

# DA TAX UPDATE INDIRECT TAX

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

Make in India – PLI booster for Manufacturing Sector -

Updates as on 26 March 2021

Issue- 17



**Production Linked Incentive (PLI) Scheme**

## News update as on 26 March 2021

S.No.	Department/Ministry	News
1	Ministry of Electronics and Information Technology	<p><u>Samsung only company to meet both production, investment target under PLI scheme for handsets</u></p> <p><u>PLI Scheme: India Invites Applications For Second Round Of Large-Scale Electronics Manufacturing</u></p>
2	Department of Promotion of Industry and Internal Trade	<p><u>PLI in white goods to take AC industry to Rs 1 lakh crore in nine years</u></p> <p><u>Indian TV makers await PLI scheme, say important for global competition</u></p> <p><u>India looks forward to greater participation from Japan in PLI scheme: DPIIT secy</u></p> <p><u>Centre to introduce single-window clearance for investors by Apr 15: DPIIT</u></p>

## News update as on 26 March 2021

S.No.	Department/Ministry	News
3	Department of Pharmaceuticals	<p><u>Chemical sector to go 'atmanirbhar'; govt considering PLI scheme</u></p> <p><u>PLI scheme: Govt nod to 33 API applications with investment worth Rs 5,082 crore</u></p>
4	Department of Heavy Industries	<p><u>Govt may upgrade eligibility criteria for automakers under PLI scheme</u></p> <p><u>Govt Plans Additional Incentives For EV Makers In Proposed PLI Scheme For Auto Sector To Boost Local Production: Report</u></p>
5	Ministry of Textiles	<p><u>PLI for textile: Govt targets 50 laggard, high-potential products</u></p>
6	Department of Telecom	<p><u>Samsung expected to apply for PLI Scheme to make 4G, 5G gear in India: Report</u></p>

# Session on PLI Schemes on 5 March 2021

On 5 March 2021, webinar happened on PLI Schemes which was attended by the Honourable Prime Minister Narendra Modi and various industry leaders and we attended as well. Attached are the screenshots.

आत्मनिर्भर भारत

Auto & Auto Components	
Aspiration	Key Points for Discussion
<p><b>2X Growth in Exports by 25-26</b></p> <ul style="list-style-type: none"> <li>- USD 30Bn (Auto Comp)</li> <li>- USD 19Bn (Auto OEM)</li> </ul> <p><b>Localization target</b></p> <ul style="list-style-type: none"> <li>- 2-4% in 0 to 2 yr</li> <li>- 15-20% in 2-5 yr</li> </ul>	<ul style="list-style-type: none"> <li>▪ Incentivize investments in Technology and Innovation to attain global competitiveness</li> <li>▪ Inclusivity of MSME</li> <li>▪ Regulation roadmap to encourage and allow localization for domestic consumption</li> <li>▪ Base year for eligibility criteria should be FY 19-20 instead of FY 18-19 as currently envisaged</li> <li>▪ FTA to support export</li> <li>▪ All OEMs to support localization even at a small cost in initial years</li> </ul>

## Advanced Chemistry Cells Battery

आत्मनिर्भर भारत

Aspiration	Key Points for Discussion
<p><b>50 GWH capacity in 5 years</b></p>	<ul style="list-style-type: none"> <li>▪ Ensure demand catches up with supply</li> <li>▪ Keep provision for new / emerging technologies</li> <li>▪ Pragmatic approach for value addition</li> <li>▪ Support localisation of other EV systems                             <ul style="list-style-type: none"> <li>○ 65% cost of EV, is powertrain</li> <li>○ 35% of powertrain cost is cells</li> <li>○ Need rapid localisation of remaining 65%</li> </ul> </li> </ul>

## Solar PV Modules

आत्मनिर्भर भारत

Aspiration	Key Points for Discussion
<p>With Ingot and Wafer manufacturing in India, <b>Domestic value add to increase to ~55% from current ~14-25%</b></p> <p><b>Import content in module to be brought down to ~30% from current ~70%</b></p>	<ul style="list-style-type: none"> <li>▪ Increase Capital Outlay</li> <li>▪ Exclude Polysilicon production from the current PLI scheme. (Poly-silicon manufacturing requires a minimum of 10 GW/annum offtake to justify the investment).                             <ul style="list-style-type: none"> <li>○ This will incentivize manufacturing of ingots/wafers/cells which is the immediate bottleneck and needs to be addressed on priority</li> </ul> </li> <li>▪ Create a separate scheme for Next Generation technologies (With efficiencies from 25% to 29%. This could leap-frog the country to technology and cost leadership in the PV supply chain</li> <li>▪ Consider a manufacturing park for PV</li> </ul>

# Session on PLI Schemes on 5 March 2021

## Specialty Steel

Viewing Shipra Joshi's applic...

Aspiration	Key Points for Discussion
<p><b>Production increase by 130% to 40 mn tonnes</b></p> <p><b>Export increase by 250% to 5.7 mn tonnes</b></p> <p><b>Import down by 80% to 0.8 mn tonnes</b></p> <p><b>Investment of ~ Rs. 44,000 cr.</b></p>	<ul style="list-style-type: none"> <li>▪ Considering long investment cycles in steel industry, existing investment which are not commissioned and facilities in the pipeline should be permitted for inclusion</li> <li>▪ Cumulative investment, including upstream investment and that in JVs &amp; MOUs should be included</li> <li>▪ Consultation of steel industry with downstream user industries</li> </ul>

## Smartphones



### What Defines Success.

- Make smartphones and components India's ranking export.
- Shift GVCs to India and create Global Indian champions. Build scale.
- Build R&D, design and local ecosystem to increase value addition.
- Reach NPE targets of \$190 bn production.

### Key Policy Interventions

- PLI companies can only succeed with their supply chains. Enable both.
- FY 2020-21 was unprecedented. PLI needs to adjust to this reality.
- A clear policy approach on how to shift and build the component eco system.
- Global markets are uncertain and competitive. Respond with alacrity.

## IT Hardware

Viewing NIC's screen



### What Defines Success.

- Add \$30 bn to GDP, forex saving of \$30 bn, tax rev of \$3 bn.
- Add 4 lakh direct and indirect new jobs.
- Reach 25% of global volumes. Reduce import dependence.

### Key Policy Interventions

- Beyond the 4 year PLI, plan long term policies to address disabilities.
- Match reduction in PLI incentives with ecosystem development at scale.
- Reward R&D and credit companies for local value addition.

## Telecom Network Equipment



### What Defines Success.

- Expand domestic manufacturing to \$15 bn. Add 80,000 new jobs.
- Capture 8% global market. Expand exports 5 times to \$6 bn.
- Achieve import substitution worth \$10 bn.
- Create ecosystem for component manufacturing and finished goods.

### Key Policy Interventions

- Review incentive caps. Production can be accelerated.
- Evaluate the concept of "Deemed Exports" to qualify as local supplier to Govt.
- R&D as capital investment should follow standard accounting principles.
- Simplify customs procedures for imports/exports. Reduce uncertainty.

## White Goods

Viewing NIC's screen



### What Defines Success.

- Create a \$14 bn industry.
- Expand domestic manufacturing to capture a large global share.
- Expand local value addition from 25% to 75%.
- Add scale, competitiveness and skilled jobs.

### Key Policy Interventions

- Fully assess and respond to import policies for Gas filled ACs.
- Strategic and calibrated implementation of concurrent PMP.
- Review GST regime to boost domestic demand in the short term.

# Session on PLI Schemes on 5 March 2021

## PHARMACEUTICALS

### SUGGESTIONS



#### Key recommendations for consideration

- i. Selection Criteria to include: R&D expenditure; Track record (USFDA/EMA/CDSCO approved plants); Investment in mfg. operations in India
- ii. "Other drugs as approved" mentioned in Category 1 and 3 should include all products approved by CDSCO and regulatory agencies such as USFDA, EMA, PMDA
- iii. Private sector representative in technical committee
- iv. Greenfield and Brownfield investment to be considered
- v. Maximum number of APIs may be included under category 2
- vi. CDMO industry may be considered to be included
- vii. Need for transparent and seamless regulatory system. Need for single regulator in place of multiple regulators

#### Other Recommendations

- i. Need to harmonize our regulations with global standards.
- ii. Consider joining ICH as a member
- iii. Need to develop bilateral relations in pharmaceutical sector with countries (e.g USA) in the present scenario when countries are thinking of becoming self reliant.

## FOOD PRODUCTS

### SUGGESTIONS



- Need to define 'Ready to Eat' and 'Ready to Cook'.
- Definition based on HSN code may create confusion.
- Inclusive definitions w.r.t. categories laid down for wide coverage; inclusion of ethnic sweets under 'Ready to Eat' segment
- Formulations of Simple Rules pertaining to Brand Support and PLI in consultation with industry
- Re-looking the laid down financial targets for downward revision to avail incentives under PLI and tenure of the scheme

- Preference to PLI participants for institutional supplies viz., to Army, Railways may be considered for increasing scale and size
- Exhibition and Promotion of Indian Cuisine through the 'Incredible India' campaign and food festivals across the globe to build brand value
- Facilitation required in removal of Tariff and non-tariff barriers in highly regulated markets like China, Russia, EU to further promote exports
- Inclusion of spends under social media campaigns
- Scheme period may be increased from 5 years to 15-20 years

## TEXTILES

### SUGGESTIONS



- Out of 7 MITRA parks, at least 2 parks may be focused on ESG
- Aligning MITRA parks with PLI scheme may be considered
- The limits of investment and incremental turnover may be relaxed
- Need to create an India specific sustainable index
- Need to resolve the inverted duty structure in MMF value chain
- Targets to be achieved may be relaxed

# Extension of PLI scheme for Large Scale Electronics Manufacturing

## Second Round of the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing

After the success of the First Round of Production Linked Incentive Scheme in attracting investments in mobile phone and electronic component manufacturing, the proposal for accepting applications under **Second Round of the PLI Scheme** has been approved by the Competent Authority. The target segment for the purpose of this round shall be **Specified Electronic Components**.

Under the Second Round, **incentives of 5% to 3%** shall be extended on incremental sales (over base year i.e. 2019-20) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years.

The Application Window shall be open until 31.03.2021 initially and may be extended and / or reopened based on response from the industry. Incentives under the **Second Round of PLI Scheme shall be applicable from 01.04.2021**.

◆ Office Memorandum for Second Round of PLI Scheme for Large Scale Electronics Manufacturing  275.74 KB 

◆ Supplementary Guidelines on Second Round of PLI Scheme for Large Scale Electronics Manufacturing  1.98 MB 

**Last date – 31 March 2021**

# Cabinet approves Production Linked Incentive Scheme for Pharmaceuticals

## Target Groups:

The manufacturers of pharmaceutical goods registered in India will be grouped based on their Global Manufacturing Revenue (GMR) to ensure wider applicability of the scheme across the pharmaceutical industry and at the same time meet the objectives of the scheme. The qualifying criteria for the three groups of applicants will be as follows-

- (a) Group A: Applicants having Global Manufacturing Revenue (FY 2019-20) of pharmaceutical goods more than or equal to Rs 5,000 crore.
- (b) Group B: Applicants having Global Manufacturing Revenue (FY 2019-20) of pharmaceutical goods between Rs 500 (inclusive) crore and Rs 5,000 crore.
- (c) Group C: Applicants having Global Manufacturing Revenue (FY 2019-20) of pharmaceutical goods less than Rs 500 crore. A sub-group for MSME industry will be made within this group, given their specific challenges and circumstances.

## Quantum of Incentive:

The total quantum of incentive (inclusive of administrative expenditure) under the scheme is about Rs 15,000 crore. The incentive allocation among the Target Groups is as follows:

- (a) Group A: Rs 11,000 crore.
- (b) Group B: Rs 2,250 crore.
- (c) Group C: Rs 1,750 crore.

The incentive allocation for Group A and Group C applicants shall not be moved to any other category. However, incentive allocated to Group B applicants, if left underutilized can be moved to Group A applicants.

Financial Year 2019-20 shall be treated as the base year for computation of incremental sales of manufactured goods.

Rate of incentive will be 10% (of incremental sales value) for Category 1 and Category 2 products for first four years, 8% for the fifth year and 6% for the sixth year of production under the scheme.

Rate of incentive will be 5% (of incremental sales value) for Category 3 products for first four years, 4% for the fifth year and 3% for the sixth year of production under the scheme.

The duration of the scheme will be from FY 2020-21 to FY 2028-29. This will include the period for processing of applications (FY 2020-21), optional gestation period of one year (FY 2021-22), incentive for 6 years and FY 2028-29 for disbursement of incentive for sales of FY 2027-28.

## Read more

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1700433>



# Approved applicants of PLI scheme for Key Starting Materials (KSMs)/ Drug Intermediates and APIs

Approved applications of PLI Scheme for KSM/API/DI –Target IV  
–Only 79 applications

Sl.No.	Name of approved Applicant	Name of Eligible Product	Committed Capacity (in MT)	Production (in MT)	Committed Investment (in Rs. crores)
1.	M/s Anasia Lab Private Limited	Meropenem	08		26.12
2.	M/s Rajasthan Antibiotics Limited		48		28.25
3.	M/s Centrient Pharmaceuticals India Private Limited	Atorvastatin	180		137.74
4.	M/s Anasia Lab Private Limited	Olmesartan	75		27.09
5.	M/s Andhra Organics Limited		75		30.50
6.	M/s Solana Life Sciences Private Limited	Artesunate	40		20.00
7.	M/s RMC Performance Chemicals Private Limited	Aspirin	1500		12.00
8.	M/s Surya Remedies Private Limited	Ritonavir	20		20.00
9.	M/s Honour Lab Limited	Lopinavir	49		31.01
10.	M/s Hindys Lab Private Limited	Acyclovir	525		30.37
11.	M/s Dasami Lab Private Limited	Carbamazepine	260		30.28
12.	M/s Dasami Labs Private Limited	Oxcarbazepine	195		25.58
13.	M/s Hetero Drugs Limited		195		19.00
14.	M/s Hazelo Lab Private Limited	Vitamin B6	70		21.53

Further, remaining 95 applications under the Target Segment-IV will be taken for scrutiny and approval till 31 March, 2021

**Read more**

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1704143>

# Approved applicants of PLI scheme for Key Starting Materials (KSMs)/ Drug Intermediates and APIs

Eligible products under Target Segment II (Fermentation Based Niche KSMs/Drug Intermediates/APIs) were considered as per the decided evaluation and selection criteria. The applications following companies, which have committed minimum/more than the minimum proposed annual production capacities and fulfil the prescribed criteria have been approved, as under:

Sl.No.	Name of approved Applicant	Name of Eligible Product	Committed Production Capacity (in MT)	Committed Investment (in Rs. crores)
1.	M/s Natural Biogenex Private Limited	Betamethasone	12	31.43
2.	M/s Natural Biogenex Private Limited	Dexamethasone	10	26.19
3.	M/s Natural Biogenex Private Limited	Prednisolone	15	39.29
4.	M/s SymbiotecPharmalab Private Limited		15	5.00
5.	M/s Macleods Pharmaceutical Limited	Rifampicin	200	198.36
6.	M/s Optimus Drugs Private Limited	Vitamin B1	200	35.00
7.	M/s SudarshanPharma Industries Limited		200	57.00
8.	M/s Optimus Drugs Private Limited	Streptomycin	50	30.00

**Read more**

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1701048>

# Approved applicants of PLI scheme for Key Starting Materials (KSMs)/ Drug Intermediates and APIs

Eligible products under Target Segment III (Key Chemical Synthesis Based KSMs/Drug Intermediates) were considered as per the decided evaluation and selection criteria. The applications of following companies, which have committed minimum/more than the minimum proposed annual production capacities and fulfil the prescribed criteria have been approved, as under:

Sl.No.	Name of approved Applicant	Name of Eligible Product	Committed Production Capacity (in MT)	Committed Investment (in Rs. crores)
1.	M/s Saraca Laboratories Limited	1,1 Cyclohexane Diacetic Acid (CDA)	3000	50.00
2.	M/s EmmennarPharma Private Limited		1500	21.94
3.	M/s Hindys Lab Private Limited		3000	37.60
4.	M/s AartiSpeciality Chemicals Limited	2-Methyl-5Nitro-Imidazole (2-MNI)	4000	77.87
5.	M/s Meghmani LLP	Para amino phenol	13500	55.06
6.	M/s Sadhana Nitro Chem Limited*		36000	197.27

\*Subject to outcome of Writ Petition.

## Read more

<https://pib.gov.in/PressReleseDetailm.aspx?PRID=1701048>

# Approved applicants of PLI scheme for Key Starting Materials (KSMs)/ Drug Intermediates and APIs

Eligible products under Target Segment III (Key Chemical Synthesis Based KSMs/Drug Intermediates) were considered as per the decided evaluation and selection criteria. The applications of following companies, which have committed minimum/more than the minimum proposed annual production capacities and fulfil the prescribed criteria have been approved, as under:

Sl.No.	Name of approved Applicant	Name of Eligible Product	Committed Production Capacity (in MT)	Committed Investment (in Rs. crores)
1.	M/s Saraca Laboratories Limited	1,1 Cyclohexane Diacetic Acid (CDA)	3000	50.00
2.	M/s EmmennarPharma Private Limited		1500	21.94
3.	M/s Hindys Lab Private Limited		3000	37.60
4.	M/s AartiSpeciality Chemicals Limited	2-Methyl-5Nitro-Imidazole (2-MNI)	4000	77.87
5.	M/s Meghmani LLP	Para amino phenol	13500	55.06
6.	M/s Sadhana Nitro Chem Limited*		36000	197.27

\*Subject to outcome of Writ Petition.

## Read more

<https://pib.gov.in/PressReleseDetailm.aspx?PRID=1701048>

# Cabinet approves Production Linked Incentive (PLI) Scheme for IT Hardware Products

## Benefits:

The scheme will enhance the development of electronics ecosystem in the country. India will be well positioned as a global hub for Electronics System Design and Manufacturing (ESDM) on account of integration with global value chains, thereby becoming a destination for IT hardware exports.

- Over the next 4 years, the Scheme is expected to lead to total production of upto INR 3,26,000 crore (INR 3.26 lakh crore) by these 5 Global Champions and 10 National Champions.
- It is equally heartening to note that the scheme is also expected to boost exports significantly. Out of the total production in the next 4 years, more than 75% are expected to be exports of the order of INR 2,45,000 crore.
- The Scheme will bring an additional investment in electronics manufacturing to the tune of INR 2,700 crore.
- The direct and indirect revenues generated from production under this scheme are expected to be INR 15,760 crore over next 4 years.
- Domestic value addition for IT Hardware is expected to rise to 20% - 25% by 2025 from the current 5% - 10% due to the impetus provided by the Scheme. Increase in both domestic manufacturing and domestic value addition will help significantly reduce the large foreign exchange outgo that India will have to otherwise bear.
- It is expected that the scheme would lead to large scale electronics manufacturing in the country and open tremendous employment opportunities. The scheme has a potential to generate over 1,80,000 jobs (direct and indirect) over 4 years.
- The scheme will promote large scale electronics manufacturing of IT Hardware products and contribute significantly to achieving a USD 1 Trillion digital economy and a USD 5 Trillion GDP by 2025.

## **Read more**

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1700425>

Last date- **31 March 2021**

# Cabinet approves Production Linked Incentive (PLI) Scheme for Telecom Sector

1. The scheme was finalized after widespread consultation with stakeholders like manufacturers, industry leaders and associations.
2. The core component of this scheme is to offset the huge import of telecom equipment worth more than Rs. 50 thousand crores and reinforce it with “Made in India” products both for domestic markets and exports.
3. The main features of this scheme are, as following: -
  - a. The scheme outlay is Rs. 12,195 Crores over five years.
  - b. The eligibility for the scheme will be subject to achievement of a minimum threshold of cumulative incremental investment and incremental sales of manufactured goods net of taxes.
  - c. Financial Year 2019-20 shall be treated as the Base Year for computation of cumulative incremental sales of manufactured goods net of taxes.
  - d. The incentive structure will be as below: -

	Year 1	Year 2	Year 3	Year 4	Year 5
MSME	7%	7%	6%	5%	4%
Others	6%	6%	5%	5%	4%

- e. For MSMEs, one percent (1%) higher incentive is proposed in year 1, year 2 and year 3.
- f. Minimum Investment threshold for MSME has been kept at Rs. 10 Crores and for others at Rs. 100 Crores.
- g. Once qualified, the investor will be incentivized up to 20 times of minimum investment threshold enabling them to utilize their unused capacity.
- h. **The Scheme will be operational from 1<sup>st</sup> April 2021.**
4. This scheme also addresses local manufacturing in MSME category because Government desires MSMEs to play an important role in the telecom sector and come out as national champions.
5. This scheme will lead to incremental production of around ₹2.4 Lakh Crores with exports of around ₹2 Lakh Crores over 5 years. It is expected that scheme will bring investment of more than ₹3,000 crore and generate huge direct and indirect employment and taxes both.

## Read more

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1698664>

**Start date- 1 April 2021**

## Seminar with TSTMA on *Overview of PLI and other Schemes for Textile Sector*

We have recently done a Seminar with Telangana Spinning and Textile Mills Association (TSTMA) on “*Overview of PLI and other Schemes for Textile Sector*”



In case, you need the document referred in the Seminar, we can mail it to you.



## Approved applicants of PLI scheme for Key Starting Materials (KSMs)/ Drug Intermediates and APIs

S.No.	Name of approved Applicant	Name of Eligible Product	Committed Capacity (in MT)	Production	Committed Investment (in Rs. crores)
1.	M/s Aurobindo Pharma Limited (through LyfiusPharmaPvt. Ltd.)	Penicillin G		15000	1392
2.	M/s Karnataka Antibiotics & Pharmaceuticals Ltd.			1000	275
3.	M/s Aurobindo Pharma Limited (through LyfiusPharmaPvt. Ltd.)	7 - ACA		2000	813
4.	M/s Aurobindo Pharma Limited (through Qule Pharma Pvt. Ltd.)	Erythromycin Thiocyanate (TIOC)		1600	834
5.	M/s Kinvan Pvt. Ltd.	Clavulanic Acid		300	447.17

### Read more

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1691185>



# Approved applicants of PLI scheme for Medical Devices

Sl.No.	Name of approved Applicant	Name of Eligible Product	Committed Investment (in Rs. crores)
1.	M/s Siemens Healthcare Private Limited	CT Scan and MRI	91.91
2.	M/s Allengers Medical Systems Limited (AMSL)	CT Scan, MRI, Ultrasonography, X-Ray, Cath Lab, Positron Emission Tomography (PET) Systems, Single Photon Emission Tomography (SPECT), Mammography and C arm.	50.00
3.	M/s Allengers OEM Private Limited (AOPL)	X Ray Tubes, Collimators, Flat Panel Detector and Monitors'	40.00
4.	M/s Wipro GE Healthcare Private Limited (WGHPL)	'CT Scan', 'Cath Lab' and 'Ultrasonography'	50.22
5.	M/s Nipro India Corporation Private Limited (NICPL)	'Dialyzer'	180.00
6.	M/s Wipro GE Healthcare Private Limited (WGHPL)	'Anaesthesia Unit Ventilator' and 'Patient Monitor'	53.86
7.	M/s Sahajanand Medical Technologies Private Limited (SMTPL)	'Heart Valves', 'Stents', 'PTCA Balloon Dilatation Catheter' and 'Heart Occluders'	166.89
8.	M/s Innvolution Healthcare Private Limited (IHPL)	'Stents' and 'PTCA Balloon Dilation Catheter'	21.75
9.	M/s Integris Health Private Limited (IHPL) for Eligible Products	Transcatheter Aortic Heart Valve	75.00

**Read more**

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1697065>

# ‘Specialty Steel’ included under the Production Linked Incentive (PLI) scheme

Ministry of Steel

## ‘Specialty Steel’ included under the Production Linked Incentive

Posted On: 10 FEB 2021 12:52PM by PIB Delhi

Government has approved inclusion of ‘Specialty Steel’ under the Production Linked Incentive (PLI) Scheme with a 5-year financial outlay of Rs 6322 Cr to promote the manufacturing of ‘Specialty Steel’ within the country by attracting capital investment, generate employment and promote technology up-gradation in the steel sector. This would help in improving availability of ‘Specialty Steel’ in the country by making the country Atmanirbhar in meeting the domestic demand. In a deregulated, open market scenario, domestic steel price is determined by market forces of demand and supply, trends in prices of raw materials and is also influenced by global steel trade conditions.

This information was given by the Union Minister for Steel Shri Dharmendra Pradhan in a written reply in the Rajya Sabha today.

\*\*\*\*

### Read more

<https://pib.gov.in/PressReleseDetailm.aspx?PRID=1696702>

## Draft PLI guidelines for Specialty steel

Recently an ASSOCHAM event was held on 22 January 2021 in relation to Draft PLI Scheme for Speciality Steel

**Following are the key aspects discussed in the event**

- The total outlay of Rs. 6,322 Cr. is distributed among four categories of steel products as follows

Majority of incentives in PLI Scheme draft are for commodity products



19

Speaking: r k goyal

Category	Sub-Category	Rs Cr. Incentive
Coated/Plated Steel Products	Colour Coated	804
	Galvanneal/GI-Auto-Gr	173
	Al-Zn Coated (Price Ref.: 0.8mm Thk x AZ-70)	190
	Tin mill Products	239
	Coated/Plated Products of Metallic / Non-Metallic	715
High Strength/ Wear resistant Steel	HT: HR Coil, Sheets & Plates	598
	HR Coil, Sheets and Plates API Gr >=X-52	1,114
	HT: Auto Gr Steel incl. AHSS (CRCA)	176
	BQ / PV	368
	QT / Abrasion Resistance and Wear Resistance	162
Speciality Rails	Rails: Head Hardened	297
	Rail: Asymmetric Rails	389
Alloy Steel Products	Alloy Steel: Tool & Die Steel	650
	Alloy Steel: Valve Steel	182
	Alloy Steel: Bearing Steel	265
<b>Total</b>		<b>6,322</b>

Most of the specialty steel long products are not covered under "Alloy Steel Products" category

Source: ASSOCHAM

## Draft PLI guidelines for Specialty steel

- The rate of incentives ranges from 3% to 9%

### Rate of PLI as per PLI Scheme draft



Category	Sub-Category	Rate of PLI (%)
Coated/Plated Steel Products	Colour Coated	3%
	Galvanneal/GI-Auto-Gr	3%
	Al-Zn Coated (Price Ref.: 0.8mm Thk x AZ-70)	3%
	Tin mill Products	6%
	Coated/Plated Products of Metallic / Non-Metallic	6%
High Strength/ Wear resistant Steel	HT: HR Coil, Sheets & Plates	3%
	HR Coil, Sheets and Plates API Gr >=X-52	9%
	HT: Auto Gr Steel incl. AHSS (CRCA)	9%
	BQ / PV	9%
	QT / Abrasion Resistance and Wear Resistance	9%
Speciality Rails	Rails: Head Hardened	9%
	Rail: Asymmetric Rails	9%
Alloy Steel Products	Alloy Steel: Tool & Die Steel	9%
	Alloy Steel: Valve Steel	9%
	Alloy Steel: Bearing Steel	9%

> Expand panel to show vide

**Specialty Steels need much larger Rate of PLI to overcome existing challenges**

Source: ASSOCHAM

## Draft PLI guidelines for Specialty steel

- Minimum incremental growth ranges from 6% to 25%

### Minimum Incremental growth as per PLI Scheme draft



Category	Sub-Category	Min. Incremental prod. for PLI Eligibility
Coated/Plated Steel Products	Colour Coated	6%
	Galvanneal/GI-Auto-Gr	8%
	Al-Zn Coated (Price Ref.: 0.8mm Thk x AZ-70)	6%
	Tin mill Products	8%
	Coated/Plated Products of Metallic / Non-Metallic	6%
High Strength/ Wear resistant Steel	HT: HR Coil, Sheets & Plates	6%
	HR Coil, Sheets and Plates API Gr >=X-52	10%
	HT: Auto Gr Steel incl. AHSS (CRCA)	10%
	BQ / PV	10%
	QT / Abrasion Resistance and Wear Resistance	10%
Speciality Rails	Rails: Head Hardened	25%
	Rail: Asymmetric Rails	25%
Alloy Steel Products	Alloy Steel: Tool & Die Steel	25%
	Alloy Steel: Valve Steel	25%
	Alloy Steel: Bearing Steel	25%

> Speaking: r k goyal

**25% minimum incremental production for 5 years is un-realistic - Even after assuming import substitution**

Source: ASSOCHAM

# Draft PLI guidelines for Specialty steel

Summary of the suggestions are as follows

## Summary of Suggestions for modifications in PLI Scheme draft



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1 Specialty Steels sub-segments to be added in Alloy Steel category and Incentive outlay to be re-distributed

2 Rate of PLI to be increased for Alloy Steels

3 Minimum incremental production for Alloy Steels to be 6%

4 Allow all Specialty Steel producers having BOF/EOF/EAF melting to be eligible for PLI Scheme

5 R&D funding of upto Rs. 100 Cr each for few Specialty Steel comp

### Participants

Q Search

#### Panelist: 7

YV Yashpal V...  
Host

NA Nahid Alam

KM Kanishk Maheshwari

Source: ASSOCHAM

## Draft PLI guidelines for Specialty steel

### Additional points to be taken into consideration

- 3% incentive for colour coated steel products is very low
- 5 year investment period to be relooked from start to end of the project
- Incremental production range is very high
- The process of getting incentives is too complex as companies need to sign MOU
- Job work should also be allowed, End to end Complete manufacturing process is not a healthy condition as well as not feasible
- Incentive limit per company should be avoided
- Scoring and rating criteria- CIBIL ratings/scores need to be looked into

## 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
	<b>Total</b>		<b>145,980</b>

## 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
1	ACC battery	ACC batteries	85072000
2	Electronic/Technology Products	<ul style="list-style-type: none"> <li>i. Semiconductor Fab</li> <li>ii. Display fab</li> <li>iii. Laptop/Notebooks</li> <li>iv. Servers</li> <li>v. IoT devices</li> <li>vi. Specified Computer Hardware</li> </ul>	<ul style="list-style-type: none"> <li>84</li> <li>84</li> <li>84713010</li> <li>84714900</li> <li>9984</li> <li>84</li> </ul>
3	Automobiles and Auto Components	Automobiles and Auto Components	84,85 & 87
4	Pharmaceutical Drugs	<p>Category 1:</p> <ul style="list-style-type: none"> <li>i. Biopharmaceutical</li> <li>ii. Complex Generic Drugs</li> <li>iii. Patented Drugs or drugs nearing patent expiry</li> <li>iv. Cell based or gene therapy products</li> <li>v. Orphan drugs</li> <li>vi. Special Empty capsules</li> <li>vii. Complex excipients</li> </ul> <p>Category 2: Active Pharmaceutical Ingredients (APIs) /Key Starting Materials (KSMs)/ Drug Intermediaries (DIs)</p>	<p>28-38</p> <p>28-38</p>

## 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. <b>In-vitro diagnostic devices (IVDs)</b> 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	i. Man-Made Fiber Segment	55
		ii. Technical Textiles	5911
7	Food Products	i. Ready to Eat/Ready to Cook (RTE/RTC)	16-24
		ii. Marine Products	0302-0306
		iii. Fruits and Vegetables	07
		iv. Honey	04090000
		v. Desi Ghee	04059020
		vi. Mozzarella Cheese	0406
		vii. Organic Eggs and Poultry Meat	0407-0408 & 02
8	High Efficiency Solar PV Modules	Solar PVs	8541
9	White Goods (ACs and LED)	i. Air Conditioners	8415
		ii. LED	9405
10	Speciality Steel	i. Coated Steel	72
		ii. High Strength Steel	72
		iii. Steel Rails	7302
		iv. Alloy Steel Bars and Rods	7214

## 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 relevant department



Post Approval assistance in disbursement of incentives



Support in relevant Direct & Indirect Tax structuring with respect to the proposed project

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[www.dardaadvisors.com](http://www.dardaadvisors.com)



[da@dardaadvisors.com](mailto:da@dardaadvisors.com)

## Our Locations

### Hyderabad

6-3-1086, 5th Floor, Vista Grand Towers, Raj Bhavan Road, Somajiguda, Hyderabad - 500082, TS

### Chennai

13, T.K. Mudali Street, Choolai, Chennai - 600112, Tamil Nadu

### Delhi-NCR

N 93, Ground floor, Mayfield garden, Sector 51, Gurgaon, Haryana - 122018

### Bhilwara

Moti Chambers, 62&63, Sancheti Colony, Pur Road. Bhilwara - 311001, Rajasthan

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