

POLICY UPDATE

Production Linked Incentive (PLI) Scheme



The Department of Pharmaceuticals launched a 'Production Linked Incentive Scheme' on 21st July 2020, to address the constraints in the manufacturing of medical devices in India vis-à-vis other major manufacturing economies and to boost domestic production and to attract significant investments in the medical devices sector. This announcement is in line with the Government's Aatma Nirbhar Bharat vision, wherein the Indian industry would be strengthened to enhance focus on value addition. Linking incentives to production will encourage domestic manufacturing, thereby reducing India's dependence on imports which contribute about 85% of the segment. Such initiatives also support a competitive ecosystem, which can attract large global players to invest in the Indian manufacturing ecosystem.

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Overview

Eligibility for Selection of agency	<ul style="list-style-type: none"> The scheme is applicable to only greenfield projects. Only companies registered in India, having Net Worth (of applicant company including that of Group Companies) not less than Rs.18 crores (i.e., 30% of the threshold investment for the first year) as on the date of application are qualified to apply under the scheme. The applicant should not have been declared as a bankrupt or willful defaulter or defaulter or reported as fraud by any bank or financial institution or non-banking financial company.
Eligibility for Incentive	<ul style="list-style-type: none"> The benefit is provided to companies engaged in the manufacturing of goods covered under target segments in India. Eligibility is subject to thresholds of investment and incremental sales of manufactured goods

Scheme Highlights

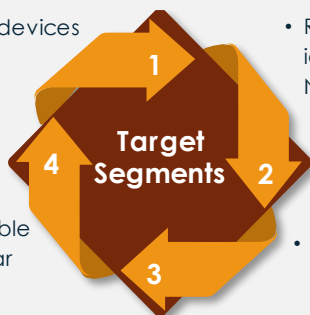
Under the Scheme, financial incentive shall be given to selected companies at the rate of 5% of incremental sales (over Base Year) of goods manufactured in India and covered under target segments, from FY 2021-22 to FY 2025-26

The incentive per company will be applicable on incremental sales of manufactured goods over Base Year subject to ceilings as decided by the Empowered Committee of the Government

The total financial outlay of the Scheme is INR3,420 crores. Though the incentive is offered over and above the incentives of the State Government or any of its agencies

Target Segment of Medical Devices Eligible under the Scheme

- Cancer care/Radiotherapy medical devices
- Radiology & Imaging medical devices (both ionizing & non-ionizing radiation products) and Nuclear Imaging Devices
- All Implants including implantable electronic devices like Cochlear Implants and Pacemakers
- Anesthetics & Cardio-Respiratory medical devices including Catheters of Cardio-Respiratory Category & Renal Care Medical Devices



Eligibility Threshold Criteria

Segment	Incentive Rate (on Incremental Sales of Manufactured Goods)	Threshold Minimum Investment	Threshold Minimum Incremental Sales of Manufactured Goods
All four segments of medical devices as detailed above	Year 1: 5% Year 2: 5% Year 3: 5% Year 4: 5% Year 5: 5% Year 1 means financial Year 2021- 22	INR 180 Crore over 3 Years Cumulative Minimum (Crore): Year 1: 60 Year 2: 120 Year 3: 180	Year 1: INR 120 Crore Year 2: INR 240 Crore Year 3: INR 360 Crore Year 4: INR 460 Crore Year 5: INR 560 Crore

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