

DA TAX UPDATE- INDIRECT TAX

An e-Tax update from **Darda Advisors LLP**

**Make in India – PLI booster for
Manufacturing Sector for Export Sales-
News update as on 22 December 2020**

Issue: 09



News update as on 22 December 2020

S.No.	Department/Ministry	News
1	Department of Heavy Industries	<u>DHI in close coordination with stakeholders to roll out PLI Scheme for auto sector: Secretary</u>
2	Department of Telecom	<u>DoT to seek Cabinet nod on PLI scheme guidelines for telecom gears</u>
3	Ministry of Electronics and Information Technology	<u>Electronics industry welcomes PLI scheme, to help establish India as export hub</u>
4	Ministry of Textiles	<u>Textile ministry plans Rs 10k-crore scheme to promote production in key sectors</u>
5	Ministry of New and Renewable Energy	<u>Government's move to boost solar industry garners mixed reactions</u>
6	Department of Promotion of Industry and Internal Trade	<u>Implementation of PLI schemes on track: Mohapatra</u>
7	Department of Promotion of Industry and Internal Trade	<u>Govt to notify 10 new PLI Scheme by April 2021: Secretary DPIIT</u>
8	Ministry of Steel	<u>Steel ministry finalises plan on PLI for speciality steel, says sources</u>

Make in India – PLI booster for Manufacturing Sector for Export Sales

The Union Cabinet has given in-principle approval to Production Linked Incentive (PLI) scheme for 10 more sectors in order to boost domestic manufacturing and cut down on import bills for a total financial outlay of estimated USD 20 billion (INR 145,980 crore).

During March 2020, the Central Government introduced the PLI scheme for mobile manufacturing as well as pharmaceutical ingredients and medical devices for a financial outlay of INR 51,311 Crores.

However, unlike the previous schemes brought to boost domestic manufacturing, the proposed PLI schemes for identified sectors is going to provide all sops and benefits only if the organizations are able to have incremental export sales every year for the next five years.



Approved financial outlay for various sectors

Following sectors have been identified for enhancing India's manufacturing capabilities and enhancing exports – Atmanirbhar Bharat:

Priority	Sector	Implementing Ministry Department	Approved financial outlay over a five-year period (INR Crore)
1	Advance Chemistry Cell (ACC) battery	NITI Aayog and Department of Heavy Industries	18,100
2	Electronic/Technology Products	Ministry of Electronics and Information Technology	5,000
3	Automobiles and Auto Components	Department of Heavy Industries	57,042
4	Pharmaceutical Drugs	Department of Pharmaceuticals	15,000
5	Telecom and Networking Products	Department of Telecom	12,195
6	Textile Products: MMG segment and technical textiles	Ministry of Textiles	10,683
7	Food Products	Ministry of Food Processing Industries	10,900
8	High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4,500
9	White Goods (ACs and LED)	Department of Promotion of Industry and Internal Trade	6,238
10	Speciality Steel	Ministry of Steel	6,322
	Total		145,980

About PLI Scheme

Under the PLI Scheme, financial incentives shall be given like existing PLI schemes, the new sectors could also see the government offering them sops and bonuses for incremental export sales done through units both old and new units.

The objective is to make India more compliant with our WTO (World Trade Organization) commitments and also make it non-discriminatory and neutral with respect to domestic sales and exports.

Key objectives:

- To make Indian manufacturers Globally competitive
- Attract investment in the areas of core competency and cutting-edge technology
- Ensure efficiencies
- Economies of Scale
- Enhance Exports
- Make India an integral part of global supply chain

About PLI Scheme

Key features:

- Available to identified sectors and products
- To be implemented by concerned Ministry/Department
- Financial outlay only to an extent of overall financial limits prescribed
- Greenfield project only could be allowed
- Minimum or committed investment to be made
- Both existing and new unit could be eligible
- Incremental exports sales is only eligible
- Final proposal for individual sectors to be appraised by Expenditure Finance Committee (EFC) and approved by Union Cabinet
- Unutilised fund of one Ministry can be used by other Ministry
- Any new sector require fresh approval of Union Cabinet

Detailed notifications and guidelines will be issued by respective Ministry/Department about the scheme, process and application and other aspects.

Sector wise product lines

S.No	Sector	Product lines	Chapter/Tariff Heading
	Pharmaceutical Drugs	Category 3: i. Repurposed Drugs ii. Auto-immune drugs, Anti-Cancer Drugs, Anti-diabetic drugs, Anti-Infective drugs, Cardiovascular Drugs, Psychotropic Drugs and Anti-retroviral drugs iii. In-vitro diagnostic devices (IVDs) iv. Phytopharmaceuticals v. Other drugs not manufactured in India vi. Other drugs as approved	28-38 28-38 3822 28-38 28-38 28-38
5	Telecom and Networking Products	i. Core Transmission Equipment ii. 4G/5G, Next generation Radio Access Network and Wireless Equipment iii. Access and Customer premises equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment iv. Enterprise Equipment: Switches, Routers	8517 85 85 85 & 8517

Sector wise product lines

S.No	Sector	Product lines	Chapter/Tariff Heading
6	Textile Products: MMG segment and technical textiles	<ul style="list-style-type: none"> i. Man-Made Fiber Segment ii. Technical Textiles 	<p>55</p> <p>5911</p>
7	Food Products	<ul style="list-style-type: none"> i. Ready to Eat/Ready to Cook (RTE/RTC) ii. Marine Products iii. Fruits and Vegetables iv. Honey v. Desi Ghee vi. Mozzarella Cheese vii. Organic Eggs and Poultry Meat 	<p>16-24</p> <p>0302-0306</p> <p>07</p> <p>04090000</p> <p>04059020</p> <p>0406</p> <p>0407-0408 & 02</p>
8	High Efficiency Solar PV Modules	Solar PVs	8541
9	White Goods (ACs and LED)	<ul style="list-style-type: none"> i. Air Conditioners ii. LED 	<p>8415</p> <p>9405</p>
10	Speciality Steel	<ul style="list-style-type: none"> i. Coated Steel ii. High Strength Steel iii. Steel Rails iv. Alloy Steel Bars and Rods 	<p>72</p> <p>72</p> <p>7302</p> <p>7214</p>

How DA can assist you

- Identify the applicability of above fiscal incentives
- Preparing list of applicable fiscal incentives including key criteria
- Conduct feasibility study to identify the list of eligible product categories and pre-application discussions
- Assistance in filing an application along with detailed documentation and maintain ongoing communication and coordination with government officials
- Assistance in tracking process of approval and obtain final approval from respective department
- Post Approval assistance in disbursal of incentives
- Support in relevant Direct & Indirect Tax structuring with respect to the proposed project

About Darda Advisors LLP

At Darda Advisors LLP, we are dedicated to provide curated and client specific solutions through well-thought strategies in addition to helping them solve complex problems pertaining to tax and regulatory matters. Founded in 2019, by a crew of experts all of whom are former Big Four's professionals with extensive consulting experience in the field. We offer a wide range of services and cater clients spread across the globe. Our approach is to bring together global standards and practices, that are developed and customized to meet our client's needs by collaborating international business practices with India's market knowledge, laws, regulations and practices.

- Goods and Service Tax (GST) Services
- Other Indirect Tax Services
- SEZ/EOU set up and Compliance
- Foreign Trade Policy (FTP) Assistance
- Company Secretarial Services
- Due Diligence
- Incentives (Central and State) Assistance
- Valuation Services
- Virtual Tax Head Services
- Corporate Tax and International Tax Services
- Certification and Attestation

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Ping 'Hi' for regular updates on **+91 99529 26239**

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