avail the said incentives.
3. We further undertake that in the event of (i) any of the information provided by us to avail the said incentives being found false, incorrect or incomplete, or (ii) in the event of the undertakings and confirmations stated at para 2 above being found false, incorrect, incomplete or breached; we will (a) refund the entire amount of incentives availed by us along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually, for the period between excess payment and date of refund.
4. We acknowledge that the remedies provided in para 3 (i) and 3 (ii) above are not the exclusive remedies available with the Ministry of Civil Aviation and are without prejudice to any legal remedies available with Ministry of Civil Aviation for events mentioned in Para 3 (i) and (ii) above.



Quarterly Review Report

An applicant shall be required to provide the following information (self-certified) for quarterly review within 30 days from the end of each quarter:

1. Name of Applicant
2. Category
3a. Target Segment
3b. Product(s)
4. Date of Acknowledgement
5. Date of Approval
6. Manufacturing Location(s)
7. Investment Actualized for Manufacturing of Target Segment (amount in Rs.)
<i>Land/ Building/ Plant, Machinery, Equipment & Associated Utilities/ Transfer of Technology/ Others</i>
8. Employment as on date (in numbers)
<i>On-roll labour / employees</i>
<i>Contractual</i>
<i>Apprentice</i>
9. Installed Production Capacity for Target Segment / Eligible Product (in numbers)
10. Revenue from Operations – Domestic Sales [net of credit notes, discounts, and taxes applicable and expenses pertaining to advertisement and sales promotion, and brand royalty]
a) Manufacturing Activity
i. Eligible Products
ii. Other Goods in Target Segment
iii. Other Goods
b) Trading Activity
i. Target Segments
ii. Other Goods
c) Services Activity
11. Revenue from Operations – Exports [net of credit notes, discounts, and taxes applicable and expenses pertaining to advertisement and sales promotion, and brand royalty]

a) Manufacturing Activity
i. Eligible Products
ii. Other Goods in Target Segment
iii. Other Goods
b) Trading Activity
i. Target Segment
ii. Other Goods
c) Services Activity
12. Total Revenue from Operations
13. Details of Purchase Cost (net of GST)
a) Raw Material / Parts / Components
i. Eligible Products
ii. Other Goods in Target Segment
iii. Other Goods
b) Spare Parts
i. Eligible Products
ii. Other Goods in Target Segment
iii. Other Goods
c) Finished Goods
i. Eligible Products
ii. Other Goods in Target Segment
iii. Other Goods
d) Capital Goods
i. Target Segment
iii. Other Goods
e) Import of Services pertaining to Target Segment
14. Eligible Value Addition (%) (As per definition in Para 2.14)



Subject: Proforma for Integrity compliance in PLI - Initial Undertaking(s)

(To be signed by full time Director / CEO / MD of the company / firm duly depicting the designation and submitted on official stationery of the applicant along- with the authorization to do so)

FORMAT-A

1. Whereas, the applicant namely (*name of company with address*) has submitted an application under Production Linked Incentive Scheme (PLI) for Drones and Drone Components to Ministry of Civil Aviation (MoCA), Government of India seeking incentives for the application pertaining to manufacturing..... (Eligible Product) at.....(location(s)).

2. Now, therefore, the applicant including its officers / representatives commits and undertakes that he / she will take all measures necessary to prevent corruption. He / She commits to observe the following principles during his / her association / engagement with MoCA or its agencies or its consultants engaged with the process of appraisal and verification of application for the approval of application and disbursement of incentives under PLI.

2.1 The PLI applicant will not directly or through any other person or firm, offer, promise or give to any of the MoCA's officer(s) or consultant or agency representative (appraisal or / and verification agency appointed by MoCA to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he / she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of incentives under PLI.

2.2 The PLI applicant will not commit any offence under the relevant IPC / PC Act; Further, the applicant will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the MoCA.

2.3 The PLI applicant shall disclose the name and address of the duly authorized Agents / Representatives who will be dealing with MoCA or its agencies and the remuneration of these agents or representatives shall not include any hidden amount or component to get the work done in undue manner or causing



inducement of whatsoever nature whether in cash or kind to influence the normal process or practice of work.

- 2.4 The PLI applicant will disclose any and all payments he / she has made, is committed to or intends to make to agents, brokers or any other intermediaries, other than regular employees or officials of the applicant, in connection with the grant of approval or / and disbursement of incentives.
- 2.5 The applicant will not offer any illicit gratification to obtain unfair advantage.
- 2.6 The applicant will not collude with other parties to impair transparency and fairness.
- 2.7 The applicant will not give any advantage to anyone in exchange for unprofessional behaviour.

3. The applicant declares that no pervious transgressions occurred in the last 3 years with any other Company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises / Central or State Government or its any instrumentality in India.

4. The applicant agrees that if it is found that the applicant has made any incorrect statement on this subject, the application will be closed or rejected and MoCA reserve the right to initiate legal action of whatsoever nature. In case if MoCA has disbursed the incentives under PLI, the amount disbursed to applicant be recoverable along with interest calculated at 3 years SBI MCLR prevailing on the date of disbursement, compounded annually besides blacklisting of the applicant and initiation of legal action of whatsoever nature at the discretion of MoCA.

The contents of the above undertaking have been gone through and after understanding the same is being executed / given on.....day of (month / year)

Signature

(Name & designation with address)
Director / CEO / MD



Subject: Proforma for Integrity compliance to be furnished by PLI Applicants before Release of Incentives

(To be signed by full time Director / CEO / MD of the company / firm duly depicting the designation and submitted on official stationery of the applicant along- with the authorization to do so)

FORMAT- B

1. Whereas the applicant namely (name of company with address) has submitted an application under Production Linked Incentive Scheme (PLI) for Drones and Drone Components to Ministry of Civil Aviation (MoCA), Government of India seeking incentives for the application pertaining to manufacturing (Eligible Product) at..... (location(s)).
2. And Whereas, the applicant has submitted an undertaking for observance and commitment for Integrity vide Undertaking dated.....given under the signatures / authority of applicants (name and designation) to MoCA in respect of aforesaid application.
3. And whereas, the applicant including its officers / representatives gives commitment and undertake that he / she will take all measures necessary to prevent corruption and that he / she will not directly or through any other person or firm, offer, promise or give to any of the MoCA's officer(s) or consultant or agency representative (appraisal or / and verification agency appointed by MoCA to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he / she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of incentives under PLI.
4. And whereas, the application submitted by the applicant has been given the approval by MoCA vide its communication no.....dated.....
5. And whereas, the applicant has submitted a claim for disbursement of incentive dated to the PMA for claiming incentives of Rs./-
6. And whereas, the PMA has considered the claim for disbursement of incentive and is in the process of disbursement / release of incentives on the claim dated.....
7. Now, therefore, We hereby confirm the compliance thereof with the Integrity Undertaking submitted to MoCA duly certifying that there is no breach to the same and requests that eligible incentives under PLI be released to applicant and the amount of incentives be credited in the bank account of applicant.
8. The contents of the above Undertaking have been gone through and after duly understanding the same, is being executed / given on..... day of..... (month / year).

Signature

(Name & designation with address) Director / CEO / MD

