PLI scheme

Why in news?

The government aims to expand the ambit of the production-linked incentive (PLI) scheme to include ten more sectors.

What is the PLI scheme?

- The scheme aims to give companies incentives on incremental sales from products manufactured in domestic units.
- The central government introduced this scheme to boost domestic manufacturing and cut down on import bills.
- Apart from inviting foreign companies to set shop in India, it encourages local companies to set up or expand existing manufacturing units.

What is the objective?

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

Which sectors currently have the PLI scheme?

- So far, the scheme has been rolled out for mobile and allied equipment, pharmaceutical ingredients and medical devices manufacturing.
- These sectors are labour intensive and are likely to create new jobs for the ballooning employable workforce of India.

Why is the PLI scheme needed?

- It is important as the government cannot continue making investments in the capital intensive sectors.
- This is because they need longer times for start giving the returns.
- Instead, the government can invite global companies with adequate capital to set up capacities in India.

Which sectors would have the PLI scheme in the near future?

- The government would introduce PLI scheme in about ten sectors, apart

from the two already existing ones.
- The likely candidates are food processing, textiles, leather as well as battery manufacturing.

What would be the similarity and difference?

- Like existing PLI schemes, the new sectors could see the government offering them sops and bonuses for incremental sales done.
- However, the previous schemes were brought to boost domestic manufacturing.
- The new one aims to give all the sops and benefits only if the companies are able to prove that they had incremental sales every year for the next five years.

Source: The Indian Express

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